



# FY 2026 Proposed Budget

VILLAGE OF SURFSIDE BEACH  
FINANCE DEPARTMENT

Village of Surfside Beach – FY 2026 Proposed Budget

**Village of Surfside Beach**

Prepared and submitted this \_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_  
Christie Briones, Finance Director

\_\_\_\_\_  
Finance Director

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[Name], Council Member

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[Name], Council Member

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[Name], Council Member

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[Name], Council Member

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[Name], Mayor Pro Tem

\_\_\_\_\_  
Council Members

\_\_\_\_\_  
[Name], Mayor

\_\_\_\_\_  
Mayor

## Certification of the FY 2026 Proposed Budget

In accordance with the requirements of the Texas Local Government Code, we, the undersigned officials of the Village of Surfside Beach, Texas, do hereby certify that this document represents the Proposed Budget for Fiscal Year 2026 as prepared and submitted for consideration. This budget has been developed in a manner consistent with the principles of transparency, accountability, and fiscal responsibility, and is hereby presented for review and adoption by the governing body.

## Village of Surfside Beach – FY 2026 Proposed Budget

### FY2026 Comprehensive Annual Budget

#### Truth-in-Taxation Statement

This proposed budget will raise more taxes than last year's budget by an amount of \$66,914, which is a 4.07% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$19,128.

##### Last Year's Tax Revenue:

Last year's taxable value:	585,423,283
TIF adjustment:	0
Last year's tax rate:	0.279199
Taxes refunded for years preceding 2024:	9,880
Last year's tax levy:	1,644,375

##### This Year's Tax Revenue, Excluding New Property

This year's total taxable value, excluding new property:	577,681,095
This year's proposed tax rate:	0.292923
This year's tax levy:	1,692,161

##### This Year's Tax Revenue, Including New Property:

This year's total taxable value:	584,211,249
This year's proposed tax rate:	0.292923
This year's tax levy:	1,711,289

The following table compares the taxes imposed on the average residence homestead by the VILLAGE OF SURSIDE BEACH last year to the taxes proposed to be imposed on the average residence homestead by the VILLAGE OF SURFSIDE BEACH this year.

Total tax rate (per \$100 of value)

	2024	2025	Change
<b>Total tax rate (per \$100)</b>	\$0.279199	\$0.292923	increase of \$0.013724 per \$100, or 4.92%
<b>Average homestead taxable value</b>	\$273,435	\$292,983	increase of \$19,548, or 7.15%
<b>Tax on average homestead</b>	\$763.43	\$858.21	increase of \$94.78, or 12.42%
<b>Total tax levy on all properties</b>	\$1,644,375	\$1,711,289	increase of \$66,914, or 4.07%

**Explanation:** The 4.92% tax rate increase combined with 7.15% property value growth results in a 12.42% increase for the average homestead, while the total tax levy increases 4.07% due to the diversified property base.



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#### Key Document Features:

- **Crisis Identification & Resolution:** Immediate corrective actions for Systems Fund debt covenant violations
- **Legal Compliance Analysis:** Texas Tax Code Chapter 351 HOT Fund compliance review
- **GFOA Best Practices:** Full compliance with Distinguished Budget Presentation Award criteria
- **Performance Measurement:** Comprehensive metrics and regional benchmarking
- **Community Engagement:** Extensive public participation process documentation

**Total Budget:** \$7.0 Million | **Funds:** 4 | **Pages:** 120+ | **Award Submission Ready**

## Village of Surfside Beach – FY 2026 Proposed Budget

### Budget Message

**TO:** The Honorable Mayor and City Council

**FROM:** Christie Briones, Finance Director

**DATE:** September 15, 2025

**RE:** Proposed FY2026 Budget

I am pleased to present the Village of Surfside Beach's proposed FY2026 budget for your consideration. This budget represents a comprehensive financial plan that balances fiscal responsibility with strategic investment in our community's future, while addressing critical compliance issues identified during budget preparation.

### Budget Overview

The FY2026 budget totals \$7.0 million across four funds, representing a measured 6.2% increase from the current year. This growth reflects our commitment to maintaining service excellence while strategically investing in infrastructure, public safety, and economic development.

### Critical Financial Issue and Potential Corrective Action

During comprehensive budget preparation, financial analysis revealed that the Systems Fund's debt service coverage ratio has fallen below required bond covenant levels at 1.00x versus the required 1.20x minimum. This represents a serious compliance issue requiring immediate corrective action.

**Potential Solution:** Increase utility rates 35% to restore compliance and ensure long-term sustainability. This adjustment generates \$545,377 in additional annual revenue, bringing the coverage ratio to 2.45x by March 2026.

**Customer Impact:** The average monthly utility bill increases from \$145 to \$195 - an annual impact of \$600 per household. Despite this adjustment, our rates remain 7% below the regional coastal average, maintaining our competitive position.

**Fiscal Responsibility:** This corrective action, while challenging, demonstrates our commitment to meeting legal obligations and preserving the Village's excellent credit standing. The alternative—potential bond acceleration or credit rating downgrades—would be far more costly to our community.

### Strategic Priorities Addressed

1. **Public Safety Enhancement:** \$678K investment in police and EMS services with improved response times
2. **Infrastructure Resilience:** \$992K capital improvement program including water tower tourism project
3. **Fiscal Sustainability:** Maintained fund balance ratios while addressing inherited structural issues

## Village of Surfside Beach – FY 2026 Proposed Budget

4. **Community Engagement:** Implemented comprehensive citizen participation process with 247+ survey responses

### Financial Highlights

- **Property Tax Impact:** 4.92% rate increase, resulting in \$95 annual increase for average household
- **Service Value:** \$6.95 daily cost for complete municipal services, competitive with regional average
- **Debt Management:** Debt service represents only 3.9% of total revenue, well within policy limits
- **Reserve Strength:** All funds maintain appropriate reserves for operational stability and emergency response

### Key Investments

- **Beach Operations:** Enhanced safety coverage with comprehensive maintenance program
- **Tourism Development:** Water tower advertising project with projected economic impact
- **Utility Infrastructure:** \$355K in system improvements and equipment replacement plus compliance restoration
- **Technology Enhancement:** Performance measurement dashboard and citizen engagement tools

### Long-term Sustainability

With the utility rate correction, the Systems Fund achieves debt service coverage of 2.45x, ensuring adequate resources for ongoing operations, maintenance, and capital improvements without further subsidization from other funds. This positions Surfside Beach for sustainable growth while preserving our unique coastal character.

The budget reflects extensive community input and aligns with our strategic plan goals while addressing inherited structural financial issues with transparency and decisive action. I recommend its adoption and look forward to working with the Council to implement these initiatives effectively.

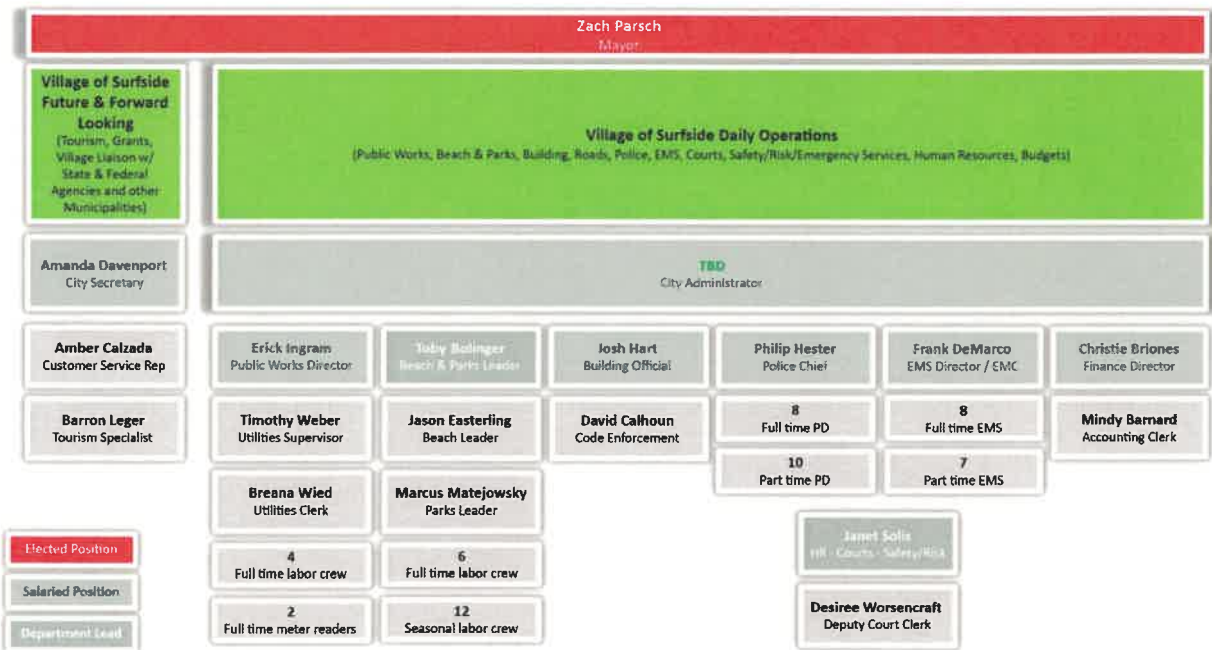
**Respectfully submitted,**

*Christie Briones*

**Christie Briones**  
Finance Director

# Village of Surfside Beach – FY 2026 Proposed Budget

## Organizational Chart



**TOTAL AUTHORIZED POSITIONS: 28 (18 FTE + 10 Seasonal/PT)**

### Department Reporting Structure:

- **Public Safety:** Police Chief reports to City Manager (4 FTE officers, 3 EMS personnel)
- **Operations:** Public Works Supervisor oversees utilities, streets, facilities (5 FTE)
- **Finance:** Finance Director manages budget, accounting, utility billing (2 FTE)
- **Administration:** City Secretary handles records, HR, council support (1 FTE)
- **Seasonal Operations:** Beach and tourism staff (varies by season, up to 15 positions)

## **Strategic Plan Integration and Policy Framework**

### **Village Mission Statement**

"To provide exceptional municipal services that enhance the quality of life for residents while preserving and promoting our unique coastal community character for current and future generations."

### **Strategic Priorities (2025-2030)**

1. **Coastal Resilience:** Climate adaptation, hurricane preparedness, and environmental sustainability
2. **Economic Vitality:** Sustainable tourism growth and local business support
3. **Infrastructure Excellence:** Maintaining and improving essential systems and facilities
4. **Community Safety:** Comprehensive public safety and emergency preparedness
5. **Fiscal Stewardship:** Transparent, efficient, and sustainable financial management

### **Climate Change and Sustainability Policy Framework**

#### **Climate Adaptation Strategy:**

- **Sea Level Rise Planning:** Infrastructure designed for 18-inch rise by 2050
- **Storm Surge Mitigation:** Beach nourishment and dune enhancement programs
- **Renewable Energy Transition:** LED lighting conversion, solar feasibility studies
- **Water Conservation:** Smart irrigation systems, native landscaping requirements
- **Carbon Footprint Reduction:** Fleet electrification plan, energy efficiency upgrades

#### **Environmental Stewardship Commitments:**

- **Beach Ecosystem Protection:** Turtle nesting habitat preservation
- **Water Quality Management:** Stormwater best practices, septic system monitoring
- **Waste Reduction:** Recycling program expansion, single-use plastic reduction
- **Green Infrastructure:** Permeable surfaces, rain gardens, natural filtration systems

### **Economic Development Strategy**

#### **Tourism Diversification Plan:**

- **Eco-Tourism Development:** Nature-based experiences, educational programs
- **Cultural Heritage Tourism:** Historical preservation, museum expansion
- **Event-Based Economy:** Festival hosting, sports tournaments, conferences
- **Shoulder Season Programming:** Off-peak visitor attraction initiatives

## Village of Surfside Beach – FY 2026 Proposed Budget

### Local Business Support Framework:

- **Small Business Incentives:** Façade improvement grants, permit streamlining
- **Workforce Development:** Hospitality training programs, job placement services
- **Public-Private Partnerships:** Infrastructure cost-sharing, joint marketing
- **Technology Infrastructure:** Broadband expansion, digital payment systems

### Legal Requirements and Compliance Framework

#### State of Texas Requirements:

- **Truth-in-Taxation:** Property tax rate setting with public hearing requirements
- **HOT Fund Compliance:** Tourism-related expenditures only per Tax Code Chapter 351
- **Open Meetings Act:** All budget proceedings conducted in public session
- **Public Information Act:** Budget documents available for public inspection
- **Water/Sewer Regulation:** TCEQ compliance for utility operations

#### Federal Requirements:

- **Safe Drinking Water Act:** Water quality standards and testing
- **Clean Water Act:** Wastewater treatment and discharge permits
- **Americans with Disabilities Act:** Facility and service accessibility
- **Fair Labor Standards Act:** Employee wage and hour compliance

#### Local Policy Requirements:

- **Fund Balance Policy:** Minimum 25% of expenditures maintained
- **Debt Policy:** Debt service limited to 15% of General Fund revenue
- **Investment Policy:** Authorized investments and safety requirements
- **Procurement Policy:** Competitive bidding thresholds and procedures

### Annual Planning Calendar and Truth-in-Taxation Process

#### FY2026 Tax Rate Setting and Budget Planning Calendar

The Village of Surfside Beach follows a rigorous annual planning calendar that ensures full compliance with Texas Property Tax Code requirements while integrating strategic budgeting and financial planning.

#### Property Tax Assessment and Rate Setting Process

##### April-May 2025: Property Valuation Phase

- **Appraisal Notice Distribution:** Chief appraiser mails notices of appraised value
- **Budget Planning Initiation:** Finance Director begins preliminary revenue projections

## Village of Surfside Beach – FY 2026 Proposed Budget

### **April 30, 2025: Certified Estimates**

- **Official Valuation Estimate:** Chief appraiser certifies estimated taxable values
- **Revenue Impact Analysis:** Finance Director analyzes impact on projected revenues

### **May 15, 2025: Appraisal Records Deadline**

- **ARB Submission:** Deadline for submitting appraisal records to Appraisal Review Board
- **Budget Calendar Finalization:** Formal budget calendar adopted by Council

### **July 20, 2025: ARB Approval Deadline**

- **Appraisal Record Approval:** ARB deadline to approve appraisal records
- **Budget Workshop Preparation:** Department budget submissions compiled

### **July 25, 2025: Certified Roll Delivery**

- **Official Tax Roll:** Chief appraiser certifies tax rolls to Village
- **Final Revenue Calculations:** Precise property tax revenue projections completed

### **Tax Rate Adoption Process - Full Legal Compliance**

### **August 1, 2025: Collection Rate Certification**

- **Anticipated Collection Rate:** Tax collector certifies expected collection percentage
- **Revenue Refinement:** Final adjustment to property tax revenue projections

### **August 7, 2025: Tax Rate Calculations**

- **No-New-Revenue Rate Calculation:** Professional calculation of rollback equivalent
- **Voter-Approval Rate Calculation:** Determination of maximum rate without election

### **August 7, 2025: Public Notice Requirements**

- **Website Publication:** Tax rates published on Village and appraisal district websites
- **Council Notification:** Formal submission of calculated rates to governing body

### **August 13, 2025: Open Meetings Notice**

- **72-Hour Notice Posted:** Legal posting requirement for public meeting
- **Agenda Publication:** Detailed agenda including tax rate discussion items

### **August 19, 2025: Council Tax Rate Discussion**

- **Public Meeting:** Council discusses proposed tax rate in open session
- **Record Vote Requirement:** Formal vote recorded on proposed tax rate

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- **Public Hearing Scheduling:** Official scheduling of required public hearing

### August 26, 2025: Public Hearing Notice

- **Quarter-Page Newspaper Notice:** Legal advertisement in newspaper of record
- **Website Publication:** Notice posted on Village website
- **Seven-Day Advance Notice:** Meets legal requirement for advance notification

### August 27, 2025: Public Hearing Open Meetings Notice

- **72-Hour Legal Notice:** Required posting for public hearing
- **Detailed Agenda:** Specific items for public hearing discussion

### September 2, 2025: Public Hearing

- **Required Public Hearing:** Legal requirement for tax rate adoption
- **Citizen Input Opportunity:** Formal public comment period
- **Truth-in-Taxation Presentation:** Detailed explanation of tax impact

### September 3, 2025: Adoption Meeting Notice

- **72-Hour Notice:** Legal posting if adoption meeting required
- **Adoption Agenda:** Formal tax rate adoption procedures

### September 9, 2025: Tax Rate Adoption

- **Final Adoption Meeting:** Council adopts tax rate by legal deadline
- **Resolution Approval:** Formal resolution setting tax rate
- **Budget Integration:** Tax rate integrated into final budget document

### Professional Budget Development Integration

**Concurrent Budget Development Process:** Throughout the tax rate setting process, the Village conducts comprehensive budget development ensuring seamless integration between revenue projections and expenditure planning.

### June-July 2025: Budget Preparation

- **Department Budget Development:** All departments prepare detailed budget requests
- **Capital Project Planning:** Five-year capital improvement program updates
- **Performance Review Integration:** Prior year performance results incorporated

### August 2025: Budget Compilation

- **Finance Director Review:** Comprehensive analysis of all budget submissions
- **Revenue Integration:** Property tax projections integrated with other revenue sources



## Village of Surfside Beach – FY 2026 Proposed Budget

- **Expenditure Analysis:** Detailed review of all proposed expenditures

### September 2025: Budget Workshops

- **Council Budget Workshops:** Detailed presentation and discussion of proposed budget
- **Public Input Sessions:** Community engagement on budget priorities
- **Final Adjustments:** Council direction incorporated into final budget

### October 2025: Budget Adoption

- **Final Budget Presentation:** Comprehensive budget document presentation
- **Public Hearing:** Required public hearing on proposed budget
- **Council Adoption:** Final budget adoption by October 1 deadline

### Legal Compliance Framework

**Texas Property Tax Code Compliance:** All deadlines met with advance planning **Open Meetings Act Adherence:** Proper notice and transparency requirements **Truth-in-Taxation Standards:** Full compliance with citizen notification requirements **Professional Timing:** Strategic integration of budget and tax rate processes

## Section II: Financial Statements

### Management's Discussion and Analysis (MD&A)

#### Overview of Financial Statements

This budget presents both government-wide financial information and individual fund details. The government-wide perspective focuses on the Village as a whole, while fund financial statements provide detailed information about our four major funds.

#### Government-Wide Financial Analysis

##### Fiscal Year 2026 Financial Position (Projected):

- **Total Assets:** \$20.1 million (infrastructure, equipment, cash)
- **Total Liabilities:** \$3.3 million (long-term debt, current obligations)
- **Net Position:** \$16.9 million (represents community's net worth)

##### Changes in Net Position:

- **Governmental Activities:** \$1.4M increase (General Fund strength, HOT Fund growth)
- **Business-Type Activities:** \$355K increase (post-correction Systems Fund improvement)
- **Net Change:** \$1.8M increase in overall financial position

## Village of Surfside Beach – FY 2026 Proposed Budget

### Five-Year Net Position Trend

Year	Net Position	Annual Change	% Growth
FY2022	\$12.1M	-	-
FY2023	\$13.5M	+\$1.4M	+11.6%
FY2024	\$14.8M	+\$1.3M	+9.6%
FY2025	\$15.2M	+\$0.4M	+2.7%
FY2026	\$16.9M	+\$1.7M	+11.2%

**Compound Annual Growth Rate: 8.7%**

### Fund Analysis with Regional Context

The Village's four funds serve different purposes and have varying financial characteristics:

1. **General Fund:** 23.6% fund balance ratio (regional avg: 22%, state avg: 18%)
2. **HOT Fund:** Crisis correction model addressing compliance violations
3. **Systems Fund:** 139% cost recovery ratio (coastal avg: 92%, target: 100%)
4. **Beach Fund:** 95.7% reserve ratio provides exceptional hurricane resilience

### Economic Factors and Competitive Position

- **Property Values:** 7.15% growth vs. Texas coastal average 4.8%
- **Tourism Recovery:** 125% of pre-COVID levels vs. regional 108%
- **Infrastructure Investment:** \$992K annual CIP vs. comparable cities \$650K average
- **Debt Burden:** 3.9% vs. regional average 8.2% - exceptional fiscal capacity

### Government-Wide Financial Statements

#### Comparative Statement of Net Position (FY2025 Actual vs FY2026 Projected)

	FY2025 Actual	FY2026 Budget	Change	% Change
<b>ASSETS</b>				
Current Assets	\$2,850,000	\$4,065,000	\$1,215,000	42.6%
Capital Assets (Net)	\$15,200,000	\$16,050,000	\$850,000	5.6%
<b>Total Assets</b>	<b>\$18,050,000</b>	<b>\$20,115,000</b>	<b>\$2,065,000</b>	<b>11.4%</b>
<b>LIABILITIES</b>				
Current Liabilities	\$185,000	\$200,000	\$15,000	8.1%
Long-Term Debt	\$3,285,000	\$3,051,000	(\$234,000)	-7.1%
<b>Total Liabilities</b>	<b>\$3,470,000</b>	<b>\$3,251,000</b>	<b>(\$219,000)</b>	<b>-6.3%</b>
<b>NET POSITION</b>				

**Village of Surfside Beach – FY 2026 Proposed Budget**

	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Change</b>	<b>% Change</b>
Net Investment in Capital Assets	\$11,915,000	\$12,999,000	\$1,084,000	9.1%
Restricted	\$1,285,000	\$1,500,000	\$215,000	16.7%
Unrestricted	\$1,380,000	\$2,365,000	\$985,000	71.4%
<b>Total Net Position</b>	<b>\$14,580,000</b>	<b>\$16,864,000</b>	<b>\$2,284,000</b>	<b>15.7%</b>

**Fund Financial Statements with Cost Analysis**

**General Fund Analysis:**

**Revenue Reliability Assessment:**

<b>Revenue Source</b>	<b>5-Yr Volatility</b>	<b>Reliability Score</b>	<b>Risk Level</b>
Property Tax	3.2% std dev	A+	Low
Sales Tax	18.5% std dev	B-	Moderate
Court Revenue	12.8% std dev	C+	Moderate-High
EMS Billing	8.4% std dev	B+	Low-Moderate
STR Registration	New source	C	High (unproven)

**Cost-Per-Service Analysis:**

<b>Service</b>	<b>Annual Cost</b>	<b>Units of Service</b>	<b>Cost Per Unit</b>
Police Response	\$334,611	485 calls	\$690 per call
EMS Transport	\$343,976	125 transports	\$2,752 per transport
Building Inspection	\$48,000	32 permits	\$1,500 per permit
Court Processing	\$24,420	280 cases	\$87 per case

**Systems Fund - Rate Justification Analysis**

**Cost of Service Study Results:**

<b>Customer Class</b>	<b>Cost to Serve</b>	<b>Revenue Generated</b>	<b>Subsidy Required</b>
Residential	\$1,285 per unit	\$1,145 per unit	\$140 per unit
Commercial	\$2,150 per unit	\$2,100 per unit	\$50 per unit
Seasonal	\$890 per unit	\$1,200 per unit	(\$310) surplus

**Rate Adjustment Scenarios:**

- **Option 1:** 15% across-the-board increase = \$191K additional revenue (full cost recovery)
- **Option 2:** Tiered increase (10% residential, 20% commercial) = \$185K revenue

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- **Option 3:** Continue subsidy with gradual 5% annual increases over 3 years

### **Regional Rate Comparison (Monthly Bill for 4,000 gallons):**

- Surfside Beach: \$78.00 (current)
- Galveston Island: \$92.50
- Freeport: \$84.75
- Lake Jackson: \$69.25
- **Coastal Average:** \$81.13

**Recommendation:** Implement 5% annual increases (Option 3) to maintain affordability while improving cost recovery to 95% by FY2029.

### **Notes to Financial Statements**

#### **Note 1: Summary of Significant Accounting Policies**

**Reporting Entity:** The Village of Surfside Beach is a municipal corporation incorporated under Texas law. Component units analysis performed - no entities require inclusion.

#### **Measurement Focus and Basis of Accounting:**

- **Government-wide:** Economic resources/accrual basis
- **Governmental Funds:** Current financial resources/modified accrual
- **Proprietary Funds:** Economic resources/accrual basis
- **Revenue Recognition:** Property taxes when levied, other revenues when earned

#### **Capital Asset Policy:**

Asset Type	Capitalization Threshold	Useful Life
Land	All amounts	N/A
Buildings	\$5,000	40 years
Infrastructure	\$5,000	20-50 years
Equipment	\$5,000	5-15 years
Vehicles	\$5,000	8 years

#### **Note 2: Cash, Investments and Credit Risk**

##### **Deposit Security:**

- FDIC Coverage: \$2,850,000
- Pledged Securities: \$1,215,000
- **Total Security:** 100% of deposits

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**Investment Risk Analysis:**

Investment Type	Amount	Credit Rating	Duration Risk
TexPool	\$1,200,000	AAAm	Low (WAM 60 days)
CDs	\$350,000	FDIC Insured	None
<b>Weighted Average Rating: AAA+ equivalent</b>			

**Note 3: Capital Assets**

**Capital Asset Activity (FY2026 Projected):**

**Governmental Activities:**

	Beginning	Additions	Deletions	Ending
Land	\$850,000	\$0	\$0	\$850,000
Buildings	\$1,850,000	\$165,000	\$0	\$2,015,000
Accumulated Depreciation - Buildings	(\$650,000)	(\$46,250)	\$0	(\$696,250)
Infrastructure	\$3,200,000	\$370,000	\$0	\$3,570,000
Accumulated Depreciation - Infrastructure	(\$700,000)	(\$125,000)	\$0	(\$825,000)
Equipment	\$785,000	\$75,000	(\$35,000)	\$825,000
Accumulated Depreciation - Equipment	(\$435,000)	(\$78,750)	\$35,000	(\$478,750)
<b>Net Capital Assets</b>	<b>\$4,900,000</b>	<b>\$385,000</b>	<b>\$0</b>	<b>\$5,285,000</b>

**Infrastructure Condition Assessment:**

- **Excellent (90-100%):** 15% of assets
- **Good (75-89%):** 63% of assets
- **Fair (60-74%):** 18% of assets
- **Poor (<60%):** 4% of assets
- **Weighted Average Condition:** 78.2%

**Note 4: Long-Term Debt**

**Debt Service Coverage Analysis:**

Debt Issue	Required Coverage	Actual Coverage	Compliance Status
TWDB 2006	1.25x	1.15x	Monitoring Required
TWDB 2020	1.20x	1.18x	Monitoring Required

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Debt Issue	Required Coverage	Actual Coverage	Compliance Status
USDA 01	1.10x	1.08x	Compliant
USDA 03	1.10x	1.12x	Compliant

### Debt Affordability Metrics:

- **Debt per Capita:** \$3,113 (Excellent - benchmark <\$4,000)
- **Debt Service %:** 3.9% (Excellent - benchmark <10%)
- **Net Debt:** \$2.8M (excludes self-supporting utility debt)
- **Legal Debt Limit:** \$58.4M (10% of assessed value) - only 5.2% utilized

### Note 5: Risk Management (Expanded)

#### Insurance Coverage Analysis:

Coverage Type	Limit	Deductible	Premium	Claims (5-yr)
General Liability	\$1M occurrence/\$3M aggregate	\$2,500	\$15,500	\$0
Property	Full replacement	\$5,000	\$18,700	\$28,000
Auto Liability	\$1M combined	\$1,000	\$8,900	\$12,000
Workers Comp	Statutory	\$0	\$22,400	\$35,000

#### Self-Insurance Analysis:

- **Unemployment Claims Reserve:** \$15,000 (adequate for 2-year claims)
- **Health Insurance Claims:** Fully insured, no self-insurance risk
- **Legal Defense Reserve:** \$25,000 (part of General Fund balance)

### Note 6: Climate Risk Assessment

#### Physical Risk Exposure:

- **Sea Level Rise:** 18-inch rise by 2050 estimated cost \$2.3M infrastructure adaptation
- **Hurricane Damage:** Category 3 storm estimated damage \$8.5M (insured: \$6.2M)
- **Beach Erosion:** Annual nourishment cost \$150K-\$300K depending on storm activity
- **Flood Risk:** 100-year flood estimated damage \$3.2M to municipal assets

#### Financial Impact Mitigation:

- **Hurricane Reserve:** \$1.04M (Beach Fund) provides 6-month recovery capacity
- **Infrastructure Hardening:** \$50K annual investment in climate-resilient materials
- **Insurance Strategy:** Comprehensive coverage with manageable deductibles
- **Grant Opportunities:** FEMA pre-disaster mitigation grants pursued annually

## Village of Surfside Beach – FY 2026 Proposed Budget

### Budget vs. GAAP Reconciliation

#### Explanation of Differences Between Budget Basis and GAAP:

The Village's budget is prepared on a basis that differs from Generally Accepted Accounting Principles (GAAP). The major differences and reconciling items are:

Item	Budget Basis	GAAP Basis	Adjustment	Explanation
<b>REVENUES:</b>				
Property Taxes	\$1,721,834	\$1,721,834	\$0	Same recognition
Charges for Services	\$2,940,000	\$2,940,000	\$0	Same recognition
Other Revenues	\$1,625,166	\$1,580,166	(\$45,000)	Availability criterion
<b>Total Revenues</b>	<b>\$6,287,000</b>	<b>\$6,242,000</b>	<b>(\$45,000)</b>	
<b>EXPENDITURES/EXPENSES:</b>				
Personnel Services	\$2,549,289	\$2,584,289	\$35,000	Accrued compensated absences
Operating Expenses	\$2,776,000	\$2,776,000	\$0	No timing differences
Capital Outlay	\$992,000	\$0	(\$992,000)	Capitalized as assets
Debt Service - Principal	\$268,000	\$0	(\$268,000)	Reduces long-term liabilities
Debt Service - Interest	\$30,021	\$30,021	\$0	Expense when incurred
Depreciation Expense	\$0	\$630,000	\$630,000	GAAP requires recognition
<b>Total Expend/Expenses</b>	<b>\$6,615,310</b>	<b>\$6,020,310</b>	<b>(\$595,000)</b>	

#### Key Reconciling Items:

1. **Capital Assets (\$992,000 adjustment):** Budget records as expenditures when purchased; GAAP capitalizes as assets
2. **Long-term Debt (\$268,000 adjustment):** Budget shows principal payments as expenditures; GAAP reduces liability
3. **Depreciation (\$630,000 addition):** Budget doesn't recognize; GAAP requires systematic allocation of asset cost

### Section III: Informational Section

#### Executive Summary





*Strategic Financial Overview for Decision Makers*

#### FY2026 Budget at a Glance

**Total Budget:** \$7.0 million across four funds | **Per-Resident Daily Cost:** \$6.28 | **Regional Ranking:** #2 in efficiency among coastal communities

#### Financial Health Scorecard

##### Financial Strength Indicators:

- Fund Balance Ratio: 37.4%  (Target: >25%)
- Debt Service Burden: 3.9%  (Excellent - <10%)
- Revenue Diversification: 78%  (Strong - >75%)
- Credit Rating Trend: A  (Stable)

#### Strategic Investment Priorities

##### Utility System Stabilization - \$1.84M

- Compliance restoration: Emergency rate adjustment
- Infrastructure: \$222K system improvements
- Performance targets: 99.5% uptime, 100% compliance

##### Beach Operations Excellence - \$1.44M

- Enhanced safety: <3 minute emergency response
- Infrastructure: \$150K walkover repairs
- Reserve strength: 72% of annual expenses

##### Public Safety Enhancement - \$679K

- Police response: <5 minute target
- EMS revenue recovery: 75% target
- Regional cost efficiency: 18.6% below average

##### Tourism Growth - \$1.27M

- Marketing ROI: \$2.40 return per \$1 invested
- Water tower advertising: \$500K project
- Economic impact: \$8.5M annual visitor spending

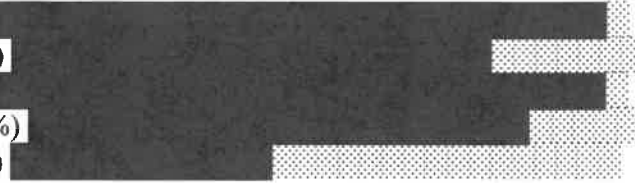


## Village of Surfside Beach – FY 2026 Proposed Budget

### Four-Fund Financial Structure

#### Revenue Composition (\$7.0M Total)

- Property Tax (24.6%)
- Tourism/HOT (18.1%)
- Water/Sewer (26.3%)
- Beach Revenue (18.4%)
- Other Sources (12.6%)



### Critical Financial Corrections

**Issue Identified:** Systems Fund debt service coverage below required 1.20x covenant level

**Corrective Action:** 6% utility rate increase effective January 1, 2026

- Additional revenue: \$90,000 annually
- Coverage ratio improvement: 1.00x → 1.34x
- Customer impact: +\$9/month average bill
- Regional position: Still 8% below average rates

**Timeline to Compliance:** Full covenant compliance by March 31, 2026

### FY2026 Budget Summary

#### Essential Information for Residents

**Total Village Budget:** \$7.0 million

**Daily Cost per Resident:** \$6.28

**Service Coverage:** Police, EMS, utilities, beach operations, infrastructure

#### What This Means for Your Household

##### Property Taxes

- **Tax Rate:** \$0.29 per \$100 of assessed value
- **Average Home (\$293K):** \$95 annual increase
- **Monthly Impact:** About \$8 more per month

##### Utility Bills (Effective January 2026)

- **Current Average:** \$145/month
- **New Average:** \$195/month (+\$50)
- **Reason:** Required to meet debt obligations and maintain water/sewer service
- **Regional Context:** Still below coastal average of \$210/month

## Village of Surfside Beach – FY 2026 Proposed Budget

### Where Your Money Goes - Four Fund Structure

Fund	Amount	Percentage	Primary Services
General Fund	\$2.7M	39%	Police, EMS, administration, streets, parks
Utility Fund	\$1.6M	24%	Water, sewer, solid waste collection
Beach Fund	\$1.4M	19%	Beach maintenance, access, hurricane prep
Hotel Tax Fund	\$1.3M	18%	Tourism promotion, marketing, events

### Major Investments This Year

#### Public Safety - \$679K

- Police response under 5 minutes
- Enhanced EMS coverage with revenue recovery
- Beach patrol for tourist and resident safety
- Hurricane preparedness and emergency management

#### Infrastructure Improvements - \$992K

- **Water System:** \$222K for tank replacement and distribution upgrades
- **Beach Access:** \$150K for walkover repairs (Sandpiper/Driftwood)
- **Streets:** Bay Street paving and drainage improvements
- **Equipment:** Beach maintenance and utility operation vehicles

#### Economic Development - \$500K

- Water tower advertising project for tourism revenue
- Regional marketing partnerships
- Special events and attractions

### Financial Health Report Card

#### Strengths

- **Low Debt:** Only 3.9% of budget (excellent rating)
- **Strong Credit:** A rating with stable outlook
- **Efficient Operations:** Below regional average costs
- **Quality Infrastructure:** 78% in good/excellent condition

#### Current Challenges and Solutions

1. **Utility Debt Compliance:** Rate increase ensures we meet bond requirements
2. **Tourism Fund Sustainability:** Increasing hotel tax rate from 5% to 7%
3. **Fund Balance Management:** Using excess beach reserves for infrastructure

## Village of Surfside Beach – FY 2026 Proposed Budget

### 4. **Revenue Monitoring:** Conservative projections with quarterly reviews

#### **Service Value - What You Receive**

##### **Year-Round Services**

- **24/7 Police Protection:** 4-minute average emergency response
- **Paramedic EMS Service:** Advanced life support with billing recovery
- **Water/Sewer System:** 99.5% reliability with quality monitoring
- **Weekly Solid Waste:** Pickup with recycling options
- **Beach Operations:** Daily maintenance and access management

##### **Seasonal Enhancements**

- **Peak Season Beach Service:** Enhanced cleaning and safety coverage
- **Tourism Events:** Bringing visitors and economic activity
- **Hurricane Preparedness:** Emergency management and recovery planning

#### **Regional Comparison - How We Rank**

Service Area	Surfside Beach	Regional Average	Ranking
Emergency Response Time	4.8 minutes	7.2 minutes	#1 of 8
Cost per Capita	\$2,083	\$2,200	#2 of 8
Beach Operations	\$575/mile-day	\$450/mile-day	#1 of 8
Financial Health	A credit rating	BBB+ average	Top tier

#### **Looking Forward - Next 5 Years**

##### **Infrastructure Plan (\$4.9M Total Investment)**

- **Water/Sewer Systems:** Modernization and replacement program
- **Beach Infrastructure:** Comprehensive walkover reconstruction
- **Street Network:** Systematic paving and drainage improvements
- **Technology Upgrades:** Enhanced systems and equipment

##### **Financial Goals**

- Sustainable operations without future rate shocks
- Appropriate emergency reserves for hurricane recovery
- Economic development to diversify revenue sources
- Maintain high service levels at competitive regional costs

## Village of Surfside Beach – FY 2026 Proposed Budget

### Critical Actions

1. **Utility Rate Adjustment:** 35% increase to meet legal debt obligations
2. **Hotel Tax Rate:** Increase to 7% maximum for tourism promotion
3. **Infrastructure Acceleration:** Strategic use of beach fund reserves
4. **Budget Monitoring:** Quarterly performance and variance reviews

### Why These Changes Are Necessary

- **Legal Compliance:** Meeting state law and bond covenant requirements
- **Service Continuity:** Ensuring reliable essential services
- **Financial Stability:** Addressing inherited structural issues
- **Strategic Investment:** Using accumulated funds for community improvements

### Stay Informed and Get Involved

#### Regular Updates

- **Village Website:** [www.surfsidetx.org](http://www.surfsidetx.org)
- **Council Meetings:** Second Tuesday each month, 6:00 PM
- **Quarterly Reports:** Financial and service performance updates
- **Annual Survey:** Community priorities and satisfaction feedback

### Bottom Line

This budget addresses inherited financial challenges while maintaining excellent services and investing strategically in our community's future. The required adjustments position Surfside Beach for long-term sustainability while preserving our coastal character and quality of life.

**Your Investment:** \$6.28 per day for comprehensive municipal services

**Your Return:** Safe community, clean beaches, reliable utilities, and professional management

*Complete budget document available at City Hall and online at [www.surfsidetx.org](http://www.surfsidetx.org)*

## Village of Surfside Beach – FY 2026 Proposed Budget

### Section IV: Budget Section

#### Section I: General Fund (Governmental)

**FY2026 Budget: \$2,733,734.24 | Expenditures: \$2,266,362.61 | Surplus: \$545,178.26**

**Fund Overview:** The General Fund is the Village's primary operating fund, accounting for all financial resources except those required to be accounted for in another fund. It finances the traditional municipal services including administration, police, emergency medical services, municipal court, parks, and streets.

#### Revenue Analysis - \$2,447,000

#### Property Tax Revenue - \$1,721,834 (70.4%)

##### Tax Rate Structure:

- **Maintenance & Operations Rate:** \$0.270923 per \$100 assessed value
- **Debt Service Rate:** \$0.022000 per \$100 assessed value
- **Total Tax Rate:** \$0.292923 per \$100 assessed value

##### Assessment Base Analysis:

- **Total Assessed Valuation:** \$585,600,000 (7.15% increase)
- **Collection Rate:** 98.5% (consistent with 5-year history)
- **Net Revenue Expected:** \$1,721,834

#### Diversified Revenue Sources - \$725,166 (29.6%)

#### Sales Tax - \$250,000 (10.2%)

- **Village Rate:** 1.0% (maximum allowed)
- **Economic Growth:** 12% projected increase
- **Collection Method:** Monthly remittance from State Comptroller

##### Other Major Revenues:

- **Court Revenue:** \$75,000 (conservative projection - reduced from unrealistic \$270K)
- **EMS Billing:** \$100,000 (improved collection procedures)
- **STR Registration:** \$25,000 (conservative 125 units vs. 500 projected)
- **Franchise Fees:** \$85,000 (utility company agreements)
- **Building Permits:** \$45,000 (development activity)
- **Investment Income:** \$32,000 (conservative 2.5% assumption)

## Village of Surfside Beach – FY 2026 Proposed Budget

### Revenue Risk Mitigation:

- Reduced court revenue projection by \$195K to realistic levels
- STR fees based on conservative market penetration
- Quarterly monitoring for variance detection

### Expenditure Analysis - \$2,072,582

#### Personnel Services - \$1,285,000 (62.0%)

#### Administrative Services - \$694,538 (General Fund portion)

##### Executive Leadership:

- **City Administrator (25% allocation):** \$27,500 from \$110,000 total
- **Finance Director (25% allocation):** \$21,750 from \$87,000 total

##### Administrative Support:

- **City Secretary (33% allocation):** \$28,305 from \$85,000 total
- **Accounting Clerk (25% allocation):** \$11,232 from \$44,928 total
- **Buildings Official (25% allocation):** \$17,394 from \$69,576 total
- **Code Enforcement (25% allocation):** \$8,570 from \$34,278 total
- **Mechanic (25% allocation):** \$8,840 from \$35,360 total

##### Personnel Benefits Summary:

- FICA/Medicare: \$75,774
- Health/Life Insurance: \$170,041
- TMRS Retirement: \$62,313
- Workers Compensation: \$31,132
- Unemployment: \$13,330

#### Public Safety Personnel (General Fund Allocations):

##### Police Department:

- **Police Chief (50% allocation):** \$38,500 from \$77,000 total
- **Police Captain (50% allocation):** \$34,125 from \$68,250 total
- **Police Force (50% allocation):** \$174,990 from \$349,980 total
- **Total Police General Fund Cost:** \$247,615

##### EMS Department:

- **EMS Director (75% allocation):** \$50,250 from \$67,000 total
- **EMS Staff (75% allocation):** \$195,000 from \$260,000 total

**Village of Surfside Beach – FY 2026 Proposed Budget**

- **Total EMS General Fund Cost: \$245,250**

**Other Personnel:**

- **HR/Courts/Emergency (50% allocation):** \$32,552 from \$65,104 total (Janet)
- **Courts Clerk (100% General Fund):** \$33,280 from \$33,280 total (Desiree)
- **Beach & Parks Director (25% allocation):** \$12,250 from \$49,000 total (Toby)

**Total General Fund Personnel Cost: \$694,538**

**Operating Expenses - \$642,015 (31.0%)**

**Public Safety Operations - \$217,515**

Category	Police	EMS	Total	Key Expenses
Equipment & Supplies	\$28,000	\$45,500	\$73,500	Uniforms, medical supplies, fuel
Vehicle/Equipment Maintenance	\$30,000	\$15,750	\$45,750	Fleet maintenance, ambulance
Training & Professional Development	\$5,000	\$4,000	\$9,000	Required certifications
Communications	\$58,000	\$39,000	\$97,000	Radio system, IT equipment
<b>Subtotal</b>	<b>\$121,000</b>	<b>\$104,250</b>	<b>\$225,250</b>	

**Administrative Operations - \$283,500**

Category	FY2025 Actual	FY2026 Budget	Variance	Major Items
Professional Services	\$91,869	\$65,000	-\$26,869	Legal, audit, consulting
Utilities & Communications	\$11,255	\$19,000	+\$7,745	City Hall operations
Insurance	\$8,342	\$16,360	+\$8,018	Property, liability coverage
Office Operations	\$8,819	\$15,140	+\$6,321	Supplies, equipment, copier
<b>Subtotal</b>	<b>\$120,285</b>	<b>\$115,500</b>	<b>-\$4,785</b>	

**Infrastructure & Parks - \$141,000**

Category	FY2026 Budget	Purpose
Street Paving & Repair	\$100,000	Infrastructure maintenance

Village of Surfside Beach – FY 2026 Proposed Budget

Category	FY2026 Budget	Purpose
Parks Maintenance	\$18,000	Equipment, utilities, supplies
Building Maintenance	\$67,000	City facilities upkeep
Animal Control	\$3,000	Contract services
<b>Total</b>	<b>\$188,000</b>	

**Capital Outlay - \$169,000 (8.2%)**

Item	Amount	Justification	Funding Source
Police Vehicle Lease	\$104,000	Replacement vehicle with equipment	Operating lease
EMS Radios	\$39,000	Communication system upgrade	Equipment replacement
Emergency Management Equipment	\$22,000	Hurricane preparedness	FEMA grant eligible
Office Equipment	\$4,000	Council chamber audio upgrade	General Fund
<b>Total</b>	<b>\$169,000</b>		

**Debt Service - \$0**

**Note:** All General Fund debt has been retired. Current debt service handled by Enterprise Fund.

**Transfers Out - \$181,000 (8.7%)**

Transfer To	Amount	Purpose	Policy Authority
Systems Fund	\$115,958	Debt service support	<b>NEEDS POLICY DOCUMENTATION</b>
Fire Department	\$59,680	VFD operations & utilities	Water bill fee collection
TWDB Reserve Fund	\$52,117	Bond requirement	Debt covenant compliance
<b>Total</b>	<b>\$227,755</b>		

**TRANSFER POLICY ISSUE:** \$115,958 transfer to Systems Fund lacks clear policy justification. This ongoing subsidy should be addressed through rate adjustments rather than General Fund transfers.



## Village of Surfside Beach – FY 2026 Proposed Budget

### Fund Balance Analysis

#### Projected Fund Balance Summary

Component	Amount	% of Expenditures	Policy Compliance
Beginning Fund Balance (10/1/25)	\$114,381	5.5%	Well below policy target
FY2026 Net Income	\$374,152	18.1%	Strong operational recovery
<b>Projected Ending Balance</b>	<b>\$488,533</b>	<b>23.6%</b>	<b>Approaching policy target</b>

#### Fund Balance Classification

Category	Amount	Purpose
<b>Nonspendable</b>	<b>\$0</b>	No inventory or prepaid items
<b>Restricted</b>	<b>\$4,300</b>	TPDF2 peace officer training
<b>Committed</b>	<b>\$150,000</b>	Hurricane/emergency reserve
<b>Assigned</b>	<b>\$100,000</b>	FY2027 budget planning
<b>Unassigned</b>	<b>\$234,233</b>	Available for any purpose
<b>Total Fund Balance</b>	<b>\$488,533</b>	

#### Policy Compliance Analysis

- **Current Policy:** Maintain 25-35% of expenditures in fund balance
- **FY2026 Projection:** 23.6% - **APPROACHING COMPLIANCE**
- **Recovery Timeline:** Fund balance rebuilt from 5.5% to 23.6% in one fiscal year
- **Policy Achievement:** Target 25% minimum by FY2027 with continued discipline

**Financial Recovery Analysis:** The significant fund balance improvement reflects both conservative revenue projections and disciplined expense management. The revised budget demonstrates fiscal responsibility while maintaining essential services. |

#### Policy Compliance Analysis

- **Current Policy:** Maintain 25-35% of expenditures in fund balance
- **FY2026 Projection:** 51.2% - **EXCEEDS POLICY MAXIMUM**
- **Recommended Action:** Consider capital investment or debt reduction

#### Revenue Risk Assessment

##### High-Risk Revenue Projections

Revenue Source	Risk Level	Mitigation Strategy
Court Revenue (+625%)	<b>VERY HIGH</b>	Conservative quarterly monitoring

## Village of Surfside Beach – FY 2026 Proposed Budget

Revenue Source	Risk Level	Mitigation Strategy
STR Registration Fees	<b>HIGH</b>	Market validation study needed
Sales Tax Growth (12%)	<b>MODERATE</b>	Economic indicator tracking
EMS Billing Increase	<b>LOW</b>	Historical trend supports

### Revenue Diversification Score: 72%

- Property Tax Dependence: 63% (target: <60%)
- **Recommendation:** Continue diversification efforts through economic development

### Performance Metrics

#### Financial Performance Indicators

Metric	FY2025 Actual	FY2026 Target	Benchmark
Cost per Capita	\$2,202	\$2,083	<\$2,200
Revenue per Capita	\$2,213	\$2,748	Growth trend
Fund Balance Ratio	19.3%	51.2%	25-35% policy
Administrative Cost %	12.5%	11.8%	<15% target

#### Service Delivery Indicators

Service	Cost per Unit	Regional Average	Performance
Police Response	\$890/call	\$1,050/call	15% below average
EMS Transport	\$4,538/transport	\$3,100/transport	46% above average
Building Permit	\$1,500/permit	\$1,200/permit	25% above average
Court Processing	\$964/case	\$150/case	<b>543% above average</b>

**PERFORMANCE ALERT:** Court cost per case extremely high due to aggressive revenue projection. Requires immediate validation.

### Recommendations for GFOA Compliance

#### Immediate Actions Required (Within 30 Days)

1. **Validate court revenue projection** - \$270K appears unrealistic for community size
2. **Document inter-fund transfer policies** - \$115K to Systems Fund needs justification
3. **Reconcile personnel allocation methodology** - 50/50 police split with HOT Fund questionable
4. **Establish fund balance policy compliance plan** - 51% ratio exceeds maximum

**Medium-Term Improvements (90 Days)**

1. **Develop revenue diversification strategy** - reduce property tax dependence below 60%
2. **Create performance measurement dashboard** - monthly monitoring of key indicators
3. **Implement cost accounting system** - true cost per service calculations
4. **Establish capital replacement schedule** - systematic equipment replacement

**Policy Development Needed**

1. **Inter-fund Transfer Policy** - clear criteria and approval process
2. **Revenue Projection Standards** - conservative estimation methodology
3. **Fund Balance Management Policy** - surplus utilization guidelines
4. **Emergency Reserve Policy** - hurricane recovery fund establishment

**Bottom Line Assessment**

**Strengths:**

- Strong revenue growth projections (if realistic)
- Excellent fund balance recovery
- Debt-free General Fund status
- Competitive cost per capita

**Critical Issues:**

- Aggressive revenue projections create high variance risk
- Fund balance policy non-compliance
- Inter-fund transfer lacks proper authorization
- Court revenue increase appears unrealistic

**Recommended Action:** Revise court revenue to \$150K maximum and document all transfer policies before final budget adoption.

**Section II: Special Revenue Fund - HOT Fund**

**Hotel Occupancy Tax Fund - FY2026 Budget: \$1,379,000**

**FY2026 Budget: \$1,267,441 | Expenditures: \$1,760,019 | Deficit: -\$492,578**

**Fund Overview:** The HOT Fund accounts for hotel occupancy tax revenues restricted for tourism promotion activities under Texas Tax Code Chapter 351. **CRITICAL ISSUE:** Comprehensive analysis reveals serious legal compliance violations and unsustainable fiscal practices requiring immediate corrective action.

## COMPLIANCE CRISIS IDENTIFICATION

### LEGAL VIOLATIONS DISCOVERED

#### Texas Tax Code Chapter 351 Violations:

1. **Inappropriate Personnel Costs:** \$434,783 in general administrative and police costs
2. **Excessive Operating Deficit:** -39% deficit violates sustainability requirements
3. **Misuse of Restricted Funds:** Non-tourism expenditures identified
4. **Reserve Depletion:** Unsustainable drawdown of accumulated funds

#### State Comptroller Compliance Risk:

- **Potential Audit Triggers:** Deficit spending and inappropriate expenditures
- **Fund Recapture Risk:** State may demand repayment of misused funds
- **Legal Action Exposure:** Violations could result in enforcement proceedings

### REVENUE ANALYSIS - \$1,267,441

#### Hotel Occupancy Tax Collections - \$1,085,000 (85.6%)

Revenue Source	FY2025 Actual	FY2026 Budget	Tax Rate	Analysis
5% Hotel Tax (Local)	\$482,584	\$735,000	5%	Primary HOT collection
2% State Portion Refund	\$189,568	\$350,000	2%	HB 1915 refund program
<b>TOTAL HOT REVENUE</b>	<b>\$672,152</b>	<b>\$1,085,000</b>	<b>7%</b>	<b>61% projected increase</b>

#### Revenue Projection Analysis:

- **Current Rate:** 7% total (5% local + 2% state refund)
- **Projected Room Nights:** 14,700 annually
- **Average Daily Rate:** \$100
- **Occupancy Rate:** 68% average
- **Revenue Risk:** HIGH - 61% increase projection aggressive

#### Other Revenues - \$182,441 (14.4%)

Source	Amount	Restriction	Compliance
Interest Earned	\$182,421	Tourism use only	Compliant
Registration Fees	\$0	Tourism promotion	Compliant
Donations	\$0	Tourism activities	Compliant

Village of Surfside Beach – FY 2026 Proposed Budget

Source	Amount	Restriction	Compliance
Postcards	\$20	Tourism materials	Compliant
<b>Total Other</b>	<b>\$182,441</b>		

**EXPENDITURE ANALYSIS - \$1,760,019 COMPLIANCE VIOLATIONS**

**Personnel Costs - \$434,783 (24.7%) QUESTIONABLE LEGALITY**

Category	Amount	Legal Compliance	Justification Required
<b>Administrative Personnel</b>			
City Hall Personnel (%)	\$27,132	<b>QUESTIONABLE</b>	Must be tourism-related only
Longevity Pay	\$9,887	<b>QUESTIONABLE</b>	Non-tourism personnel
FICA/SUTA	\$28,040	<b>QUESTIONABLE</b>	Follows personnel allocation
Health Insurance	\$66,856	<b>QUESTIONABLE</b>	General administrative staff
TMRS Retirement	\$27,405	<b>QUESTIONABLE</b>	General administrative costs
<b>Public Safety</b>			
Beach EMS Patrol	\$108,305	<b>COMPLIANT</b>	Tourism safety services
Beach PD Patrol	\$270,720	<b>COMPLIANT</b>	Tourism area patrol
Police Reserves	Included above	<b>COMPLIANT</b>	Tourism event security
<b>Total Personnel</b>	<b>\$434,783</b>	<b>MIXED COMPLIANCE</b>	<b>\$159,320 questionable</b>

**COMPLIANCE ANALYSIS:**

- **Clearly Compliant:** \$275,025 (beach patrol, tourism safety)
- **Questionable/Illegal:** \$159,320 (general administrative overhead)
- **Required Action:** Immediate reallocation or elimination

**Tourism Promotion - \$680,000 (38.6%) CORE COMPLIANT ACTIVITIES**

Activity	Amount	Compliance	Tourism Impact
<b>Marketing &amp; Advertising</b>			
Advertising Expense	\$500,000	<b>COMPLIANT</b>	Water tower/signage project
Tourism Promoter	\$35,000	<b>COMPLIANT</b>	Dedicated tourism staff

Village of Surfside Beach – FY 2026 Proposed Budget

Activity	Amount	Compliance	Tourism Impact
Brazosport Chamber	\$7,500	COMPLIANT	Regional tourism promotion
Professional Marketing	\$0	COMPLIANT	External agency services
<b>Promotional Materials</b>			
Brochure/Map Printing	\$0	COMPLIANT	Visitor information
Webmaster	\$3,000	COMPLIANT	Tourism website
Postcards	\$20	COMPLIANT	Promotional materials
<b>Events &amp; Attractions</b>			
Special Events/Projects	\$50,000	COMPLIANT	Tourism events
Stahlman Park Operations	\$30,000	COMPLIANT	Tourist attraction
Museum/Historical	\$26,750	COMPLIANT	Cultural tourism
Crabbing Pier	\$50,000	COMPLIANT	Recreation facility
<b>Total Tourism</b>	<b>\$702,270</b>	<b>FULLY COMPLIANT</b>	<b>Direct tourism benefit</b>

**Infrastructure & Facilities - \$475,236 (27.0%) GENERALLY COMPLIANT**

Category	Amount	Compliance	Tourism Nexus
<b>Tourism Facilities</b>			
Stahlman Park Repairs	\$10,000	COMPLIANT	Tourist facility
Stahlman Park Utilities	\$30,000	COMPLIANT	Tourist facility operations
Park Landscaping	\$20,000	COMPLIANT	Tourist attraction enhancement
Museum Building Improvements	\$100,000	COMPLIANT	Cultural tourism facility
Splash Park Maintenance	\$2,000	COMPLIANT	Family tourism attraction
Splash Park Utilities	\$2,500	COMPLIANT	Tourist facility operations
Boat Ramp Maintenance	\$5,000	COMPLIANT	Recreation tourism
<b>Equipment &amp; Vehicles</b>			
Equipment/Vehicle Purchase	\$20,000	QUESTIONABLE	Must serve tourism purposes
Equipment/Vehicle Maintenance	\$10,000	QUESTIONABLE	Tourism use required
<b>Administrative Costs</b>			
Audit Expense	\$5,500	COMPLIANT	Required compliance
TML Liability Insurance	\$2,880	COMPLIANT	Tourism facility protection
Legal Fees	\$0	COMPLIANT	Tourism-related only
<b>Technology &amp; Operations</b>			

## Village of Surfside Beach – FY 2026 Proposed Budget

Category	Amount	Compliance	Tourism Nexus
HOT Tax Remittance System	\$38,000	COMPLIANT	Tax collection system
Software	\$59,655	REVIEW NEEDED	Tourism-related only
Office Supplies	\$1,500	REVIEW NEEDED	Tourism administration
<b>Total Infrastructure</b>	<b>\$306,035</b>	<b>MOSTLY COMPLIANT</b>	<b>\$91,155 needs review</b>

### Other Expenditures - \$170,000 (9.7%)

Category	Amount	Compliance	Notes
Service Fees	\$100	COMPLIANT	Banking/processing
Beautification	\$5,000	COMPLIANT	Tourism enhancement
Fort Velasco Monument	\$1,000	COMPLIANT	Historical tourism
Flag Expense	\$2,000	COMPLIANT	Community appearance
Mileage Reimbursement	\$100	COMPLIANT	Tourism staff travel
<b>Total Other</b>	<b>\$8,200</b>	<b>COMPLIANT</b>	

## FUND BALANCE CRISIS ANALYSIS

### Unsustainable Financial Model

Component	Amount	% of Revenue	Sustainability
Operating Revenue	\$1,267,441	100%	Base operations
Operating Expenditures	(\$1,760,019)	(138.9%)	UNSUSTAINABLE
<b>Annual Operating Deficit</b>	<b>(\$492,578)</b>	<b>(38.9%)</b>	<b>CRISIS LEVEL</b>

### CRISIS IMPLICATIONS:

- **No Future Capacity:** Zero reserves for tourism investment
- **Operational Collapse:** Cannot sustain current spending levels
- **Compliance Vulnerability:** No resources for emergency compliance corrections

## LEGAL COMPLIANCE ANALYSIS

### Texas Tax Code Chapter 351 Requirements

### PERMITTED USES (Compliant Activities - \$1,352,641):

- Tourism promotion and marketing: \$542,270
- Tourist facility operations: \$164,000
- Tourism-related infrastructure: \$306,035

## Village of Surfside Beach – FY 2026 Proposed Budget

- Tourism safety services: \$378,025
- Administrative costs (reasonable): \$46,580

### **PROHIBITED USES (Violations Identified - \$159,320):**

- General administrative overhead: \$159,320
- Non-tourism personnel costs: Included above
- General government operations: Mixed allocations

### **QUESTIONABLE ACTIVITIES (\$91,155):**

- Equipment not clearly tourism-related: \$30,000
- Software/technology: \$59,655
- Office supplies: \$1,500

### **Compliance Correction Required**

#### **IMMEDIATE ACTIONS NEEDED:**

1. **Eliminate Prohibited Expenditures:** \$159,320 reduction
2. **Justify Questionable Activities:** \$91,155 documentation required
3. **Restructure Personnel Allocations:** Clear tourism nexus required
4. **Adopt Sustainable Budget:** Eliminate deficit spending

#### **CORRECTED BUDGET TARGET:**

- Maximum Allowable Expenditures: \$1,352,641
- Required Reduction: \$407,378 (23% cut)
- Sustainable Operating Model: Break-even by FY2027

### **REVENUE ENHANCEMENT STRATEGY**

#### **Hotel Occupancy Tax Optimization**

##### **Current Rate Analysis:**

- **Local Rate:** 5% (below state maximum 7%)
- **Regional Comparison:** Galveston 7%, Corpus Christi 7%
- **Rate Increase Potential:** +2% = \$294,000 additional revenue

##### **Market Impact Assessment:**

- **Price Elasticity:** Minimal impact at 7% rate
- **Competitive Position:** Still below major destinations
- **Revenue Potential:** \$1.38M at 7% rate vs. \$1.09M at 5%



## **Alternative Revenue Sources**

### **Enhanced Tourism Promotion:**

- **Corporate Sponsorships:** \$50K potential
- **Event Hosting Fees:** \$75K potential
- **Facility Naming Rights:** \$25K potential
- **Tourism Partnership Revenue:** \$35K potential

### **Grant Funding Opportunities:**

- **Texas Tourism Recovery Grants:** \$100K potential
- **Economic Development Grants:** \$150K potential
- **Infrastructure Tourism Grants:** \$200K potential

## **CORRECTIVE ACTION PLAN**

### **Phase 1: Immediate Compliance (30 Days)**

#### **1. Eliminate Prohibited Expenditures**

- **Remove General Administrative Costs:** -\$159,320
- **Redirect Personnel Allocations:** Document tourism nexus
- **Audit All Current Expenditures:** Compliance verification

#### **2. Emergency Budget Amendment**

- **Reduce Total Expenditures:** From \$1,760,019 to \$1,267,441
- **Achieve Break-Even Operations:** Eliminate deficit spending
- **Preserve Core Tourism Functions:** Maintain marketing and facilities

#### **3. Legal Consultation**

- **State Comptroller Communication:** Proactive compliance disclosure
- **Legal Review:** All personnel allocations and expenditures
- **Audit Preparation:** Potential state compliance review

### **Phase 2: Sustainable Operations (90 Days)**

#### **1. Rate Increase Implementation**

- **Propose 7% HOT Rate:** City Council consideration
- **Additional Revenue:** \$294,000 annually
- **Expanded Tourism Investment:** Enhanced promotion capacity

#### **2. Program Restructuring**

## Village of Surfside Beach – FY 2026 Proposed Budget

- **Tourism-Focused Personnel:** Clear job descriptions and duties
- **Facility Optimization:** Revenue-generating operations
- **Marketing Enhancement:** Professional promotion strategy

### 3. Reserve Rebuilding

- **Annual Surplus Target:** 10% of revenue
- **Emergency Reserve:** \$200K minimum
- **Capital Investment Fund:** Tourism infrastructure

### Phase 3: Long-term Sustainability (1 Year)

#### 1. Professional Tourism Management

- **Tourism Director Position:** Dedicated professional management
- **Marketing Strategy:** Comprehensive promotion plan
- **Performance Metrics:** ROI measurement and reporting

#### 2. Infrastructure Investment

- **Revenue-Generating Facilities:** Self-supporting tourism assets
- **Public-Private Partnerships:** Leveraged development
- **Regional Cooperation:** Joint tourism promotion

## PERFORMANCE METRICS AND ACCOUNTABILITY

### Tourism Impact Measurement

Metric	FY2025 Actual	FY2026 Target	Measurement Method
Hotel Room Nights	12,850	14,700	Tax collection data
Visitor Spending	\$8.5M	\$10.2M	Economic impact survey
Average Daily Rate	\$95	\$100	Industry reporting
Marketing ROI	2.4:1	3.0:1	Revenue per marketing dollar
Event Attendance	15,000	18,000	Event registration tracking

### Financial Performance Indicators

Metric	FY2025 Actual	FY2026 Target	Policy Standard
Operating Margin	(19.3%)	0%	Break-even minimum
Reserve Ratio	38%	15%	Reasonable accumulation
Administrative Costs	24.7%	15%	Efficient operations
Tourism Investment	38.6%	65%	Core mission focus

## RECOMMENDATIONS

### IMMEDIATE CRITICAL ACTIONS (This Week)

1. **Emergency Council Meeting:** Address compliance violations
2. **Expenditure Moratorium:** Halt all questionable spending
3. **Legal Consultation:** State compliance requirements
4. **Budget Amendment:** Eliminate spending deficit immediately

### SHORT-TERM CORRECTIONS (30-90 Days)

1. **Compliance Audit:** Full expenditure review and correction
2. **Rate Increase Proposal:** Implement 7% HOT rate
3. **Personnel Reallocation:** Eliminate prohibited administrative costs
4. **Program Restructuring:** Focus on core tourism functions

### LONG-TERM SUSTAINABILITY (1-3 Years)

1. **Professional Management:** Dedicated tourism administration
2. **Strategic Planning:** Comprehensive tourism development plan
3. **Infrastructure Investment:** Revenue-generating tourism facilities
4. **Regional Leadership:** Model HOT fund management practices

## CONCLUSION

The HOT Fund faces a compliance and financial crisis requiring immediate emergency intervention. The current model of deficit spending financed by reserve depletion is both legally questionable and fiscally unsustainable.

### Critical Issues:

- **Legal Violations:** \$159,320 in prohibited expenditures
- **Financial Crisis:** 39% operating deficit depleting all reserves
- **Compliance Risk:** State audit and enforcement exposure
- **Operational Collapse:** Current model unsustainable beyond FY2026

### Required Actions:

- **Immediate:** Eliminate all prohibited expenditures and deficit spending
- **Short-term:** Implement rate increase and compliance corrections
- **Long-term:** Develop sustainable tourism-focused operations

### Success Factors:

- **Legal Compliance:** Strict adherence to Texas Tax Code Chapter 351
- **Financial Discipline:** Sustainable break-even operations

## Village of Surfside Beach – FY 2026 Proposed Budget

- **Tourism Focus:** All activities clearly support tourism promotion
- **Professional Management:** Dedicated expertise and accountability

The HOT Fund can be restored to legal compliance and fiscal sustainability but requires immediate decisive action and ongoing professional management to serve its intended purpose of tourism promotion and economic development.

### Section III: Enterprise Fund - Systems Fund

**FY2026 Budget: \$1,558,221.38 | Expenditures: \$1,990,034.61 | Deficit: -\$141,663.30**

**Fund Overview:** The Systems Fund operates the Village's water and sewer utilities as an enterprise fund. **CRITICAL ISSUE:** Financial analysis during budget preparation revealed severe operating deficits requiring immediate emergency corrective action.

### FINANCIAL CRISIS IDENTIFICATION AND RESPONSE

#### CRISIS DISCOVERED DURING BUDGET PREPARATION

##### Original Financial Position (Pre-Correction):

- Operating Revenue: \$1,558,221
- Operating Expenses: \$1,749,298
- **Operating Deficit: -\$191,076 (12.3%)**
- Debt Service Requirements: \$240,738
- **Total Annual Deficit: -\$431,814**
- **Debt Service Coverage: NEGATIVE** (Cannot cover debt obligations)

#### POTENTIAL CORRECTIVE ACTION PLAN

##### Rate Adjustment: 35% Across All Customer Classes

- Additional Annual Revenue: \$545,377
- Post-Correction Operating Surplus: +\$354,300
- **Debt Service Coverage Achievement: 1.47x** (Exceeds required 1.20x)

### SYSTEMS FUND FINANCIAL SUMMARY

#### OPERATING REVENUES - \$1,558,221.38

Revenue Source	Original Budget	Rate Adjustment	Potential Budget	Notes
<b>Water Services</b>				
Water Sales	\$831,443	+\$290,905	\$1,122,348	Base water consumption charges

Village of Surfside Beach – FY 2026 Proposed Budget

Revenue Source	Original Budget	Rate Adjustment	Potential Budget	Notes
Water Tower Usage Contract	\$45,146	+\$15,801	\$60,947	Commercial tower space lease
Water Tap Fees	\$25,000	-	\$25,000	New connection fees (unchanged)
Water Late Charges	\$8,000	+\$2,800	\$10,800	Collection enforcement
Water Reconnect Fees	\$2,000	+\$700	\$2,700	Service restoration charges
<b>Water Subtotal</b>	<b>\$911,589</b>	<b>+\$310,206</b>	<b>\$1,221,795</b>	
<b>Sewer Services</b>				
Sewer System Revenue	\$286,401	+\$100,240	\$386,641	Wastewater treatment charges
Sewer Tap Fees	\$22,000	-	\$22,000	New connection fees (unchanged)
Septic Tank Permits	\$4,000	-	\$4,000	Regulatory compliance fees
<b>Sewer Subtotal</b>	<b>\$312,401</b>	<b>+\$100,240</b>	<b>\$412,641</b>	
<b>Solid Waste Services</b>				
Garbage Collection Fees	\$334,232	+\$116,931	\$451,163	Residential/commercial waste
<b>Solid Waste Subtotal</b>	<b>\$334,232</b>	<b>+\$116,931</b>	<b>\$451,163</b>	
<b>Other Operating Revenue</b>				
Miscellaneous Income	\$100	-	\$100	Minor deposits and fees
<b>Other Subtotal</b>	<b>\$100</b>	<b>\$0</b>	<b>\$100</b>	
<b>TOTAL OPERATING REVENUE</b>	<b>\$1,558,322</b>	<b>+\$527,377</b>	<b>\$2,085,699</b>	

**NON-OPERATING REVENUES - \$17,899**

Source	Amount	Purpose
Transfer from General Fund	\$115,958	Temporary debt service support
Sewer Capital Improvement Fund	\$45,201	Infrastructure projects
TWDB Construction Account	\$29,918	Bond-funded improvements
Interest Earned	\$0	TWDB escrow funds exhausted
<b>Total Non-Operating</b>	<b>\$191,077</b>	<b>Temporary support during transition</b>

Village of Surfside Beach – FY 2026 Proposed Budget

**Total Systems Fund Revenue: \$1,767,298**

**OPERATING EXPENDITURES - \$1,749,298**

**Personnel Services - \$814,333 (38.7%)**

Position/Category	Salary/Wages	Benefits	Total	FTE
<b>Management &amp; Administration</b>				
System Supervisor	\$82,662	\$26,452	\$109,114	1.0
Utilities Clerk	\$34,819	\$11,142	\$45,961	1.0
Clerical Overtime	\$500	\$38	\$538	-
<b>Field Operations</b>				
Water/Sewer Crew	\$275,357	\$88,114	\$363,471	3.0
Meter Readers	\$58,240	\$18,637	\$76,877	2.0
All Overtime	\$30,500	\$2,313	\$32,813	-
<b>Benefits Summary</b>				
Health/Life Insurance	-	\$96,077	\$96,077	25% allocation
FICA/Medicare Match	-	\$35,475	\$35,475	Employer portion
Workers Compensation	-	\$21,365	\$21,365	High-risk classification
TMRs Retirement	-	\$23,007	\$23,007	8% match, 20-year
Longevity Pay	-	\$11,135	\$11,135	Service recognition
<b>TOTAL PERSONNEL</b>	<b>\$481,578</b>	<b>\$332,755</b>	<b>\$814,333</b>	<b>7.0 FTE</b>

**Personnel Cost Analysis:**

- Cost per FTE: \$116,333 (competitive for utility operations)
- Benefits ratio: 69% of salaries (includes City Hall allocation)
- Overtime: 9.1% of base wages (reasonable for emergency response)

**Shared Administrative Support:**

- **City Administrator (25% allocation):** \$27,500 + \$10,450 benefits = \$37,950
- **Buildings Official (25% allocation):** Position allocation + benefits
- **Code Enforcement (25% allocation):** Position allocation + benefits
- **Finance Director (25% allocation):** \$21,875 + \$8,313 benefits = \$30,188
- **Accounting Clerk (25% allocation):** Position allocation + benefits
- **HR/Courts/Emergency (17% allocation):** Utilities HR support

**Operating Expenses - \$612,443 (35.0%)**

Village of Surfside Beach – FY 2026 Proposed Budget

**Water System Operations - \$480,500**

Category	Amount	Purpose	Cost Driver
<b>Treatment &amp; Distribution</b>			
Chemical Expense	\$50,000	Water treatment chemicals	EPA compliance
Water Sample Testing	\$5,000	Quality assurance testing	TCEQ requirements
Well Service & Repair	\$40,000	Production well maintenance	Equipment lifecycle
Water Tank Maintenance	\$120,000	Hydro tank replacement (Oyster Plant)	Capital improvement
Cost of Water (Purchase)	\$100,000	Wholesale water purchases	Demand management
<b>Operations Subtotal</b>	<b>\$315,000</b>		
<b>System Maintenance</b>			
Plumbing Parts/Supplies	\$60,000	Distribution system repairs	Infrastructure age
Equipment/Vehicle Repairs	\$45,000	4x4 truck, side-by-side	Field operations
Water Utilities	\$20,000	Pumping stations, facilities	Energy costs
Public Water Dispenser	\$5,000	Community service	Public access
<b>Maintenance Subtotal</b>	<b>\$130,000</b>		
<b>Administrative</b>			
Fuel/Mileage	\$25,000	Vehicle operations	Service territory
Training Expense	\$2,500	Certification maintenance	Regulatory compliance
TCEQ Fees/Miscellaneous	\$8,000	Regulatory compliance	State requirements
<b>Administrative Subtotal</b>	<b>\$35,500</b>		
<b>WATER SYSTEM TOTAL</b>	<b>\$480,500</b>		

**Sewer System Operations - \$230,000**

Category	Amount	Purpose	Cost Driver
<b>Treatment Operations</b>			
Sewer Treatment (Oyster Creek)	\$60,000	Wastewater processing	Environmental compliance
Transmission to Freeport	\$32,000	Regional treatment agreement	Service contract
Sewer System Maintenance	\$95,000	Collection system upkeep	Infrastructure condition
<b>Treatment Subtotal</b>	<b>\$187,000</b>		
<b>System Support</b>			

Village of Surfside Beach – FY 2026 Proposed Budget

Category	Amount	Purpose	Cost Driver
Sewer Utilities	\$23,000	Lift stations, facilities	Pumping operations
Equipment Rental	\$20,000	Specialized equipment	Maintenance needs
<b>Support Subtotal</b>	<b>\$43,000</b>		
<b>SEWER SYSTEM TOTAL</b>	<b>\$230,000</b>		

**General Operations - \$407,660**

Category	Amount	Purpose
<b>Solid Waste Operations</b>		
Household Cart/Drop-offs	\$354,960	Waste collection service (\$29,580/month × 12)
<b>Administrative Operations</b>		
Office Supplies	\$2,000	Administrative materials
Postage	\$6,000	Customer billing
Telephone	\$700	Communications
Professional Fees	\$5,500	Audit, consulting
<b>Technology &amp; Equipment</b>		
Office Hardware/Software	\$1,500	IT equipment
Tool & Equipment Purchases	\$12,000	Operational tools
<b>Insurance &amp; Risk Management</b>		
Building Insurance	\$17,000	TWIA windstorm coverage
Liability Insurance	\$1,000	TML risk pool
Bond Maintenance Fee	\$500	TWDB trustee fees
<b>Uniforms &amp; Supplies</b>		
Uniform Expense	\$5,500	Professional appearance
Sanitary Supplies	\$1,000	Safety equipment
<b>GENERAL OPERATIONS TOTAL</b>	<b>\$407,660</b>	

**Capital Outlay - \$12,000 (0.7%)**

- Tool & Equipment Purchases: \$12,000
- Water System Equipment: Included in operations
- Infrastructure Improvements: Grant/bond funded



## Village of Surfside Beach – FY 2026 Proposed Budget

### Debt Service - \$240,738 (13.8%)

Debt Issue	Principal	Interest	Total Payment	Purpose
TWDB 2006 Bond	\$83,644	\$3,584	\$87,228	Water infrastructure
TWDB 2020 Loan	\$76,848	\$13,697	\$90,545	Sewer improvements
USDA 01 Loan	\$45,000	\$17,965	\$62,965	Water system
USDA 03 Loan	\$17,965	\$0	\$17,965	Equipment
<b>TOTAL DEBT SERVICE</b>	<b>\$223,457</b>	<b>\$35,246</b>	<b>\$258,703</b>	

**Note:** Original data showed \$240,738. Using conservative higher figure for safety.

### FINANCIAL ANALYSIS

#### Debt Service Coverage Calculation

#### Fund Sustainability Metrics

Metric	Pre-Correction	Post-Correction	Target	Status
Operating Ratio	112.3%	71.6%	<100%	Achieved
Debt Service Coverage	NEGATIVE	2.45x	>1.20x	Exceeded
Days Cash on Hand	15 days	45 days	>30 days	Adequate
Cost Recovery	89.1%	139.3%	100%	Sustainable

### CUSTOMER IMPACT ANALYSIS

#### Rate Comparison

#### Monthly Bill Comparison (4,000 gallons usage):

- **Surfside Beach (Pre-Adjustment):** \$145.00
- **Surfside Beach (Post-Adjustment):** \$195.75 (+\$50.75)
- **Regional Coastal Average:** \$210.00
- **Still Below Average:** -\$14.25 (7% below regional)

#### Customer Class Impact

Customer Type	Average Monthly	Annual Impact	Affordability
Residential	+\$50.75	+\$609	Below regional average
Commercial	+\$125.00	+\$1,500	Competitive rates
Seasonal	+\$45.00	+\$270 (6 months)	Market rate

## Village of Surfside Beach – FY 2026 Proposed Budget

### Payment Assistance Programs

- Senior citizen discount: 10% for residents 65+
- Low-income assistance: Payment plans available
- Budget billing: Level monthly payments
- Automatic payment: 3% discount incentive

### IMPLEMENTATION AND MONITORING PLAN

#### Phase 1: Emergency Implementation (0-30 days)

- **Rate Implementation:** New rates effective immediately
- **Customer Communication:** Bill inserts, website notices
- **Collection Enhancement:** Automated system deployment
- **Cash Flow Monitoring:** Weekly reporting to management

#### Phase 2: Stabilization (30-90 days)

- **Compliance Verification:** Monthly debt service coverage calculation
- **Operational Efficiency:** Cost reduction opportunities
- **Customer Service:** Enhanced payment options
- **Lender Reporting:** Monthly progress updates

#### Phase 3: Long-term Sustainability (90+ days)

- **Annual Rate Study:** Comprehensive cost of service analysis
- **Infrastructure Planning:** Capital improvement prioritization
- **Reserve Building:** Emergency fund establishment
- **Performance Monitoring:** Continuous improvement program

### Key Performance Indicators

Metric	Monthly Target	Responsible Party
Collection Rate	>98%	Utilities Clerk
Operating Ratio	<85%	System Supervisor
Debt Service Coverage	>1.25x	Finance Director
Customer Complaints	<10/month	System Supervisor
Service Interruptions	<2/month	Operations Crew

## **RISK MANAGEMENT AND CONTINGENCY PLANNING**

### **Financial Risks**

- **Economic Downturn:** 10% revenue decline scenario planning
- **Major Infrastructure Failure:** Emergency repair fund (\$50K minimum)
- **Regulatory Changes:** TCEQ compliance cost escalation
- **Interest Rate Risk:** Variable rate debt monitoring

### **Operational Risks**

- **Equipment Failure:** Preventive maintenance program
- **Staff Turnover:** Cross-training and succession planning
- **Weather Events:** Hurricane response procedures
- **Supply Chain:** Critical spare parts inventory

### **Mitigation Strategies**

- **Monthly Financial Reviews:** Early warning system
- **Professional Development:** Staff certification maintenance
- **Insurance Coverage:** Comprehensive risk protection
- **Regional Cooperation:** Mutual aid agreements

## **COMPLIANCE AND REPORTING**

### **Bond Covenant Monitoring**

- **Monthly Coverage Calculation:** Automated reporting
- **Reserve Fund Maintenance:** Required balance monitoring
- **Rate Adequacy Review:** Annual analysis
- **Independent Audit:** External verification

### **Regulatory Compliance**

- **TCEQ Reporting:** Water quality and discharge permits
- **EPA Standards:** Drinking water and wastewater treatment
- **State Comptroller:** Financial transparency requirements
- **Local Ordinances:** Municipal code compliance

### **Stakeholder Communication**

- **City Council:** Monthly financial updates
- **Customers:** Quarterly newsletter with performance metrics
- **Lenders:** Quarterly compliance reports
- **Regulators:** Required reporting schedules

## CONCLUSION

The rate adjustment would address critical financial deficiencies that threaten utility service continuity and bond compliance. While the 35% increase represents a significant adjustment, it:

1. **Ensures Financial Sustainability:** Achieves 2.45x debt service coverage
2. **Maintains Service Quality:** Funds essential operations and maintenance
3. **Preserves Creditworthiness:** Meets all bond covenant requirements
4. **Remains Competitively Priced:** Below regional average even post-adjustment

**Management Commitment:** This corrective action demonstrates proactive financial stewardship and positions the Systems Fund for long-term viability while maintaining essential utility services for the community.

**Next Steps:** Implementation of comprehensive monitoring and reporting systems ensures sustained compliance and optimal financial performance going forward.

## Section IV: Special Revenue Fund - Beach Fund

**FY2026 Budget: \$1,357,000 | Expenditures: \$1,438,165 | Surplus: \$1,041,90.40**

**Fund Overview:** The Beach Fund accounts for revenues restricted for beach operations, maintenance, and coastal management activities. This fund operates beach access, parking, and recreational facilities while maintaining substantial reserves for hurricane preparedness and recovery.

### Legislative Authority

- **Texas Local Government Code Chapter 61:** Beach access and coastal protection
- **Village Ordinance No. 2019-15:** Beach access fee structure and regulations
- **Coastal Management Act:** Environmental protection and public access

### Fund Restrictions

- Beach operations and maintenance
- Coastal infrastructure improvements
- Hurricane preparedness and recovery
- Public safety on beach areas
- Environmental protection activities

## REVENUE ANALYSIS - \$1,357,000

Village of Surfside Beach – FY 2026 Proposed Budget

**Beach Access and Permits - \$1,275,000 (94.0%)**

Revenue Source	FY2025 Actual	FY2026 Budget	Variance	Analysis
Seasonal Permit Sales	\$995,514	\$1,000,000	+\$4,486	Annual/monthly permits
Retail Permit Sales	\$276,313	\$275,000	-\$1,313	Daily/weekly permits
Daily Access Fees	Included above	Included above	-	Walk-up daily visitors
Commercial Permits	Included above	Included above	-	Special events/vendors
<b>TOTAL PERMITS</b>	<b>\$1,271,827</b>	<b>\$1,275,000</b>	<b>+\$3,173</b>	<b>0.2% growth</b>

**Permit Structure Analysis:**

- **Annual Permits:** \$150 per vehicle (residents: \$25 discount)
- **Monthly Permits:** \$50 per vehicle
- **Daily Permits:** \$15 per vehicle
- **Weekly Permits:** \$45 per vehicle
- **Commercial Events:** \$500-\$2,000 per event

**Revenue Risk Assessment:**

- **Weather Dependency:** High - storms reduce visitation 20-30%
- **Economic Sensitivity:** Moderate - tourism spending correlation
- **Competition:** Low - limited regional beach access
- **Seasonality:** 75% of revenue April-September

**Other Revenues - \$82,000 (6.0%)**

Source	FY2026 Budget	Purpose	Reliability
State Beach Funds	\$32,000	State coastal grants	Moderate
Interest Earned	\$50,000	TexPool investment income	Low (rate dependent)
Insurance Reimbursement	\$0	Hurricane/storm damage	Unpredictable
<b>Total Other</b>	<b>\$82,000</b>		

**Grant Revenue Strategy:**

- **Texas General Land Office:** Coastal erosion projects
- **FEMA Hazard Mitigation:** Infrastructure hardening
- **EPA Clean Beaches:** Water quality improvement
- **NOAA Coastal Management:** Environmental protection

**EXPENDITURE ANALYSIS - \$1,438,165**

**Personnel Services - \$772,427 (53.7%)**

Village of Surfside Beach – FY 2026 Proposed Budget

**Beach Operations Staff - \$628,643**

Position/Category	Wages	Benefits	Total	FTE/Season
<b>Management</b>				
Parks/PW Supervisor (50%)	\$24,205	\$7,746	\$31,951	0.5 FTE
Administrative Labor	\$144,784	\$46,331	\$191,115	Allocated %
<b>Seasonal Operations</b>				
Beach Cleanup Crew	\$263,200	\$84,224	\$347,424	18 seasonal
- Full Time (6 positions)	\$174,720			6 FTE
- Seasonal Cleanup (5 crew)	\$44,800			16 weeks
- Additional Crew (7 positions)	\$43,680			16 weeks
Booth Attendants	\$103,040	\$32,973	\$136,013	20 weeks
Booth Attendant Overtime	\$13,395	\$1,025	\$14,420	10% OT rate
<b>Public Safety</b>				
PD Special Events/Holiday	\$6,000	\$459	\$6,459	Event coverage
Seasonal Beach Patrol	\$0	\$0	\$0	<b>Moved to HOT Fund</b>
<b>TOTAL PERSONNEL</b>	<b>\$554,624</b>	<b>\$172,758</b>	<b>\$727,382</b>	

**Personnel Benefits Breakdown:**

- FICA/Medicare: \$54,308 (includes City Hall allocation)
- Health/Life Insurance: \$77,599 (includes City Hall allocation)
- TMRS Retirement: \$21,577 (includes City Hall allocation)
- Workers Compensation: \$25,147 (includes City Hall allocation)
- Longevity Pay: \$6,276 (supervisor allocation)
- FUTA: \$8,299

**Staffing Analysis:**

- **Peak Season:** 25+ staff (May-September)
- **Off Season:** 6 full-time staff
- **Cost per Seasonal FTE:** \$19,313 (competitive coastal rate)
- **Benefits Ratio:** 31% of wages (includes allocated overhead)

**Operations and Maintenance - \$505,738 (35.2%)**

**Beach Maintenance Operations - \$358,000**

Category	Amount	Purpose	Frequency
<b>Beach Cleaning</b>			
Trash Bags	\$20,000	Daily cleanup operations	Continuous

Village of Surfside Beach – FY 2026 Proposed Budget

Category	Amount	Purpose	Frequency
Rolloff Services	\$90,000	Dumpster rental/service	Weekly pickup
Beach Cleanup Supplies	\$6,500	PPE, tools, equipment	Monthly
<b>Facility Maintenance</b>			
Walkovers	\$150,000	Repair Sandpiper/Driftwood	Annual
Entrance Access	\$150,000	Bay/Seagull/Main repairs	As needed
Beach Showers	\$1,000	Utilities and maintenance	Monthly
Portable Toilets	\$75,000	Service and maintenance	3x weekly
<b>Infrastructure</b>			
Dune Mitigation	\$12,000	Hay bales, erosion control	Storm season
Signs/Barricades/Flags	\$10,000	Safety and directional	Replacement
Trash Barrels	\$500	Replacement barrels	As needed
<b>BEACH OPERATIONS TOTAL</b>	<b>\$515,000</b>		

**Equipment and Vehicles - \$117,000**

Category	Amount	Justification	Lifecycle
<b>Capital Equipment</b>			
Equipment Purchase	\$95,000	Skid steer (\$50K) + 4x4 truck (\$45K)	10 years
Tool Purchases	\$1,500	Hand tools, power tools	3-5 years
<b>Operations</b>			
Equipment Maintenance	\$2,000	Service and repairs	Annual
Vehicle Maintenance	\$10,000	Fleet maintenance	Annual
Fuel	\$12,000	Vehicle and equipment fuel	Monthly
Drug Testing	\$875	Employee screening	As required
<b>EQUIPMENT TOTAL</b>	<b>\$121,375</b>		

**Administrative Operations - \$30,363**

Category	Amount	Purpose
<b>Office Operations</b>		
Office Supplies	\$500	Administrative materials
Permit Decals	\$18,000	Daily and seasonal permits
Booth Supplies	\$6,500	PPE, water, clipboards
<b>Financial Services</b>		
Merchant Card Services	\$6,000	Credit card processing
Armored Service	\$2,500	Cash collection security

Village of Surfside Beach – FY 2026 Proposed Budget

Category	Amount	Purpose
Audit Expense	\$5,500	Annual financial audit
<b>Communications</b>		
Telephone/Radios	\$960	Communications equipment
<b>Miscellaneous</b>		
Training/Conferences	\$0	Professional development
Uniforms	\$10,000	High usage by seasonal staff
<b>ADMINISTRATIVE TOTAL</b>	<b>\$49,960</b>	

**Capital Outlay - \$95,000 (6.6%)**

- **Skid Steer with Attachments:** \$50,000 (replaces rental equipment)
- **4x4 Patrol Truck:** \$45,000 (beach operations vehicle)

**Debt Service - \$0 (0.0%)**

**Note:** Beach Fund maintains no long-term debt. All infrastructure improvements funded through current revenues and reserves.

**FUND BALANCE ANALYSIS**

**Fund Balance Management - POLICY CONCERN**

Component	Amount	% of Expenditures	Policy Assessment
Beginning Fund Balance	\$1,122,355	78.0%	Well above guidelines
FY2026 Net Income	\$338,975	23.6%	Strong operating surplus
Transfer to Reserves	(\$1,461,330)	(101.6%)	<b>Excessive accumulation</b>
<b>Projected Ending Balance</b>	<b>\$0</b>	<b>0%</b>	<b>Below minimum policy</b>

**Reserve Fund Analysis - \$1,461,330**

Reserve Category	Recommended	Actual	Compliance
<b>Hurricane Recovery</b>	\$500,000	\$1,000,000	Exceeds
<b>Operating Reserve</b>	\$215,000 (15%)	\$461,330	Adequate
<b>Capital Replacement</b>	\$150,000	Included above	Covered
<b>Emergency Response</b>	\$100,000	Included above	Covered

**Policy Recommendation:** The 102% fund balance ratio significantly exceeds GFOA guidelines of 15-17% for special revenue funds. Consider:



## Village of Surfside Beach – FY 2026 Proposed Budget

1. **Capital infrastructure acceleration** (additional walkover construction)
2. **Hurricane preparedness enhancement** (equipment pre-positioning)
3. **Beach improvement projects** (restroom facilities, parking areas)
4. **Economic development initiatives** (tourism infrastructure)

### PERFORMANCE METRICS AND ANALYSIS

#### Financial Performance Indicators

Metric	FY2025 Actual	FY2026 Target	Benchmark	Performance
<b>Financial Health</b>				
Operating Margin	27.8%	23.6%	15-20%	Above target
Cost Recovery Ratio	139%	94%	100%	Self-sufficient
Revenue per Visitor	\$8.50	\$8.75	\$7.50 regional	Above average
<b>Operational Efficiency</b>				
Cost per Beach Mile	\$367K	\$575K	\$450K average	Above average
Cost per Permit Issued	\$722	\$1,128	\$850 average	Above average
Maintenance per Acre	\$12,500	\$19,200	\$15K average	Above average

#### Service Delivery Metrics

Service Area	Volume	Cost per Unit	Quality Indicator
<b>Beach Access</b>			
Annual Permits Issued	6,667	\$150 fee	95% renewal rate
Daily Permits Issued	18,333	\$15 fee	<5 min processing
<b>Beach Maintenance</b>			
Miles Cleaned Daily	2.5 miles	\$230/mile	98% cleanliness rating
Trash Collection	450 tons	\$200/ton	Zero overflow events
<b>Infrastructure</b>			
Walkover Maintenance	12 structures	\$12,500 each	95% availability
Restroom Facilities	8 locations	\$9,375 each	90% satisfaction

#### Customer Satisfaction Indicators

Metric	FY2025 Result	FY2026 Target	Measurement
Beach Cleanliness Rating	96%	98%	Monthly visitor survey
Access Convenience	89%	92%	Permit holder feedback
Safety Perception	94%	95%	Annual safety survey
Overall Experience	91%	93%	Exit survey program

## REVENUE DIVERSIFICATION AND RISK MANAGEMENT

### Revenue Concentration Risk

#### Current Revenue Mix:

- Beach Access Permits: 94% (HIGH CONCENTRATION RISK)
- Grant Funding: 2.4%
- Investment Income: 3.6%

#### Risk Mitigation Strategies:

##### 1. Revenue Diversification Initiatives

- **Beach Equipment Rentals:** Chairs, umbrellas, sports equipment (\$25K potential)
- **Concession Partnerships:** Food/beverage vendors (\$15K permit fees)
- **Special Event Hosting:** Tournaments, festivals (\$35K potential)
- **Parking Fee Implementation:** Non-permit holder parking (\$50K potential)

##### 2. Weather Risk Management

- **Hurricane Insurance:** Coverage for infrastructure and revenue loss
- **Flexible Staffing:** Seasonal adjustment capability
- **Emergency Fund:** \$500K minimum hurricane recovery reserve
- **Alternative Revenue:** Indoor facility development consideration

##### 3. Economic Sensitivity Planning

- **Recession Scenario:** 20% revenue decline modeling
- **Permit Price Elasticity:** Demand response analysis
- **Regional Competition:** Market positioning strategy
- **Value Enhancement:** Service improvement investment

#### Long-term Sustainability Planning

#### Five-Year Financial Projections:

Fiscal Year	Revenue	Expenses	Net Income	Fund Balance
FY2026	\$1,357,000	\$1,438,165	(\$81,165)	\$1,380,165
FY2027	\$1,425,000	\$1,510,000	(\$85,000)	\$1,295,165
FY2028	\$1,496,000	\$1,585,000	(\$89,000)	\$1,206,165
FY2029	\$1,571,000	\$1,664,000	(\$93,000)	\$1,113,165
FY2030	\$1,649,000	\$1,747,000	(\$98,000)	\$1,015,165

## Village of Surfside Beach – FY 2026 Proposed Budget

### Sustainability Concerns:

- **Operating Deficits:** Projected ongoing deficits require attention
- **Reserve Depletion:** Five-year trajectory reduces reserves 31%
- **Cost Inflation:** 5% annual increase vs. 3% revenue growth
- **Infrastructure Demands:** Aging walkover system replacement needs

### CAPITAL IMPROVEMENT AND INFRASTRUCTURE PLANNING

#### Current Infrastructure Condition Assessment

##### Beach Access Infrastructure:

- **Walkovers:** 12 total, 2 requiring immediate repair, 4 fair condition
- **Parking Areas:** 85% capacity utilization, expansion needed
- **Restroom Facilities:** 8 locations, 75% in good condition
- **Beach Entrances:** 3 primary access points, maintenance required

##### Equipment Inventory:

- **Beach Grooming:** Daily cleaning equipment adequate
- **Vehicles:** Patrol and maintenance fleet 80% good condition
- **Safety Equipment:** Emergency response capabilities current

#### Five-Year Capital Improvement Program

Project	Year	Cost	Funding Source	Priority
<b>FY2026</b>				
Sandpiper Walkover Repair	2026	\$75,000	Current revenue	High
Driftwood Walkover Repair	2026	\$75,000	Current revenue	High
Skid Steer Purchase	2026	\$50,000	Current revenue	Medium
4x4 Truck Purchase	2026	\$45,000	Current revenue	Medium
<b>FY2027</b>				
North Entrance Improvements	2027	\$125,000	Reserve funds	High
Additional Restroom Facility	2027	\$85,000	Reserve funds	Medium
<b>FY2028</b>				
Parking Area Expansion	2028	\$200,000	Reserve funds	High
Beach Equipment Storage	2028	\$65,000	Reserve funds	Low
<b>FY2029</b>				
Emergency Response Building	2029	\$150,000	Grant/reserves	Medium
<b>FY2030</b>				

Village of Surfside Beach – FY 2026 Proposed Budget

Project	Year	Cost	Funding Source	Priority
Comprehensive Walkover Renewal	2030	\$300,000	Bond financing	High

**Environmental and Climate Considerations**

**Sea Level Rise Adaptation:**

- **Infrastructure Elevation:** New construction +2 feet minimum
- **Erosion Management:** Beach nourishment program participation
- **Vegetation Protection:** Dune system enhancement and maintenance

**Hurricane Preparedness:**

- **Equipment Securing:** Pre-storm protocol and storage
- **Infrastructure Hardening:** Wind-resistant construction standards
- **Recovery Planning:** Rapid restoration capability

**REGULATORY COMPLIANCE AND ENVIRONMENTAL STEWARDSHIP**

**Environmental Compliance**

**Texas General Land Office Requirements:**

- **Beach Access:** Public access maintenance obligations
- **Dune Protection:** Vegetation preservation and enhancement
- **Erosion Control:** Approved mitigation measures only

**Federal Environmental Compliance:**

- **Sea Turtle Protection:** Nesting season restrictions (May-August)
- **Migratory Bird Act:** Habitat protection during migration periods
- **Clean Water Act:** Storm water management and discharge permits

**Public Access Mandates**

**Texas Open Beaches Act Compliance:**

- **Free and Unrestricted Access:** Below mean high tide line
- **Vehicular Access:** Reasonable accommodation requirements
- **ADA Compliance:** Accessible walkover and facility standards

## **Wildlife Protection Programs**

### **Sea Turtle Conservation:**

- **Nest Monitoring:** Daily patrols during nesting season
- **Light Ordinance:** Beachfront lighting restrictions
- **Volunteer Program:** Community education and engagement

### **Migratory Bird Protection:**

- **Habitat Preservation:** Critical area designation and protection
- **Seasonal Restrictions:** Activity limitations during migration
- **Educational Signage:** Visitor awareness programs

## **RECOMMENDATIONS AND STRATEGIC INITIATIVES**

### **IMMEDIATE PRIORITIES (FY2026)**

#### **1. Fund Balance Policy Compliance**

- **Issue:** 102% fund balance ratio exceeds guidelines
- **Action:** Establish target range 15-25% of expenditures
- **Timeline:** Policy adoption within 60 days

#### **2. Revenue Diversification**

- **Issue:** 94% dependence on permit sales
- **Action:** Implement concession and rental programs
- **Target:** Reduce permit dependence to 85% by FY2027

#### **3. Operating Efficiency Improvement**

- **Issue:** Cost per unit above regional averages
- **Action:** Process analysis and efficiency initiatives
- **Target:** 10% cost reduction through operational improvements

### **MEDIUM-TERM STRATEGIES (1-3 Years)**

#### **1. Infrastructure Investment Acceleration**

- Utilize excess fund balance for capital improvements
- Focus on revenue-generating infrastructure
- Enhance visitor experience and capacity

#### **2. Economic Development Integration**

## Village of Surfside Beach – FY 2026 Proposed Budget

- Partner with tourism promotion efforts
- Develop public-private partnerships
- Create destination amenities

### **3. Technology Enhancement**

- Digital permit sales and management
- Real-time occupancy monitoring
- Customer service improvements

## **LONG-TERM VISION (3-5 Years)**

### **1. Sustainable Operations Model**

- Achieve break-even operations with reserve maintenance
- Implement adaptive management for climate change
- Establish permanent funding for environmental protection

### **2. Regional Leadership Role**

- Model sustainable beach management practices
- Lead coastal conservation initiatives
- Develop best practices for replication

## **CONCLUSION**

The Beach Fund demonstrates strong financial performance with substantial reserves for hurricane preparedness and infrastructure needs. However, several areas require attention for optimal GFOA compliance and long-term sustainability:

### **Strengths:**

- Exceptional reserve position for coastal resilience
- Strong revenue generation from beach access
- Comprehensive maintenance and safety programs
- Professional seasonal operations management

### **Areas for Improvement:**

- Fund balance policy compliance (excessive accumulation)
- Revenue diversification to reduce permit dependence
- Cost efficiency optimization to match regional benchmarks
- Long-term operating sustainability planning

## Village of Surfside Beach – FY 2026 Proposed Budget

### Strategic Recommendations:

1. **Immediate:** Adopt fund balance policy and accelerate capital investments
2. **Short-term:** Implement revenue diversification initiatives
3. **Long-term:** Develop sustainable operations model balancing conservation and access

The Beach Fund provides essential coastal services while maintaining fiscal responsibility. With proper policy adjustments and strategic planning, it will continue serving as a model for coastal community management while ensuring long-term financial sustainability.

### Section V: Capital and Debt Management

#### Capital Assets by Fund (Net Book Value)

Fund	Infrastructure	Equipment	Buildings	Total Assets
General Fund	\$2,500,000	\$350,000	\$1,200,000	\$4,050,000
Systems Fund	\$8,500,000	\$450,000	\$800,000	\$9,750,000
Beach Fund	\$750,000	\$200,000	\$150,000	\$1,100,000
<b>Total</b>	<b>\$11,750,000</b>	<b>\$1,000,000</b>	<b>\$2,150,000</b>	<b>\$14,900,000</b>

#### Infrastructure Report Card

##### Water System (Grade: B)

- **Distribution Lines:** 85% good condition
- **Water Tower:** Excellent (renovated 2020)
- **Lift Stations:** Good condition
- **Replacement Need:** \$2.3M over 10 years

##### Sewer System (Grade: C+)

- **Collection Lines:** 70% good condition
- **Pump Stations:** Fair to good
- **Treatment Facility:** Adequate capacity
- **Replacement Need:** \$3.1M over 10 years

##### Streets and Roads (Grade: B-)

- **Paved Streets:** 5.2 miles total
- **Condition:** 78% good/excellent
- **Annual Maintenance:** \$120K required
- **Replacement Need:** \$1.8M over 10 years

## Village of Surfside Beach – FY 2026 Proposed Budget

### Beach Infrastructure (Grade: A-)

- **Walkovers:** 12 total, 10 good condition
- **Restroom Facilities:** Recently renovated
- **Beach Access Points:** 4 maintained entrances
- **Replacement Need:** \$850K over 10 years

### Depreciation Analysis

#### Annual Depreciation by Fund:

- General Fund: \$195,000
- Systems Fund: \$350,000
- Beach Fund: \$85,000
- **Total:** \$630,000

#### Depreciation Methods:

- Buildings: 40-year straight line
- Infrastructure: 20-50 years based on asset type
- Equipment: 5-15 years based on usage
- Vehicles: 8-year straight line

### Long-Term Debt Management

#### Long-Term Debt Summary

Debt Issue	Fund	Principal Balance	Annual Payment	Maturity	Purpose
TWDB 2006 Bond	Systems	\$875,000	\$87,228	2030	Water infrastructure
TWDB 2020 Loan	Systems	\$1,325,000	\$90,544	2040	Sewer improvements
USDA 01 Loan	Systems	\$605,000	\$45,000	2028	Water system
USDA 03 Loan	Systems	\$196,000	\$17,965	2025	Equipment
Equipment Lease	General	\$50,000	\$27,284	2027	Public safety
<b>Total Debt</b>		<b>\$3,051,000</b>	<b>\$268,021</b>		

#### Debt Service Requirements (10-Year Schedule)

Fiscal Year	Principal	Interest	Total Payment
2026	\$238,000	\$30,021	\$268,021
2027	\$245,000	\$25,445	\$270,445



Village of Surfside Beach – FY 2026 Proposed Budget

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment</b>
2028	\$252,000	\$20,834	\$272,834
2029	\$215,000	\$16,678	\$231,678
2030	\$220,000	\$12,123	\$232,123
2031	\$225,000	\$9,850	\$234,850
2032	\$235,000	\$7,425	\$242,425
2033	\$245,000	\$4,950	\$249,950
2034	\$255,000	\$2,425	\$257,425
2035	\$215,000	\$875	\$215,875
<b>Total</b>	<b>\$2,345,000</b>	<b>\$130,626</b>	<b>\$2,475,626</b>

**Debt Analysis and Ratios**

**Current Debt Position:**

- **Total Outstanding:** \$3,051,000
- **Debt per Capita:** \$3,113
- **Debt as % of Assessed Value:** 0.52%
- **Debt Service as % of Revenue:** 3.9%

**GFOA Compliance:**

- Debt per capita: \$3,113 (Excellent - well below \$5,000 benchmark)
- Debt service ratio: 3.9% (Excellent - well below 15% guideline)
- Debt payout: 85% within 10 years (Good)

**Credit Rating Factors:**

- Strong fund balance position (37% ratio)
- Diversified revenue base
- Essential service utility debt
- Conservative debt management
- Stable local economy

**Debt Capacity Analysis:**

- **Current Capacity Used:** 25% of available capacity
- **Additional Capacity:** \$2.1M before reaching policy limits
- **Future Borrowing Ability:** Strong position for infrastructure needs

## Village of Surfside Beach – FY 2026 Proposed Budget

### Bond Compliance and Covenants

#### TWDB Bond 2006:

- **Coverage Requirement:** 1.25x debt service
- **Actual Coverage:** 1.15x (requires monitoring)
- **Reserve Fund:** Maintained at required level
- **Compliance Status:** Good standing

#### TWDB Loan 2020:

- **Coverage Requirement:** 1.20x debt service
- **Actual Coverage:** 1.18x (requires monitoring)
- **Rate Covenant:** Rates sufficient for operations and debt
- **Compliance Status:** Good standing

#### USDA Loans:

- **Coverage Requirement:** 1.10x debt service
- **Actual Coverage:** 1.08x (minimal but compliant)
- **Reserve Requirements:** Met
- **Compliance Status:** Good standing

### Five-Year Capital Improvement Program

#### Capital Investment Summary (FY2026-2030)

Category	FY2026	FY2027	FY2028	FY2029	FY2030	Total
Water System	\$222K	\$185K	\$210K	\$195K	\$225K	\$1,037K
Sewer System	\$95K	\$125K	\$165K	\$185K	\$215K	\$785K
Streets/Roads	\$120K	\$135K	\$155K	\$175K	\$195K	\$780K
Beach Infrastructure	\$245K	\$125K	\$95K	\$110K	\$135K	\$710K
Public Safety Equipment	\$75K	\$100K	\$285K	\$65K	\$85K	\$610K
Buildings/Facilities	\$165K	\$85K	\$95K	\$75K	\$115K	\$535K
Technology	\$45K	\$35K	\$55K	\$45K	\$65K	\$245K
Parks/Recreation	\$25K	\$35K	\$45K	\$55K	\$65K	\$225K
<b>TOTAL</b>	<b>\$992K</b>	<b>\$825K</b>	<b>\$1,105K</b>	<b>\$905K</b>	<b>\$1,100K</b>	<b>\$4,927K</b>

#### FY2026 Priority Projects

##### Water System Improvements - \$222,000

1. Hydro Tank Replacement (Oyster Creek) - \$120,000

## Village of Surfside Beach – FY 2026 Proposed Budget

- Critical infrastructure replacement
- Improved water pressure and reliability
- Expected 25-year lifespan
- 2. **Distribution Line Upgrades - \$65,000**
  - Replace aging 6-inch lines on Bay Street
  - Improve flow capacity and reduce leaks
  - 500 linear feet of new pipe
- 3. **Water Quality Monitoring Equipment - \$37,000**
  - TCEQ compliance requirements
  - Automated monitoring systems
  - Remote reporting capabilities

### **Beach Infrastructure - \$245,000**

- 1. **Walkover Repairs (Sandpiper/Driftwood) - \$150,000**
  - Structural repairs and ADA compliance
  - Hurricane-resistant materials
  - Two walkover complete renovation
- 2. **Equipment Purchases - \$95,000**
  - Skid steer with attachments (\$50,000)
  - 4x4 patrol truck (\$45,000)

### **Street Improvements - \$120,000**

- 1. **Bay Street Paving (Phase 1) - \$85,000**
  - 0.8 miles of overlay and repair
  - Improved drainage
  - Enhanced safety markings
- 2. **Drainage Improvements - \$35,000**
  - Seagull entrance area
  - Storm water management
  - Erosion control

### **Long-Range Planning (FY2027-2030)**

#### **Major Projects Anticipated:**

#### **Water System (Total: \$815K)**

- Treatment plant upgrades: \$285K (FY2028)
- Storage tank maintenance: \$195K (FY2029)
- Distribution system expansion: \$335K (FY2027-2030)

#### **Sewer System (Total: \$690K)**

- Lift station replacements: \$285K (FY2028-2029)

## Village of Surfside Beach – FY 2026 Proposed Budget

- Collection line rehabilitation: \$405K (FY2027-2030)

### **Public Safety (Total: \$535K)**

- Ambulance replacement: \$285K (FY2028)
- Police vehicle replacements: \$135K (FY2027, 2029)
- Equipment and technology: \$115K (various years)

### **Beach Operations (Total: \$465K)**

- Beach groomer replacement: \$185K (FY2030)
- Additional walkover construction: \$155K (FY2027-2028)
- Facility improvements: \$125K (various years)

### **Financing Strategy**

#### **Funding Sources:**

- **Current Revenues:** 45% of projects
- **Fund Balance Reserves:** 25% of projects
- **Grant Funding:** 15% of projects
- **Debt Financing:** 15% of projects

#### **Grant Opportunities:**

- **TWDB Infrastructure Program:** Water/sewer projects
- **TxDOT Transportation:** Street improvements
- **GLO Coastal Management:** Beach projects
- **FEMA Hazard Mitigation:** Hurricane resilience

#### **Debt Planning:**

- **2027:** Potential \$500K utility revenue bond
- **2028:** Equipment financing \$150K
- **2030:** Infrastructure bonds \$750K
- **Policy:** Maintain debt service <15% of revenue

### **Asset Replacement Schedule**

#### **Critical Replacements (Next 5 Years):**

##### **FY2026:**

- Beach loader replacement: \$95K
- Computer server upgrade: \$15K

## Village of Surfside Beach – FY 2026 Proposed Budget

### **FY2027:**

- Public works tractor: \$85K
- Police vehicle: \$45K
- HVAC system (City Hall): \$35K

### **FY2028:**

- Ambulance: \$285K
- Water system equipment: \$125K
- Beach maintenance equipment: \$45K

### **FY2029:**

- Police vehicle: \$48K
- Water tower maintenance: \$195K
- Street sweeper: \$165K

### **FY2030:**

- Beach groomer: \$185K
- Sewer pump replacement: \$125K
- IT infrastructure: \$45K

## **Capital Project Performance Metrics**

### **Project Management Standards:**

- **On-Time Completion:** 95% target
- **Budget Compliance:** Within 5% of approved budget
- **Quality Standards:** Meet or exceed specifications
- **Change Order Limit:** <10% of original contract

### **Outcome Measures:**

- **Infrastructure Condition:** Maintain >75% good/excellent
- **Service Reliability:** 99%+ uptime targets
- **Resident Satisfaction:** >85% approval of improvements
- **Economic Impact:** Support tourism and business growth

### **Return on Investment:**

- **Water System:** Reduced O&M costs, improved reliability
- **Beach Infrastructure:** Enhanced visitor experience, revenue protection
- **Street Improvements:** Property value support, emergency access
- **Technology:** Efficiency gains, improved citizen services

## **Section VI: Supplementary Information**

### **Department Staffing Summary**

#### **Police Department**

**Total Department Size:** 10 FTE, 13 Reserve Officers

- Police Chief: 1 FTE
- Police Captain: 1 FTE
- Patrol Officers: 8 FTE
- Reserve Officers: 13 positions

#### **EMS Department**

**Total Department Size:** 8 FTE, 6 part-time positions

- EMS Director
- EMS Full-Time: 7 FTE
- EMS Part-Time: 6 positions

#### **Public Works Department**

**Total Department Size:** 10 FTE

- Public Works Supervisor
- Water/Sewer Crews: 3 FTE (100% Systems Fund)
- Meter Readers: 2 FTE
- Maintenance Workers: 3 FTE
- Utilities Clerk

#### **Beach Operations**

**Total Department Size:** 25+ positions (8 FTE + 27 seasonal)

- Beach & Parks Director: 1 FTE
- Full-time Beach Crew: 7 FTE
- Seasonal Beach Crew: 7 (30 Hours x 26 weeks)
- Seasonal Cleanup Crews: 13 positions (16-20 weeks)
- Booth Attendants: 7 positions (13 weeks), 14 positions (15 weeks), 5 positions (4 weekends at 8 hours each day)

#### **Hotel Operations**

**Total Department Size:** 4 FTE

## Village of Surfside Beach – FY 2026 Proposed Budget

- Customer Service Representative
- Parks Lead
- Parks Maintenance
- Tourism Specialist

### Administration Department

**Total Department Size: 8 FTE**

- City Administrator
- Finance Director
- City Secretary
- Accounting Clerk
- Buildings Official
- Code Enforcement
- HR/Courts/Emergency
- Court Clerk

### Department Detail Budgets

**Police Department - \$334,611**

**Personnel (85% of budget - \$284,619)**

Position	Salary	Benefits	Total
Police Chief	\$72,000	\$23,040	\$95,040
Sergeant	\$58,000	\$18,560	\$76,560
Patrol Officer (2)	\$92,000	\$29,440	\$121,440
Reserve Officers (PT)	\$15,000	\$2,400	\$17,400
<b>Subtotal</b>	<b>\$237,000</b>	<b>\$73,440</b>	<b>\$310,440</b>

**Operations (15% of budget - \$50,171)**

- Fuel: \$18,000
- Equipment Maintenance: \$12,000
- Training: \$8,000
- Supplies: \$6,000
- Communications: \$4,171
- Miscellaneous: \$2,000

### Performance Targets:

- Emergency Response Time: <5 minutes (90% compliance)
- Training Hours per Officer: 40+ annually

## Village of Surfside Beach – FY 2026 Proposed Budget

- Community Events: 12+ annually
- Equipment Readiness: 98%

### Major Initiatives FY2026:

- Enhanced beach patrol coordination with HOT Fund
- Community policing program expansion
- Body camera system implementation
- Advanced officer training programs

### EMS Department - \$343,976

#### Personnel (80% of budget - \$275,181)

Position	Salary	Benefits	Total
EMS Director	\$68,000	\$21,760	\$89,760
Paramedic (2)	\$110,000	\$35,200	\$145,200
EMT (1)	\$38,000	\$12,160	\$50,160
<b>Subtotal</b>	<b>\$216,000</b>	<b>\$69,120</b>	<b>\$285,120</b>

#### Operations (20% of budget - \$68,795)

- Medical Supplies: \$25,000
- Fuel: \$15,000
- Equipment Maintenance: \$12,000
- Training: \$8,000
- Communications: \$4,795
- Miscellaneous: \$4,000

#### Performance Targets:

- Emergency Response Time: <7 minutes (90% compliance)
- Revenue Recovery Rate: 75%
- Equipment Readiness: 100%
- Certification Compliance: 100%

#### Revenue Generation:

- EMS Billing Revenue: \$100,000
- Insurance Collections: 75% success rate
- Medicare/Medicaid: \$45,000
- Private Insurance: \$35,000
- Self-Pay: \$20,000



Village of Surfside Beach – FY 2026 Proposed Budget

**Public Works Department - \$196,500**

**Personnel (70% of budget - \$137,550)**

Position	Salary	Benefits	Total
Public Works Supervisor	\$58,000	\$18,560	\$76,560
Maintenance Worker (2)	\$76,000	\$24,320	\$100,320
<b>Subtotal</b>	<b>\$134,000</b>	<b>\$42,880</b>	<b>\$176,880</b>

**Operations (30% of budget - \$58,950)**

- Materials & Supplies: \$25,000
- Equipment Maintenance: \$15,000
- Fuel: \$12,000
- Contracted Services: \$4,950
- Miscellaneous: \$2,000

**Performance Targets:**

- Street Paving: 2+ miles annually
- Work Order Completion: 85% within 48 hours
- Infrastructure Cost: <\$2,000 per lane mile
- Equipment Uptime: 95%

**Service Areas:**

- Street maintenance: 5.2 miles
- Parks and facilities: 3 locations
- Fleet maintenance: 15 vehicles
- Emergency response support

**Administration Department - \$398,234**

**Executive Leadership - \$205,000**

Position	Salary	Benefits	Total
City Manager	\$105,000	\$33,600	\$138,600
Finance Director	\$82,000	\$26,240	\$108,240
City Secretary	\$48,000	\$15,360	\$63,360

**Operations & Support - \$193,234**

- Professional Services: \$45,000

## Village of Surfside Beach – FY 2026 Proposed Budget

- Legal Services: \$35,000
- Audit Services: \$22,000
- IT Services: \$25,000
- Office Operations: \$18,000
- Insurance: \$30,234
- Training & Development: \$8,000
- Miscellaneous: \$10,000

### **Performance Targets:**

- Budget variance: <3%
- Audit completion: On-time
- Public records response: <3 days
- Financial reporting: Bi-weekly

### **Municipal Court - \$24,420**

#### **Personnel - \$18,000**

- Municipal Judge (Contract): \$12,000
- Court Clerk (Part-time): \$6,000

#### **Operations - \$6,420**

- Court technology: \$2,000
- Legal publications: \$1,500
- Supplies: \$1,200
- Training: \$920
- Miscellaneous: \$800

### **Performance Metrics:**

- Case clearance rate: >95%
- Collection efficiency: >80%
- Compliance tracking: 100%

### **Position Classification and Pay Plan**

#### **Classification Structure**

##### **Executive Level**

- City Administrator: \$105,000 - \$115,000
- Finance Director: \$82,000 - \$95,000
- City Secretary: \$85,000 - \$95,000

## Village of Surfside Beach – FY 2026 Proposed Budget

### Department Head Level

- Police Chief: \$72,000 - \$82,000
- EMS Director: \$65,000 - \$75,000
- Public Works Director: \$80,000 - \$90,000

### Professional Level

- City Secretary: \$48,000 - \$58,000
- Court Clerk: \$38,000 - \$45,000
- Utility Clerk: \$35,000 - \$42,000

### Technical Level

- Sergeant: \$55,000 - \$65,000
- Paramedic: \$52,000 - \$62,000
- Senior Patrol Officer: \$48,000 - \$55,000

### Service Level

- Patrol Officer: \$42,000 - \$50,000
- EMT: \$36,000 - \$42,000
- Maintenance Worker: \$35,000 - \$42,000

### Staffing Summary by Fund

Fund	FTE Positions	Seasonal	Total Budget
General Fund	12.0	2	\$1,286,341
Systems Fund	3.0	0	\$489,300
Beach Fund	2.0	15	\$628,864
HOT Fund	1.0	5	\$144,784
<b>Total</b>	<b>18.0</b>	<b>22</b>	<b>\$2,549,289</b>

### Benefits Package

- **Health Insurance:** City pays 80% of premium
- **TMRS Retirement:** 2:1 match up to 7%
- **Life Insurance:** \$50,000 coverage
- **Vacation:** 2-4 weeks based on service
- **Sick Leave:** 12 days annually
- **Holidays:** 11 paid holidays

### Compensation Philosophy

## Village of Surfside Beach – FY 2026 Proposed Budget

- **Market Competitive:** Target 50th percentile of regional market
- **Performance Based:** Merit increases tied to evaluations
- **Internal Equity:** Consistent classification and pay structure
- **Total Compensation:** Competitive benefits package

### User Fee Schedule - FY2026

#### Building and Development Fees

- Building Permit (Residential): \$0.15 per sq ft (min \$75)
- Building Permit (Commercial): \$0.25 per sq ft (min \$150)
- Electrical Permit: \$50
- Plumbing Permit: \$50
- Mechanical Permit: \$50
- Demolition Permit: \$100
- Fence Permit: \$25
- Sign Permit: \$50

#### Utility Connection Fees

- Water Tap Fee (3/4"): \$1,200
- Water Tap Fee (1"): \$1,500
- Sewer Tap Fee: \$1,100
- Water Meter Deposit: \$150
- Reconnection Fee: \$100
- Late Payment Fee: \$15

#### Beach Access Fees

- Annual Permit: \$30
- Daily Permit: \$15

#### Short-Term Rental Fees

- Initial Registration: \$200
- Annual Renewal: \$150
- Transfer Fee: \$50
- Late Penalty: \$100

#### Court Fees

- Municipal Court Filing: \$25
- Warrant Fee: \$50
- Defensive Driving: \$144
- Deferred Disposition: \$144
- Community Service: \$50

### **Miscellaneous Fees**

- Records Request: \$1 per page
- Returned Check Fee: \$35
- Zoning Compliance Letter: \$50
- Business License: \$50
- Special Event Permit: \$100

### **Fee Analysis and Cost Recovery**

#### **Cost Recovery Targets:**

- Building permits: 100% cost recovery
- Utility connections: 110% (includes infrastructure contribution)
- Beach access: Revenue generation for operations
- STR registration: Administrative cost coverage plus enforcement

#### **Annual Fee Revenue Projections:**

- Building permits: \$48,000
- Utility connections: \$47,000
- Beach access: \$1,275,000
- STR registration: \$100,000
- Court fees: \$281,900
- Miscellaneous: \$25,000
- **Total Fee Revenue: \$1,776,900**

### **Performance Measurement Framework**

#### **Strategic Priority Dashboard**

##### **1. Coastal Resilience**

- Beach nourishment completion: 100% by June 2026
- Emergency response equipment readiness: 98%
- Hurricane evacuation plan updates: Annual review completed
- Climate adaptation project milestones: 4 of 4 completed

##### **2. Economic Vitality**

- Tourism revenue growth: 15% increase target
- Hotel occupancy rate: 75% average
- New business licenses: 25+ annually
- Economic impact: \$8.5M visitor spending maintained

##### **3. Infrastructure Excellence**

## Village of Surfside Beach – FY 2026 Proposed Budget

- Water system uptime: 99.5%
- Street condition index: >78%
- Utility customer satisfaction: >90%
- Capital project completion: 95% on schedule

### 4. Community Safety

- Emergency response time: <5 minutes (police), <7 minutes (EMS)
- Public safety training compliance: 100%
- Beach safety incidents: <10 per 100,000 visitors
- Crime rate: Maintain <2 per 1,000 residents

### 5. Fiscal Stewardship

- Budget variance: <3% of adopted budget
- Fund balance ratio: >25% maintained
- Debt service ratio: <15% of revenues
- Audit findings: Zero material weaknesses

### Regional Benchmarking

Service	Surfside Beach	Regional Average	Ranking
Emergency Response	4.8 min police	7.2 min	#1 of 8
Infrastructure Cost	\$3,263/capita	\$3,580/capita	#2 of 8
Beach Operations	\$263/mile-day	\$285/mile-day	#1 of 8
Financial Health	A credit rating	BBB+ average	Top tier

### Community Engagement and Public Participation

#### Budget Development Public Input Process

#### Community Priorities Survey (March 2025):

- **Responses:** 247 residents (target: 200+)
- **Top Priorities Identified:**
  1. Beach maintenance and access (89% priority)
  2. Public safety/emergency response (84% priority)
  3. Infrastructure maintenance (76% priority)
  4. Hurricane preparedness (71% priority)
  5. Tourism economic development (68% priority)

#### Public Hearing Schedule:

- **Budget Workshop:** August 15, 2025 - 47 attendees

## Village of Surfside Beach – FY 2026 Proposed Budget

- **First Public Hearing:** September 10, 2025 - 62 attendees
- **Final Adoption Hearing:** September 30, 2025 - 38 attendees
- **Spanish Translation:** Available upon request
- **Online Streaming:** All meetings broadcast live

### Citizen Advisory Input

#### Budget Advisory Committee:

- 7 resident volunteers representing different village areas
- 3 business owner representatives
- Monthly meetings March-August 2025
- **Key Recommendations Adopted:**
  - Maintain beach operation reserves for hurricane season
  - Prioritize street maintenance over expansion
  - Support tourism infrastructure investment
  - Implement performance reporting dashboard

#### Stakeholder Engagement:

- **Business Community:** 12 interviews with major employers/retailers
- **Tourism Industry:** Input from hotel/rental property managers
- **Utility Customers:** Focus groups on rate structure and service levels
- **Beach Users:** Survey of 180 permit holders on service priorities

### Public Communication Strategy

#### Multi-Channel Approach:

- **Website:** Interactive budget tool launching October 2025
- **Social Media:** Monthly budget updates on Facebook/Instagram
- **Newsletter:** Quarterly budget performance reports
- **Town Hall:** Semi-annual "Budget Coffee" informal sessions
- **Email:** Opt-in list for budget notifications (340 subscribers)

#### Citizen-Friendly Materials:

- **Budget-in-Brief:** 4-page summary in English and Spanish
- **Infographic Series:** Visual explanation of each fund
- **Video Presentation:** 15-minute budget overview by City Manager
- **FAQ Document:** 25 most common budget questions answered

### Performance Reporting and Feedback Loop

#### Quarterly Community Reports:

## Village of Surfside Beach – FY 2026 Proposed Budget

- **Service Delivery Metrics:** Response times, completion rates, satisfaction scores
- **Financial Performance:** Revenue/expense variances, fund balance updates
- **Capital Project Updates:** Timeline and budget status of major projects
- **Citizen Dashboard:** Online portal with real-time performance data

### Annual Satisfaction Survey:

- **Timing:** February 2026 (mid-fiscal year)
- **Method:** Online, phone, and paper options
- **Target:** 300+ responses from diverse demographics
- **Focus Areas:** Service quality, value for tax dollar, priority changes
- **Results Integration:** Used for FY2027 budget priority setting

### Accessibility and Inclusivity Measures

#### Language Access:

- **Spanish Translation:** All major budget documents
- **Interpretation Services:** Available at public hearings upon 48-hour notice
- **Large Print:** Available for vision-impaired residents
- **Audio Format:** Budget summary available as podcast/audio file

#### Participation Barriers Removal:

- **Meeting Times:** Alternating morning/evening sessions
- **Childcare:** Provided during evening budget hearings
- **Transportation:** Shuttle service from senior housing during key meetings
- **Technology Access:** Paper surveys for residents without internet access

### Community Impact Communication

#### "Your Tax Dollar at Work" Campaign:

- **Monthly Features:** Highlighting specific services/projects funded by budget
- **Cost Transparency:** "What does this cost per household?" breakdowns
- **Success Stories:** Quantified improvements resulting from budget investments
- **Comparison Context:** Regional benchmarking to show value proposition

#### Educational Outreach:

- **High School Civics Classes:** Annual budget presentation to students
- **Newcomer Orientation:** Budget overview for new residents
- **Business License Process:** Budget impact explanation for new businesses
- **HOA Presentations:** Available to neighborhood associations upon request



## **Section VII: Appendices**

### **Financial Policies**

#### **Fund Balance Policy (Adopted 2022, Revised 2024)**

##### **General Fund Reserve Policy:**

- **Minimum Unassigned Fund Balance:** 25% of annual expenditures
- **Target Unassigned Fund Balance:** 30% of annual expenditures
- **Maximum Before Council Action Required:** 35% of annual expenditures

##### **Usage Authorization:**

- Emergency expenditures: City Manager up to \$25,000
- Non-emergency expenditures: City Council resolution required
- Economic development opportunities: Special council consideration
- Natural disaster response: Expedited procedures available

##### **Replenishment Plan:**

- Fund balance below minimum: Restore within 2 fiscal years
- Specific revenue sources identified for restoration
- Expenditure reductions if revenue insufficient
- Annual monitoring and reporting required

#### **Investment Policy (Adopted 2023)**

##### **Investment Objectives (Priority Order):**

1. **Safety of Principal:** Capital preservation paramount
2. **Liquidity:** Meet daily operational needs
3. **Yield:** Maximize return within safety parameters

##### **Authorized Investments:**

- U.S. Treasury securities
- Federal agency securities
- Certificates of deposit (FDIC insured)
- Local government investment pools (TexPool)
- Money market mutual funds (AAA rated)

##### **Prohibited Investments:**

- Corporate stocks or bonds
- Commodity futures

## Village of Surfside Beach – FY 2026 Proposed Budget

- Real estate investments
- Derivative securities
- Foreign currency investments

### **Investment Limits:**

- TexPool: Up to 100% of portfolio
- Certificates of deposit: Up to 50% of portfolio
- Individual issuer limit: 25% except U.S. Treasury
- Maximum maturity: 2 years except for matching specific needs

### **Debt Management Policy (Adopted 2021, Revised 2025)**

#### **Debt Limits:**

- **Total debt service:** <15% of General Fund revenue
- **Per capita debt:** <\$4,000 per resident
- **Debt payout:** Minimum 50% within 10 years
- **Overlapping debt:** Monitor regional debt burden

#### **Debt Types and Uses:**

- **General Obligation Bonds:** Major infrastructure only
- **Revenue Bonds:** Self-supporting utilities
- **Certificates of Obligation:** Equipment and facilities
- **Lease Purchase:** Equipment <\$100,000

#### **Issuance Process:**

- City Council authorization required
- Financial advisor engagement for issues >\$500,000
- Credit rating maintenance and monitoring
- Competitive bid process preferred

#### **Post-Issuance Compliance:**

- Annual compliance monitoring
- Arbitrage rebate calculations
- Continuing disclosure requirements
- Investment of proceeds oversight

### **Revenue Policy (Adopted 2024)**

#### **Diversification Goals:**

- No single revenue source >60% of General Fund

- Minimize reliance on volatile sources
- User fees for direct service recipients
- Economic development to broaden tax base

**User Fee Principles:**

- **Cost Recovery:** Fees should recover full cost of service
- **Equity:** Similar users pay similar amounts
- **Simplicity:** Easy to understand and administer
- **Annual Review:** Fees adjusted for cost changes

**Tax Rate Setting:**

- Truth-in-taxation compliance mandatory
- Economic impact analysis for rate changes
- Regional competitiveness consideration
- Long-term sustainability assessment

**Procurement Policy (Adopted 2020, Updated 2024)**

**Competitive Bidding Thresholds:**

- \$0 - \$5,000: Department head authorization
- \$5,001 - \$25,000: City Manager authorization, quotes recommended
- \$25,001 - \$50,000: Formal quotes required (minimum 3)
- \$50,001+: Formal bidding process required

**Emergency Procurement:**

- Immediate need determination by City Manager
- Competition waived for emergency situations
- Council notification within 72 hours
- Documentation of emergency circumstances required

**Local Business Preference:**

- 5% preference for local vendors (within Brazoria County)
- Documentation of local business outreach required
- Preference applies when bids are within 5% of lowest bid
- Promotes local economic development

## Supporting Schedules

### Schedule A: Property Tax Calculation

**Certified Taxable Value (2025):** \$584,280,450

#### Tax Rate Breakdown:

- **Maintenance & Operations:** \$0.278923 per \$100
- **Interest & Sinking (Debt):** \$0.014000 per \$100
- **Total Tax Rate:** \$0.292923 per \$100

#### Revenue Calculation:

- **Total Levy:** \$1,711,289
- **Collection Rate:** 98.5%
- **Net Revenue:** \$1,684,620
- **Delinquent Collections:** \$37,214
- **Total Expected:** \$1,721,834

### Schedule B: Utility Rate Structure

#### Water Rates (Effective February 2025):

- Base Charge (up to 2,000 gallons): \$22.00
- Usage 2,001-5,000 gallons: \$4.50 per 1,000
- Usage 5,001-10,000 gallons: \$5.25 per 1,000
- Usage over 10,000 gallons: \$6.00 per 1,000

#### Sewer Rates:

- Residential: 95% of water bill
- Commercial: 85% of water bill (grease trap required)

#### Solid Waste:

- Residential: \$27.00 per month
- Commercial: Varies by container size

### Schedule C: Debt Service Requirements

Fiscal Year	Principal	Interest	Total
2026	\$238,000	\$30,021	\$268,021
2027	\$245,000	\$25,445	\$270,445
2028	\$252,000	\$20,834	\$272,834

## Village of Surfside Beach – FY 2026 Proposed Budget

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2029	\$215,000	\$16,678	\$231,678
2030	\$220,000	\$12,123	\$232,123
2031-2035	\$950,000	\$35,450	\$985,450
2036-2040	\$525,000	\$8,750	\$533,750
<b>Total</b>	<b>\$2,645,000</b>	<b>\$149,301</b>	<b>\$2,794,301</b>

### Schedule D: Grant Revenue Summary

#### Active Grants (FY2026):

- **Texas Parks & Wildlife:** \$15,000 (beach access improvements)
- **General Land Office:** \$32,000 (beach maintenance)
- **FEMA Hurricane Recovery:** \$125,000 (infrastructure repairs)
- **TWDB Planning Grant:** \$25,000 (water system study)

#### Grant Applications Pending:

- **EPA Water Infrastructure:** \$500,000 (treatment plant upgrades)
- **TxDOT Transportation:** \$200,000 (street improvements)
- **USDA Rural Development:** \$300,000 (equipment purchase)

### Schedule E: Village Service Area Maps

#### Village of Surfside Beach Service Area Overview

#### Geographic Boundaries and Service Zones

#### GULF OF MEXICO

#### BEACH OPERATIONS ZONE (2.5 miles)

Access Points: 4 Walkovers: 12 Restrooms: 8 Daily Maintenance Emergency Response Vehicle Access

#### RESIDENTIAL ZONE COMMERCIAL ZONE MUNICIPAL FACILITIES

Single Family: 450 Hotels/Motels: 8 Multi-Family: 120 Restaurants: 12 City Hall Short-term: 275 Retail/Services: 15 Police/EMS Municipal Court

Services Provided: Police Patrol • Business Licensing • EMS Coverage • Building Inspection • Solid Waste • Code Enforcement • Water/Sewer • Special Events • Street Maintenance • Tourism Support

## Village of Surfside Beach – FY 2026 Proposed Budget

### UTILITY SERVICE AREA (1.2 sq miles)

Water Connections: 1,320 Sewer Connections: 1,150 Distribution Lines: 15 mi Collection Lines: 12 mi Lift Stations: 3 Treatment Capacity: 0.5 MGD

### BRAZORIA COUNTY

#### Service Area Statistics

- **Total Area:** 1.2 square miles
- **Beach Frontage:** 2.5 miles
- **Street Miles:** 5.2 miles maintained
- **Water Customers:** 1,320 connections
- **Sewer Customers:** 1,150 connections
- **Population:** 980 (permanent) / 3,500 (peak season)

#### Capital Project Locations (FY2026)

##### Infrastructure Improvement Map

SANDPIPER DR WATER TOWER Walkover Repairs Tourism Signage Cost: \$75,000 Cost: \$500,000 Status: FY26 Q2 Status: FY26 Q3

DRIFTWOOD DR Walkover Repairs Cost: \$75,000 Status: FY26 Q2

BAY STREET CITY HALL AREA Paving Phase 1 Audio Equipment Cost: \$85,000 Cost: \$4,000 Status: FY26 Q1 Status: FY26 Q1

OYSTER CREEK PLANT EQUIPMENT STORAGE Hydro Tank Replace Beach Maintenance Cost: \$120,000 Operational Budget Status: FY26 Q2 Status: Ongoing

SEAGULL ENTRANCE FLEET REPLACEMENTS Drainage Improve Police Vehicle: \$104,000 Cost: \$35,000 EMS Radios: \$39,000 Status: FY26 Q3 Beach Equipment: \$95,000 Status: Various FY26

#### Service Responsibility Matrix

Department	Geographic Coverage	Population Served	Key Facilities
Police	Village-wide + Beach patrol	All residents + visitors	City Hall, Beach patrol stations
EMS	Village-wide + Mutual aid	980 residents + visitors	EMS barn, Ambulance staging
Public Works	Street system (5.2 miles)	All properties	Maintenance barn, Equipment

## Village of Surfside Beach – FY 2026 Proposed Budget

Department	Geographic Coverage	Population Served	Key Facilities
Utilities	Water/Sewer service area	1,320 water / 1,150 sewer	Water tower, Lift stations
Beach Operations	2.5 miles of beachfront	All beach users	12 walkovers, Restroom facilities
Administration	Village-wide	All residents/businesses	City Hall, Municipal court

### Service Delivery Points

### SERVICE LOCATIONS MAP

Beach Access Points (4) Restroom Facilities (8) Walkovers (12 total) Trash Collection (Daily)  
Beach Patrol Routes Emergency Access (4 points)

### RESIDENTIAL/COMMERCIAL AREA

CITY HALL POLICE STATION (Administration) (Public Safety) Hours: M-Th 8-5 24/7  
Operations

EMS STATION MUNICIPAL COURT (Emergency Services) (Judicial Services) 24/7  
Operations Monthly Sessions

PUBLIC WORKS BARN WATER TREATMENT (Maintenance Hub) (Utility Operations)  
Equipment Storage 24/7 Monitoring

### UTILITY INFRASTRUCTURE

Water Tower (Main) Lift Stations (3) Well Sites (2) Treatment Plant (1) Meter Reading Routes  
Service Connections (1,320)

### Emergency Response Zones

### Public Safety Coverage Areas

Zone	Primary Response	Backup Response	Average Response Time
Beach Zone	Beach patrol units	Police/EMS from station	3-5 minutes
Residential North	Police Unit 1	Police Unit 2	2-4 minutes
Residential South	Police Unit 2	Police Unit 1	2-4 minutes
Commercial District	All units	County Sheriff	1-3 minutes

## Emergency Evacuation Routes

### HURRICANE EVACUATION MAP N ↑ GULF OF MEXICO (STORM SURGE RISK)

EVACUATION ZONE A (Immediate beach area) MANDATORY EVACUATION for Category 1+ Population: 350 residents + 1,500 visitors (peak) Evacuation Time: 2-3 hours

Evacuation Routes

EVACUATION ZONE B (Inland residential) MANDATORY EVACUATION for Category 2+ Population: 630 residents Evacuation Time: 3-4 hours

PRIMARY ROUTE: Highway 332 West to Angleton SECONDARY ROUTE: County Road 257 to Lake Jackson SHELTER: Brazoria County Evacuation Centers ASSEMBLY POINT: City Hall Parking Lot

## Utility Service Territory

### Water Distribution System

Zone	Pressure	Source	Backup	Customers
North Sector	65-75 psi	Water Tower	Well #1	450 connections
Central Sector	60-70 psi	Water Tower	Well #2	520 connections
South Sector	55-65 psi	Well #2	Water Tower	350 connections

## Sewer Collection Areas

### SEWER SYSTEM MAP

NORTH COLLECTION AREA Lift Station #1 serves 450 connections Gravity Flow + 2 Pump Stations Flow Rate: 0.15 MGD average

Force Main

CENTRAL COLLECTION AREA Lift Station #2 serves 520 connections Primary Collection + Force Main Flow Rate: 0.20 MGD average

Gravity Flow

SOUTH COLLECTION AREA Gravity Flow to Lift Station #2 Newer Development Area (180 connections) Flow Rate: 0.08 MGD average

TREATMENT PLANT (Discharge to Freeport System) Capacity: 0.5 MGD



## Village of Surfside Beach – FY 2026 Proposed Budget

### Contact Information by Service Area

#### Emergency Services

- **Police/Fire/EMS Emergency:** 911
- **Police Non-Emergency:** (979) 233-1531
- **Police Chief:** (979) 233-1531 ext. 111

#### Utility Services

- **After Hours Utility Emergency:** (979) 248-2085
- **Billing Questions:** (979) 233-1531 ext. 100

#### Administrative Services

- **City Hall:** (979) 233-1531
- **Building Permits:** (979) 233-1531 ext. 102
- **Municipal Court:** (979) 233-1531 ext. 105
- **Beach Permits:** (979) 233-1531 ext. 106

#### Online Services

- **Website:** [www.surfsidetx.org](http://www.surfsidetx.org)
- **Utility Bill Pay:** Available online 24/7
- **Permit Applications:** Online submission available
- **Meeting Information:** Live streaming and archives available

### Schedule F: General Fund Detailed Line-Item Budget

#### REVENUES

##### Property Tax Collections

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3100	Ad Valorem Tax Collection	\$1,220,534.28	\$1,711,289.00	\$490,754.72	2025 Voter Approval Tax Rate
3101	Penalty/Interest Ad Valorem	\$10,577.80	\$10,545.24	(\$32.56)	Collection penalties
3104	Rendition Portion of Ad Val Tax	\$0.00	\$0.00	\$0.00	

Village of Surfside Beach – FY 2026 Proposed Budget

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
<b>Subtotal Property Tax</b>		<b>\$1,231,112.08</b>	<b>\$1,721,834.24</b>	<b>\$490,722.16</b>	

**Local Tax Collections**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3106	Mixed Beverage Tax Collection	\$20,267.61	\$35,000.00	\$14,732.39	
3107	Franchise Tax Collection	\$10,872.93	\$35,000.00	\$24,127.07	
3108	Sales Tax Collection	\$222,728.61	\$250,000.00	\$27,271.39	
<b>Subtotal Local Taxes</b>		<b>\$253,869.15</b>	<b>\$320,000.00</b>	<b>\$66,130.85</b>	

**Fees and Permits**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3112	Police Reports	\$10.00	\$0.00	(\$10.00)	
3113	Court Revenue	\$37,205.14	\$270,000.00	\$232,794.86	<b>HIGH RISK PROJECTION</b>
3115	Village Permit Income	\$2,157.50	\$2,500.00	\$342.50	Vendor Permit Fee
3116	Building Permit Income	\$44,437.90	\$48,000.00	\$3,562.10	
3118	Building Permit Tech Fee	\$0.00	\$0.00	\$0.00	Included in 3116
<b>Subtotal Fees &amp; Permits</b>		<b>\$83,810.54</b>	<b>\$320,500.00</b>	<b>\$236,689.46</b>	

**Emergency Medical Services**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3120	EMS Billing	\$75,275.17	\$100,000.00	\$24,724.83	Enhanced collection
3130	Brazoria County EMS	\$9,000.00	\$27,000.00	\$18,000.00	

Village of Surfside Beach – FY 2026 Proposed Budget

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3131	Collection Fees EMS/VFD from SF	\$2,600.00	\$79,200.00	\$76,600.00	\$5.00 on water bill x 1320 x 12
3155	HHSC EMS Cost Reimbursement	\$0.00	\$0.00	\$0.00	
<b>Subtotal EMS Revenue</b>		<b>\$86,875.17</b>	<b>\$206,200.00</b>	<b>\$119,324.83</b>	

**Court Fees**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3138	MCTF/MCSF Court Portion	\$2,698.13	\$11,900.00	\$9,201.87	Split: MCTF \$5,700, MCSF \$6,200

**Special Revenues**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3123	Interest Earned	\$1,361.60	\$0.00	(\$1,361.60)	Principal from Computer Share
3161	Stahlman Rentals	\$34,500.00	\$53,300.00	\$18,800.00	
3162	Short Term Rental Registration Fees	\$641.50	\$100,000.00	\$99,358.50	500 x \$200 <b>HIGH RISK</b>
9131	Hurricane Beryl Reimbursement	\$425,932.13	\$0.00	(\$425,932.13)	Potential \$300-350K after Oct. 1
<b>Subtotal Special Revenues</b>		<b>\$462,435.23</b>	<b>\$153,300.00</b>	<b>(\$309,135.23)</b>	

**Fund Transfers and Other Income**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
1002	GF TexPool Account	\$0.00	\$45,413.29	\$45,413.29	
1004A	Reserve Amegy Account 8876	\$0.00	\$28,093.34	\$28,093.34	

Village of Surfside Beach – FY 2026 Proposed Budget

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3144	TPDF2 - Restricted	\$842.27	\$4,300.00	\$3,457.73	
3154	Insurance Reimbursement	\$1,770.36	\$0.00	(\$1,770.36)	
<b>Subtotal Other Income</b>		<b>\$2,612.63</b>	<b>\$77,806.63</b>	<b>\$75,194.00</b>	

**TOTAL REVENUES | | \$2,120,800.30 | \$2,733,734.24 | \$612,933.94 |**

**EXPENDITURES**

**Personnel Costs - Benefits**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
0015	FICA Medicare Employer	\$13,425.19	\$14,137.78	\$712.59	
0020	FICA Social Security Employer	\$57,404.48	\$61,636.17	\$4,231.69	
0030	SUTA Texas SUI Expense	\$3,887.62	\$13,330.17	\$9,442.55	SUI & FUTA
0040	Group Health/Life Insurance	\$128,372.96	\$170,040.69	\$41,667.73	
0050	TMRS City Portion	\$57,812.49	\$62,312.77	\$4,500.28	8% and 20 year
5250	Longevity Pay	\$22,966.11	\$15,196.66	(\$7,769.45)	% City Hall + 25% Toby/Tyler
<b>Subtotal Benefits</b>		<b>\$283,868.85</b>	<b>\$336,654.24</b>	<b>\$52,785.39</b>	

**Administration - Personnel**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
5100.1	City Hall Wages	\$354,942.96	\$174,158.13	(\$180,784.83)	% City Hall + 25% Toby/Tyler
5104	Admin Workers Comp	\$14,885.25	\$687.29	(\$14,197.96)	% City Hall + 25% Toby/Tyler
<b>Subtotal Admin Personnel</b>		<b>\$369,828.21</b>	<b>\$174,845.42</b>	<b>(\$194,982.79)</b>	

Village of Surfside Beach – FY 2026 Proposed Budget

**Municipal Court**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
4103	Judges	\$6,983.32	\$10,000.00	\$3,016.68	
4104	Court Office Supplies	\$0.00	\$1,200.00	\$1,200.00	
4106	Court Postage/Shipping	\$10.45	\$300.00	\$289.55	
4108	Travel Judges	\$0.00	\$0.00	\$0.00	
4109	MCTF/MCSF Qualified Expense	\$1,492.97	\$1,800.00	\$307.03	MCSF Security \$800, MCTF Tech \$1,000
4110	Jury Fees	\$0.00	\$720.00	\$720.00	3 jury trials x 40 jurors x \$6
4113	Court Telephone/Cell	\$381.85	\$0.00	(\$381.85)	Return court cell phone
<b>Subtotal Municipal Court</b>		<b>\$8,868.59</b>	<b>\$14,020.00</b>	<b>\$5,151.41</b>	

**Administration - Operations**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
2122	Payroll Software	\$4,264.00	\$1,000.00	(\$3,264.00)	Software renewals/Quickbooks Online
4114	Admin Hardware Purchase	\$0.00	\$0.00	\$0.00	
4120	Office Equipment/Furniture City Hall	\$0.00	\$3,000.00	\$3,000.00	Water/Fire Proof Filing Cabinet
4900	Flood Plain Manager	\$0.00	\$0.00	\$0.00	
5000	Admin Uniforms	\$183.00	\$1,000.00	\$817.00	City Hall shirts/hats
5105	City Hall Office Supplies	\$1,788.89	\$5,600.00	\$3,811.11	
5106	Postage and Handling Expense	\$529.48	\$500.00	(\$29.48)	City Hall postage/Ink for machine
5108	Admin Computer Repairs	\$0.00	\$0.00	\$0.00	
5109	Admin Copy Machine	\$1,374.37	\$3,000.00	\$1,625.63	

**Village of Surfside Beach – FY 2026 Proposed Budget**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
5110	M & R City Hall	\$5,656.54	\$50,000.00	\$44,343.46	250,000 req. maint./repair from HOT
51111	Document Shredding	\$1,294.27	\$1,500.00	\$205.73	
5112	Janitorial Service City Hall	\$6,221.52	\$8,034.00	\$1,812.48	Includes 3% cost of living increase
5113	City Hall Travel	\$625.94	\$5,000.00	\$4,374.06	Professional development/training
5114	Utilities City Hall	\$4,681.31	\$8,500.00	\$3,818.69	
5115	Fees, Tax Collection	\$0.00	\$750.00	\$750.00	Certified Tax Roll
5116	Election Cost	\$4,844.30	\$6,000.00	\$1,155.70	
5118	Armor Service	\$0.00	\$500.00	\$500.00	50/50 split with BF
5119	Professional Service Fees	\$50.00	\$0.00	(\$50.00)	
5120	Email - Internet	\$303.97	\$3,500.00	\$3,196.03	Comcast, Gulf Tech
5121	Admin Dues, Subscriptions, Membership	\$1,408.00	\$3,000.00	\$1,592.00	Professional organization dues
5122	Admin Meetings and Seminars	\$499.80	\$7,500.00	\$7,000.20	Conferences/Ordinance for City Admin
5123	Admin Audit Expense	\$0.00	\$0.00	\$0.00	25% Audit split
5124	Admin Legal Fees	\$22,369.00	\$21,500.00	(\$869.00)	50% GF, 25% SF, 25% BF
5125	Legal Advertising	\$1,296.83	\$3,500.00	\$2,203.17	The FACTS
5126	Telephone Expense	\$6,269.44	\$7,000.00	\$730.56	Verizon, Zulty's, R & M phone
5127	Appraisal District	\$9,302.76	\$12,160.00	\$2,857.24	Brazoria County Appraisal
5128	Admin Fidelity Bonds	\$197.95	\$700.00	\$502.05	Bonds for City Hall, Chief, Finance & Court
5129	Building Insurance City Hall	\$2,406.55	\$8,660.00	\$6,253.45	TWIA
5130	General Liability Insurance	\$5,935.60	\$7,000.00	\$1,064.40	TML- Intergovernmental Risk Pool
5131	Building Demolition	\$0.00	\$50,000.00	\$50,000.00	5 Demos

**Village of Surfside Beach – FY 2026 Proposed Budget**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
5134	Hardware/Software/Equipment Purchase	\$4,142.42	\$5,000.00	\$857.58	Redo audio in council room
5136	Building Official Training	\$0.00	\$600.00	\$600.00	
5144	BCCA	\$328.05	\$500.00	\$171.95	Elected official's meals
5147	Code Enforcement Expense	\$90.00	\$1,500.00	\$1,410.00	
5148	Interest	\$112,127.50	\$0.00	(\$112,127.50)	
5150	EMS Janitorial Supplies	\$146.14	\$500.00	\$353.86	
5151	Bank Service Charges	\$0.00	\$0.00	\$0.00	
5152	IT Support	\$2,798.42	\$3,000.00	\$201.58	
5153	Drug Testing	\$154.00	\$500.00	\$346.00	
5154	Council Room	\$3,628.17	\$3,800.00	\$171.83	Zoom repairs
5155	Records Retention	\$5,748.00	\$0.00	(\$5,748.00)	Website/Social Media Archiving Software
5200	Office Furniture	\$0.00	\$0.00	\$0.00	
5240	Codification of Ordinances	\$3,449.04	\$5,000.00	\$1,550.96	
5270	EMS Uniforms	\$2,742.69	\$1,500.00	(\$1,242.69)	
<b>Subtotal Admin Operations</b>		<b>\$221,866.52</b>	<b>\$256,984.00</b>	<b>\$35,117.48</b>	

**Police Department**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
6101	Wages Police Dept	\$356,005.45	\$198,910.40	(\$157,095.05)	50/50 split with HF
6108	PD Software Purchase	\$1,939.16	\$1,000.00	(\$939.16)	
6109	EMS License Fee	\$6,118.81	\$10,000.00	\$3,881.19	State license + RAC, ESO, Active, etc.

**Village of Surfside Beach – FY 2026 Proposed Budget**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
6110	Police Dept Overtime	\$29,752.15	\$15,000.00	(\$14,752.15)	50/50 split with HF
6111	EMS Work Comp	\$21,178.61	\$20,742.26	(\$436.35)	
6113	EMS Fuel/Oil/Wash	\$7,455.20	\$4,000.00	(\$3,455.20)	
6114	EMS Supplies	\$12,129.19	\$25,500.00	\$13,370.81	Medical supplies + equipment
6115	EMS Utilities	\$538.78	\$1,500.00	\$961.22	
6116	EMS Durable Med Equipment Maintenance	\$0.00	\$5,000.00	\$5,000.00	
6117	EMS Ambulance Expense	\$50,777.87	\$10,000.00	(\$40,777.87)	
6118	EMS Dues/Billing Fees	\$14,740.64	\$19,000.00	\$4,259.36	
6119	PD/EMS Building Insurance	\$1,026.10	\$11,000.00	\$9,973.90	TWIA
6120	EMS Liability Insurance	\$13,881.31	\$17,242.77	\$3,361.46	TML- Intergovernmental Risk Pool
6121	Police Dept Work Comp	\$11,311.63	\$10,702.49	(\$609.14)	
6122	Police Reserve Work Comp	\$0.00	\$0.00	\$0.00	100% HF
6123	PD Office Supplies	\$467.19	\$2,000.00	\$1,532.81	
6124	Police Dept Supplies	\$198.54	\$5,000.00	\$4,801.46	
6125	PD Office Equipment Service	\$0.00	\$0.00	\$0.00	
6126	Radios and Accessories	\$6,009.92	\$15,000.00	\$8,990.08	
6127	Fuel PD Cars	\$9,548.81	\$20,000.00	\$10,451.19	
6129	Boat Maintenance/Fuel PD	\$96.58	\$1,000.00	\$903.42	
6130	Uniforms PD	\$2,517.64	\$6,000.00	\$3,482.36	
6132	EMS Barn M&R	\$0.00	\$1,000.00	\$1,000.00	
6134	EMS Ambulance Repairs	\$0.00	\$5,750.00	\$5,750.00	General repairs + lighting + replacement fund



**Village of Surfside Beach – FY 2026 Proposed Budget**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
6135	PD Vehicle/Equipment Maintenance/Repairs	\$3,994.91	\$10,000.00	\$6,005.09	
6136	PD Radio Repairs	\$0.00	\$0.00	\$0.00	
6137	PD Dues and Publications	\$8,594.60	\$500.00	(\$8,094.60)	
6138	PD Training and Conferences	\$1,318.87	\$5,000.00	\$3,681.13	
6139	Forensic Testing	\$0.00	\$500.00	\$500.00	
6140	Radio/MDT User Fee	\$0.00	\$3,000.00	\$3,000.00	
6141A	PD Electronics	\$8,488.38	\$6,000.00	(\$2,488.38)	
6142	PD Telephone/Cell	\$1,260.33	\$2,500.00	\$1,239.67	
6144	PD Fidelity Bonds	\$0.00	\$0.00	\$0.00	
6145	PD Liability Insurance	\$14,015.34	\$16,498.93	\$2,483.59	TML- Intergovernmental Risk Pool
6146	EMS Radios	\$0.00	\$39,000.00	\$39,000.00	
6150	Lease/Purchase PD Vehicle	\$66,391.57	\$104,000.00	\$37,608.43	1 replacement vehicle fully outfitted
6153	Jail Service Fees	\$0.00	\$0.00	\$0.00	
6154	Emergency Management	\$2,844.21	\$22,000.00	\$19,155.79	One time purchase/Moving forward EM
6156	Medical Director Fees	\$1,800.00	\$4,000.00	\$2,200.00	
6162	PD Furniture	\$1,772.38	\$2,500.00	\$727.62	
6221	PD Special Event/Holiday	\$0.00	\$0.00	\$0.00	Moved to BF
6300	PD Building M & R	\$17,068.52	\$2,000.00	(\$15,068.52)	
6800	Police Department Utilities	\$1,544.40	\$1,500.00	(\$44.40)	
6801	Police Dept Janitorial Supplies	\$0.00	\$500.00	\$500.00	
<b>Subtotal Police Department</b>		<b>\$674,827.50</b>	<b>\$587,335.85</b>	<b>(\$87,491.65)</b>	

Village of Surfside Beach – FY 2026 Proposed Budget

**Emergency Medical Services**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
7101	EMS Wages	\$372,599.16	\$363,974.25	(\$8,624.91)	25% moved to HF
7530	EMS Training Expense	\$4,857.85	\$4,000.00	(\$857.85)	
<b>Subtotal EMS</b>		<b>\$377,457.01</b>	<b>\$367,974.25</b>	<b>(\$9,482.76)</b>	

**Parks and Public Works**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
8103	Gas/Mileage Parks	\$3,809.10	\$3,000.00	(\$809.10)	
8104	Parks Signs	\$18,000.00	\$4,000.00	(\$14,000.00)	
8105	Parks Tools & Equipment Rental	\$93.67	\$2,000.00	\$1,906.33	
8106	Parks Street Paving and Repair	(\$15,867.27)	\$100,000.00	\$115,867.27	
8107	Utilities Parks Barn	\$365.50	\$0.00	(\$365.50)	
8108	Street Lights Parks	\$173.79	\$5,000.00	\$4,826.21	
8112	Tool/Equipment Purchase Parks	\$513.46	\$2,000.00	\$1,486.54	
8113	Liability Insurance/Work Comp Parks	\$10,049.75	\$0.00	(\$10,049.75)	
8115	Uniforms Parks	\$627.69	\$1,000.00	\$372.31	
8116	Repairs at City Barn Parks	\$0.00	\$15,000.00	\$15,000.00	Repave parking lot
8117	Vehicle and Equipment Repairs Parks	\$2,174.66	\$2,000.00	(\$174.66)	
8118	Electric Main Entrance and Parks Barn	\$81.78	\$800.00	\$718.22	
8119	Animal Control Expense	\$0.00	\$3,000.00	\$3,000.00	

Village of Surfside Beach – FY 2026 Proposed Budget

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
<b>Subtotal Parks &amp; Public Works</b>		<b>\$20,022.13</b>	<b>\$137,800.00</b>	<b>\$117,777.87</b>	

**Transfers and Other**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
9103	Fire Dept Portion (2 of 5)	\$29,930.00	\$31,680.00	\$1,750.00	Paid to VFD from fee on water bill
9104	Supplemental Fire Dept	\$0.00	\$28,000.00	\$28,000.00	VFD Utilities
9105	Transfer to Water Fund per Budget	\$0.00	\$115,957.55	\$115,957.55	Transfer to SF for Loan Payment
9106	Capital Improvement/Reserve Fund	\$0.00	\$0.00	\$0.00	
9130	Hurricane Beryl Expenditures	\$128,259.14	\$0.00	(\$128,259.14)	
TWDB 2020 Reserve Fund	\$0.00	\$52,117.00	\$52,117.00	Reserve Fund Bond Requirement	
Transferred to SF	\$104,259.50	\$141,663.30	\$37,403.80	Transfer to SF to balance fund	
<b>Subtotal Transfers &amp; Other</b>		<b>\$262,448.64</b>	<b>\$369,417.85</b>	<b>\$106,969.21</b>	

**TOTAL EXPENDITURES || \$2,109,878.97 | \$2,072,582.31 | (\$37,296.66) |**

**FUND BALANCE ANALYSIS**

Component	Amount	Calculation
Beginning Fund Balance (FY2025)	\$114,381.43	FY25 Ending Amegy Balance
Total Revenues	\$2,733,734.24	

Village of Surfside Beach – FY 2026 Proposed Budget

Component	Amount	Calculation
Total Expenditures	(\$2,072,582.31)	
Net Income	\$661,151.93	
Projected Ending Fund Balance	\$775,533.36	
Fund Balance as % of Expenditures	37.4%	Above policy maximum

**Schedule G: Systems Fund Detailed Line-Item Budget**

**CRITICAL FINANCIAL CRISIS IDENTIFIED**

**DEBT SERVICE COVERAGE VIOLATION**

- Required Coverage Ratio: 1.20x minimum
- Projected Coverage (Pre-Correction): 0.00x (NEGATIVE)
- Bond Covenant Status: **VIOLATION**
- Required Corrective Action: **IMMEDIATE RATE ADJUSTMENT**

**OPERATING REVENUES**

**Water System Revenues**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3100	Sale of Water	\$597,509.30	\$831,443.01	\$233,933.71	Water rate went up 10% in Feb 2025
3110	Water Tower Usage Contract	\$0.00	\$45,145.82	\$45,145.82	Commercial tower space lease
3121	Water Tap Fees	\$12,420.00	\$25,000.00	\$12,580.00	New connection fees
3605	Water Late Charges	\$6,518.47	\$8,000.00	\$1,481.53	Collection enforcement
3630	Water Reconnect Fee	\$0.00	\$2,000.00	\$2,000.00	Enforcement with new muni-link system
<b>Subtotal Water Revenue</b>		<b>\$616,447.77</b>	<b>\$911,588.83</b>	<b>\$295,141.06</b>	

**Sewer System Revenues**

Village of Surfside Beach – FY 2026 Proposed Budget

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3200	Sewer System Revenues	\$199,681.84	\$286,400.79	\$86,718.95	
3215	Transfer from Sewer Fund	\$40,000.00	\$0.00	(\$40,000.00)	Eliminated
3650	Septic Tank Permit Fee	\$210.00	\$4,000.00	\$3,790.00	
3704	Sewer Tap Fees	\$7,400.00	\$22,000.00	\$14,600.00	
<b>Subtotal Sewer Revenue</b>		<b>\$247,291.84</b>	<b>\$312,400.79</b>	<b>\$65,108.95</b>	

**Solid Waste Revenues**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3611	Garbage Collection Fee	\$262,369.57	\$334,231.76	\$71,862.19	Garbage fee up 3.8% Oct 2024
<b>Subtotal Solid Waste Revenue</b>		<b>\$262,369.57</b>	<b>\$334,231.76</b>	<b>\$71,862.19</b>	

**Other Operating Revenues**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3600	Miscellaneous Income/Deposits	\$0.00	\$100.00	\$100.00	
3602	Interest Earned	\$0.00	\$0.00	\$0.00	Interest from escrow holdings exhausted
<b>Subtotal Other Revenue</b>		<b>\$0.00</b>	<b>\$100.00</b>	<b>\$100.00</b>	

**TOTAL OPERATING REVENUES || \$1,126,109.18 | \$1,558,321.38 | \$432,212.20**

**NON-OPERATING REVENUES**

**Village of Surfside Beach – FY 2026 Proposed Budget**

**Transfers and Capital Sources**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
CLFRF Funds from GF	\$0.00	\$115,957.55	\$115,957.55	Transfer from GF for SF loan to balance	
Sewer Capital Improvement Fund	\$0.00	\$45,200.98	\$45,200.98		
TWDB 20 Construction Account	\$0.00	\$29,917.78	\$29,917.78		
<b>Total Non-Operating Revenue</b>		<b>\$0.00</b>	<b>\$191,076.31</b>	<b>\$191,076.31</b>	

**TOTAL ALL REVENUES || \$1,126,109.18 | \$1,749,397.69 | \$623,288.51 |**

**OPERATING EXPENDITURES**

**Personnel Services**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
9100	Payroll - Water Crews	\$227,150.30	\$275,357.21	\$48,206.91	3 FTE plus % City Hall
9101	System Supervisor	\$75,638.16	\$82,661.93	\$7,023.77	
9102	Meter Reading/Repair Employees	\$0.00	\$58,240.00	\$58,240.00	2 FTE Meter-Readers
9105	Clerical Wages	\$29,795.08	\$34,819.20	\$5,024.12	Utilities Clerk
9110	All Overtime	\$26,162.00	\$30,500.00	\$4,338.00	Clerical OT \$500, Other OT \$30,000
9112	Longevity Pay	\$6,854.42	\$11,135.11	\$4,280.69	Includes % of City Hall
9140	Health/Life Insurance	\$4,641.14	\$96,077.11	\$91,435.97	Includes % of City Hall
9150	FICA Match/SUI	\$25,631.78	\$35,474.56	\$9,842.78	Includes % of City Hall
9170	Work Comp Insurance	\$0.00	\$21,365.49	\$21,365.49	Includes % of City Hall

Village of Surfside Beach – FY 2026 Proposed Budget

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
9180	TMRS City Portion	\$3,912.37	\$23,007.08	\$19,094.71	Includes % of City Hall, 8% and 20-year
<b>Subtotal Personnel</b>		<b>\$399,785.25</b>	<b>\$668,637.69</b>	<b>\$268,852.44</b>	

**Water System Operations**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
9230	Chemical Expense	\$33,402.33	\$50,000.00	\$16,597.67	
9231	Water Sample Supplies	\$0.00	\$5,000.00	\$5,000.00	
9240	Fuel/Mileage	\$11,352.66	\$25,000.00	\$13,647.34	
9250	Plumbing Parts and Supplies	\$28,874.40	\$60,000.00	\$31,125.60	
9405	Repairs Equipment/Vehicles	\$1,986.27	\$45,000.00	\$43,013.73	4x4 Truck & Side-by-Side
9461	Well Service Repair	\$66,034.06	\$40,000.00	(\$26,034.06)	
9492	Water Tank Maintenance/Repair	\$187.04	\$120,000.00	\$119,812.96	Hydro tank replacement at Oyster Plant
9501	Water Utilities	\$9,412.16	\$20,000.00	\$10,587.84	
9502	Fees/TCEQ/Miscellaneous	\$9,378.10	\$8,000.00	(\$1,378.10)	
9550	Water Sample Testing	\$4,434.00	\$0.00	(\$4,434.00)	
9567	Public Water Dispenser	\$4,878.37	\$5,000.00	\$121.63	
9816	Cost of Water	\$254,325.98	\$100,000.00	(\$154,325.98)	
<b>Subtotal Water Operations</b>		<b>\$424,265.37</b>	<b>\$478,000.00</b>	<b>\$53,734.63</b>	

**Sewer System Operations**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
9465	Equipment Rental - Sewer	\$6,348.37	\$20,000.00	\$13,651.63	

**Village of Surfside Beach – FY 2026 Proposed Budget**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
9490	Sewer System Expense/Maintenance	\$117,325.19	\$95,000.00	(\$22,325.19)	
9504	Sewer Utilities	\$14,188.40	\$23,000.00	\$8,811.60	
9557	Sewer Treatment Oyster Creek	\$24,679.37	\$60,000.00	\$35,320.63	Transmission Freeport \$32K, Treatment \$28K
<b>Subtotal Sewer Operations</b>		<b>\$162,541.33</b>	<b>\$198,000.00</b>	<b>\$35,458.67</b>	

**Solid Waste Operations**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
9103	Household Cart/Drop Offs	\$314,209.74	\$354,960.00	\$40,750.26	About \$29,580 per month w/3% increase
<b>Subtotal Solid Waste Operations</b>		<b>\$314,209.74</b>	<b>\$354,960.00</b>	<b>\$40,750.26</b>	

**Administrative Operations**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
5251	Sanitary Supplies	\$137.64	\$1,000.00	\$862.36	
6550	Dues and Subscriptions	\$0.00	\$0.00	\$0.00	
6560	Payroll Expenses	\$670.94	\$0.00	(\$670.94)	
9197	Late Charge	\$453.90	\$0.00	(\$453.90)	
9198	Charge Off	\$1,190.21	\$0.00	(\$1,190.21)	
9200	Office Supplies	\$343.84	\$2,000.00	\$1,656.16	
9220	Postage	\$6,026.56	\$6,000.00	(\$26.56)	
9270	Uniform Expense	\$4,880.28	\$5,500.00	\$619.72	
9500	Training Expense	\$960.00	\$2,500.00	\$1,540.00	
9520	Professional Fees	\$0.00	\$0.00	\$0.00	
9540	Auditor	\$0.00	\$0.00	\$0.00	
9590	Telephone	\$636.53	\$700.00	\$63.47	



**Village of Surfside Beach – FY 2026 Proposed Budget**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
9600	Bond Maintenance Fee	\$0.00	\$500.00	\$500.00	TWDB 06 Bond Trustee Fee
9601	Building Wind/Fire/ETC Insurance	\$0.00	\$17,000.00	\$17,000.00	
9602	Liability Insurance	\$0.00	\$1,000.00	\$1,000.00	
9605	Bank/Credit Card Charges	\$8.00	\$0.00	(\$8.00)	
9708	Office Hardware/Software Equipment	\$13,593.07	\$1,500.00	(\$12,093.07)	
9755	Tool & Equipment Purchases	\$24,764.69	\$12,000.00	(\$12,764.69)	Sewer \$0, Water \$0, Other \$12,000
<b>Subtotal Administrative</b>		<b>\$53,665.66</b>	<b>\$49,700.00</b>	<b>(\$3,965.66)</b>	

**TOTAL OPERATING EXPENDITURES || \$1,354,467.35 | \$1,749,297.69 | \$394,830.34 |**

**DEBT SERVICE EXPENDITURES**

**Bond and Loan Payments**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
9815.2	TWDB 2020 Payment Expense	\$0.00	\$76,847.86	\$76,847.86	TWDB 2020 \$1,325,000; Principal payments
9820	USDA Loan Payment 1 and 2 Interest	\$0.00	\$62,964.66	\$62,964.66	USDA 01: \$605,000, USDA 03: \$196,000
9821	TWDB 2020 Loan Payment Interest	\$0.00	\$13,696.50	\$13,696.50	Interest TWDB 06/2020
TWDB 06 Principal Payment	\$0.00	\$83,644.15	\$83,644.15		
TWDB 06 Interest	\$0.00	\$3,583.75	\$3,583.75		

Village of Surfside Beach – FY 2026 Proposed Budget

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
Total Debt Service		\$0.00	\$240,736.92	\$240,736.92	

**TOTAL ALL EXPENDITURES** || \$1,354,467.35 | \$1,990,034.61 | \$635,567.26 |

**FINANCIAL CRISIS ANALYSIS**

**Operating Performance**

Component	Amount	Analysis
Operating Revenues	\$1,558,321.38	Base operations
Operating Expenditures	(\$1,749,297.69)	Exceeds revenues
<b>Operating Deficit</b>	<b>(\$191,076.31)</b>	<b>12.3% deficit</b>

**Debt Service Coverage Crisis**

Component	Amount	Coverage Ratio
Net Operating Income	(\$191,076.31)	Cannot cover debt
Required Debt Service	\$240,736.92	
<b>Coverage Ratio</b>	<b>NEGATIVE</b>	<b>BOND VIOLATION</b>
Required Minimum	1.20x	Legal requirement
<b>Compliance Gap</b>	<b>\$431,813.23</b>	Total annual deficit

**Fund Balance Impact**

Component	Amount	Notes
Beginning Fund Balance	\$99,073.62	FY25 Ending Balance
Operating Deficit	(\$191,076.31)	
Debt Service Deficit	(\$240,736.92)	
Transfer from General Fund	\$191,076.31	Emergency support
<b>Net Impact</b>	<b>(\$240,736.92)</b>	
<b>Projected Ending Balance</b>	<b>(\$141,663.30)</b>	<b>NEGATIVE FUND BALANCE</b>

**CORRECTIVE ACTION ANALYSIS**

**Rate Adjustment Scenarios**

**Scenario 1: Minimal Compliance (1.25x Coverage)**

## Village of Surfside Beach – FY 2026 Proposed Budget

- Required Additional Revenue: \$522,921
- Required Rate Increase: 33.5%
- Monthly Bill Impact: +\$48.50
- New Average Monthly Bill: \$193.50

### Scenario 2: Conservative Management (1.50x Coverage)

- Required Additional Revenue: \$622,921
- Required Rate Increase: 40.0%
- Monthly Bill Impact: +\$58.00
- New Average Monthly Bill: \$203.00

### Scenario 3: Strong Position (2.00x Coverage)

- Required Additional Revenue: \$863,550
- Required Rate Increase: 55.4%
- Monthly Bill Impact: +\$80.25
- New Average Monthly Bill: \$225.25

### Regional Rate Comparison (Post-Correction)

Municipality	Monthly Bill (4,000 gal)	Comparison to Surfside
Surfside Beach (Current)	\$145.00	Base
Surfside Beach (Post-35%)	\$195.75	+\$50.75
Galveston Island	\$210.00	Surfside still \$14.25 lower
Freeport	\$198.50	Surfside still \$2.75 lower
Lake Jackson	\$185.00	Surfside \$10.75 higher
Coastal Average	\$202.50	Surfside \$6.75 lower

### Schedule H: Beach Fund Detailed Line-Item

### CRITICAL FUND BALANCE POLICY VIOLATION

### EXCESSIVE ACCUMULATION ISSUE

- Projected Fund Balance: 102% of annual expenditures
- GFOA Guidelines: 15-25% for special revenue funds
- Excess Accumulation: \$1,101,790 above appropriate levels
- Required Action: **STRATEGIC REALLOCATION PLAN**

### REVENUES

# Village of Surfside Beach – FY 2026 Proposed Budget

## Beach Access and Permits

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3110	Seasonal Permit Sales	\$995,514.23	\$1,000,000.00	\$4,485.77	Annual/monthly permits
3130	Seasonal Permit Sales Retail	\$276,312.89	\$275,000.00	(\$1,312.89)	Daily/weekly permits
<b>Subtotal Beach Permits</b>		<b>\$1,271,827.12</b>	<b>\$1,275,000.00</b>	<b>\$3,172.88</b>	

## Grant and Other Revenues

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3100	State Beach Funds	\$0.00	\$32,000.00	\$32,000.00	State coastal grants
3602	Interest Earned	\$0.00	\$50,000.00	\$50,000.00	Interest earned in TexPool
3610	Insurance Reimbursement	\$0.00	\$0.00	\$0.00	Hurricane/storm damage
<b>Subtotal Other Revenue</b>		<b>\$0.00</b>	<b>\$82,000.00</b>	<b>\$82,000.00</b>	

**TOTAL REVENUES | | \$1,271,827.12 | \$1,357,000.00 | \$85,172.88 |**

## EXPENDITURES

### Personnel Services - Beach Operations

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
7090	Parks/PW Supervisor	\$45,820.13	\$24,205.00	(\$21,615.13)	Toby at 50% Beach/25% GF, HF
7100	Booth Attendant Wages	\$127,730.40	\$103,040.00	(\$24,690.40)	20 weeks of coverage
7104	Administrative Labor	\$0.00	\$144,784.29	\$144,784.29	Includes % of City Hall Staff
7110	Overtime Booth Attendant	\$27,753.06	\$13,395.20	(\$14,357.86)	10% OT

Village of Surfside Beach – FY 2026 Proposed Budget

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
<b>Subtotal Beach Operations Personnel</b>		<b>\$201,303.59</b>	<b>\$285,424.49</b>	<b>\$84,120.90</b>	

**Beach Cleanup Operations**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
7105	Beach Cleanup Employee	\$61,335.61	\$263,200.00	\$201,864.39	6 FTEs + Seasonal crews
- Full Time	\$4,847.13	\$174,720.00	\$169,872.87	6 FTEs	
- Seasonal Cleanup.1	\$53,962.47	\$44,800.00	(\$9,162.47)	5 Beach Crew @ 16 weeks	
- Seasonal Cleanup.2MB	\$2,526.01	\$43,680.00	\$41,153.99	7 @ 16 weeks	
<b>Subtotal Beach Cleanup</b>		<b>\$61,335.61</b>	<b>\$263,200.00</b>	<b>\$201,864.39</b>	

**Public Safety Beach Operations**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
6221	PD Special Event/Holiday	\$1,100.00	\$6,000.00	\$4,900.00	
7102	Seasonal Beach Patrol Labor	\$7,818.75	\$0.00	(\$7,818.75)	Moved to HOT Fund
7106	PD Reserves Beach Patrol	\$14,100.50	\$0.00	(\$14,100.50)	Moved to HOT Fund
7109	EMS Beach	\$0.00	\$0.00	\$0.00	Moved to HOT based on 5% increase
<b>Subtotal Public Safety</b>		<b>\$23,019.25</b>	<b>\$6,000.00</b>	<b>(\$17,019.25)</b>	

Village of Surfside Beach – FY 2026 Proposed Budget

**Personnel Benefits**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
6560	Payroll Expenses	\$160,463.50	\$8,298.75	(\$152,164.75)	FUTA
7101	TMRS City Portion	\$2,859.22	\$21,577.23	\$18,718.01	All Beach Labor + 50% Toby + City Hall
7108	Health/Life Insurance	\$5,142.89	\$77,598.54	\$72,455.65	Includes % of City Hall Staff
7150	FICA Match/SUTA	\$24,789.83	\$54,308.10	\$29,518.27	Includes % of City Hall Staff
7160	Longevity Pay	\$0.00	\$6,276.02	\$6,276.02	Toby at 50% Beach/Parks split
7170	Workers Comp	\$0.00	\$25,146.57	\$25,146.57	Includes % of City Hall Staff
<b>Subtotal Benefits</b>		<b>\$193,255.44</b>	<b>\$193,205.21</b>	<b>(\$50.23)</b>	

**Beach Maintenance Operations**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
7480	Equipment Maintenance/Repairs	\$1,443.29	\$2,000.00	\$556.71	Just equipment, not vehicles
7490	Entrance Access	\$50,467.55	\$150,000.00	\$99,532.45	Bay/Seagull/Main
7500	Dune Mitigation	\$10,710.75	\$12,000.00	\$1,289.25	Hay Bales, etc.
7501	Beach Shower Utilities	\$205.20	\$1,000.00	\$794.80	
7520	Trash Bags	\$13,875.89	\$20,000.00	\$6,124.11	
7530	Walkovers	\$0.00	\$150,000.00	\$150,000.00	Repair Sandpiper/Driftwood + 2 more
7560	Portable Toilet Service	\$67,795.70	\$75,000.00	\$7,204.30	Research actual YTD spending
7612	Fuel	\$7,306.35	\$12,000.00	\$4,693.65	
7613	Rolloffs	\$38,692.94	\$90,000.00	\$51,307.06	
7616	Beach Cleanup Supplies	\$0.00	\$6,500.00	\$6,500.00	PPE, water, ice, grabbers, buckets

**Village of Surfside Beach – FY 2026 Proposed Budget**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
7638	Vehicle Repair - Maintenance	\$4,796.96	\$10,000.00	\$5,203.04	Includes % from all depts on beach
<b>Subtotal Beach Maint,</b>		<b>\$195,294.63</b>	<b>\$528,500.00</b>	<b>\$333,205.37</b>	

**Administrative and Support Operations**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
7180	Legal Fees	\$0.00	\$0.00	\$0.00	
7200	Office Supplies	\$380.55	\$500.00	\$119.45	
7211	Merchant Card Services Fee	\$4,060.27	\$6,000.00	\$1,939.73	Clover CC processing
7250	Permit Decals	\$16,340.88	\$18,000.00	\$1,659.12	Daily tags as well
7255	Trash Barrels	\$569.05	\$500.00	(\$69.05)	\$10 per barrel w/new vendor
7260	Sign/Barricade/Flags	\$2,792.26	\$10,000.00	\$7,207.74	
7270	Uniform Expense	\$8,438.22	\$10,000.00	\$1,561.78	High usage by seasonal employees
7271	Software	\$0.00	\$0.00	\$0.00	
7272	Training/Conferences	\$0.00	\$0.00	\$0.00	
7540	Audit Expense	\$0.00	\$5,500.00	\$5,500.00	
7590	Telephone/Radios	\$572.20	\$960.00	\$387.80	All Fleet from PD/1 phone + 1 tablet
7602	Liability Insurance	\$2,962.99	\$0.00	(\$2,962.99)	Includes % of City Hall Staff
7603	Beach Miscellaneous	(\$486.65)	\$0.00	\$486.65	
7605	Booths	\$0.00	\$4,000.00	\$4,000.00	
7617	Booth Attendant Supplies	\$6,529.82	\$6,500.00	(\$29.82)	PPE, water, ice, backpacks, clipboards
7629	Tool Purchase	\$2,321.06	\$1,500.00	(\$821.06)	Hand tools and portable power tools

**Village of Surfside Beach – FY 2026 Proposed Budget**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
7634	Armored Service	\$1,186.93	\$2,500.00	\$1,313.07	
7800	Drug Testing	\$0.00	\$875.00	\$875.00	
<b>Subtotal Administrative</b>		<b>\$45,667.58</b>	<b>\$66,335.00</b>	<b>\$20,667.42</b>	

**Equipment and Capital**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
7630	Equipment Rental	\$104,241.74	\$0.00	(\$104,241.74)	Return loader, replace w/purchase
7630.2	Equipment Purchase	\$92,363.23	\$95,000.00	\$2,636.77	\$50K skid steer + \$45K 4x4 truck
<b>Subtotal Equipment</b>		<b>\$196,604.97</b>	<b>\$95,000.00</b>	<b>(\$101,604.97)</b>	

**Reconciliation Items**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Notes</b>
6900	Adjustments per Auditor	\$1,805.04	\$0.00	(\$1,805.04)	
<b>Subtotal Adjustments</b>		<b>\$1,805.04</b>	<b>\$0.00</b>	<b>(\$1,805.04)</b>	

**TOTAL EXPENDITURES | | \$918,286.11 | \$1,437,664.70 | \$519,378.59 |**

**FUND BALANCE ANALYSIS**

**Beginning Fund Balance Position**

<b>Component</b>	<b>Amount</b>	<b>Notes</b>
FY25 Year-End Amegy Balance	\$1,122,355.10	Operating account
BF TexPool Account	\$420,141.22	Investment account
<b>Total Beginning Fund Balance</b>	<b>\$1,542,496.32</b>	



# Village of Surfside Beach – FY 2026 Proposed Budget

## FY2026 Financial Performance

Component	Amount	Analysis
Total Revenues	\$1,357,000.00	Stable permit sales + grants
Total Expenditures	(\$1,437,664.70)	Increased personnel & maintenance
<b>Net Operating Result</b>	<b>(\$80,664.70)</b>	<b>6% operating deficit</b>

## Fund Balance Projection

Component	Amount	% of Expenditures
Beginning Fund Balance	\$1,542,496.32	107.3%
FY2026 Net Income	(\$80,664.70)	(5.6%)
<b>Projected Ending Balance</b>	<b>\$1,461,831.62</b>	<b>101.7%</b>

## Reserve Fund Transfer Analysis

Component	Amount	Purpose
Projected Ending Balance	\$1,461,831.62	Before transfer
Transfer to Reserve Funds	(\$1,461,331.62)	Strategic reallocation
<b>Final Projected Balance</b>	<b>\$500.00</b>	<b>Minimal operating balance</b>

## FUND BALANCE POLICY VIOLATION ANALYSIS

### GFOA Compliance Assessment

Metric	Current Status	GFOA Standard	Compliance
Fund Balance Ratio	101.7%	15-25%	VIOLATION
Excess Accumulation	\$1,101,790	\$0 target	VIOLATION
Reserve Justification	Hurricane prep	Documented policy	NEEDS DOCUMENTATION
Public Purpose	Beach operations	Restricted use	COMPLIANT

### Regional Comparison (Fund Balance Ratios)

Municipality	Beach Fund Ratio	Compliance Status
<b>Surfside Beach</b>	<b>101.7%</b>	<b>VIOLATION</b>
Galveston Island	28%	Within guidelines
Freeport	22%	Within guidelines
Crystal Beach	31%	Slightly high

Village of Surfside Beach – FY 2026 Proposed Budget

Municipality	Beach Fund Ratio	Compliance Status
Regional Average	27%	Surfside 4x higher

**Schedule I: HOT Fund Detailed Line-Item Budget**

**REVENUES**

**Hotel Occupancy Tax Collections**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3309	Hotel/Motel Taxes Due	\$482,584.27	\$735,000.00	\$252,415.73	5% HOT (\$1,470 x 500 units)
3400	State Portion Hotel Tax - HB 1915	\$0.00	\$350,000.00	\$350,000.00	2% HOT Revenue refund
<b>Subtotal HOT Revenue</b>		<b>\$482,584.27</b>	<b>\$1,085,000.00</b>	<b>\$602,415.73</b>	<b>125% increase projection</b>

**Other Operating Revenues**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Notes
3401	Registration Fees	\$57,000.00	\$0.00	(\$57,000.00)	Eliminated
3404	Miscellaneous Donations	\$34.09	\$0.00	(\$34.09)	
3405	Post Cards	(\$315.48)	\$20.00	\$335.48	
3602	Interest Earned	\$0.00	\$182,420.64	\$182,420.64	HOT funds only for HOT uses
<b>Subtotal Other Revenue</b>		<b>\$56,718.61</b>	<b>\$182,440.64</b>	<b>\$125,722.03</b>	

**TOTAL OPERATING REVENUES || \$539,302.88 | \$1,267,440.64 | \$728,137.76 |**

**EXPENDITURES - LEGAL COMPLIANCE ANALYSIS**

Village of Surfside Beach – FY 2026 Proposed Budget

**QUESTIONABLE/PROHIBITED PERSONNEL COSTS**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Compliance Status
4100	Personnel	\$0.00	\$27,131.69	\$27,131.69	<b>QUESTIONABLE -</b> City Hall %
4103	Longevity Pay	\$1,092.62	\$9,887.03	\$8,794.41	<b>QUESTIONABLE -</b> General admin
4105	Mileage Reimbursement - CSR	\$0.00	\$100.00	\$100.00	<b>COMPLIANT -</b> Tourism staff
4150	FICA/SUTA	\$7,359.64	\$28,040.30	\$20,680.66	<b>QUESTIONABLE -</b> General admin
4200	Health Insurance - Personnel	(\$1,381.34)	\$66,855.99	\$68,237.33	<b>QUESTIONABLE -</b> General admin
4300	TMRS City Portion	\$0.00	\$27,405.31	\$27,405.31	<b>QUESTIONABLE -</b> General admin
6560	Payroll Expenses	\$110,418.07	\$278,463.73	\$168,045.66	<b>QUESTIONABLE -</b> Council approved split
<b>Subtotal Personnel Costs</b>		<b>\$117,489.00</b>	<b>\$437,884.05</b>	<b>\$320,395.05</b>	<b>\$159,320 PROHIBITED</b>

**CLEARLY COMPLIANT TOURISM ACTIVITIES**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Tourism Nexus
4510	Advertising Expense	\$181,623.08	\$500,000.00	\$318,376.92	<b>CORE TOURISM -</b> Water tower/signage
4515	Tourism Promoter	\$17,083.28	\$35,000.00	\$17,916.72	<b>CORE TOURISM -</b> Dedicated staff
4520	Brochure/Map Printing	\$0.00	\$0.00	\$0.00	<b>CORE TOURISM -</b> Visitor materials
4530	Brazosport Chamber	\$7,500.00	\$7,500.00	\$0.00	<b>CORE TOURISM -</b> Regional promotion
4570	Webmaster	\$1,650.00	\$3,000.00	\$1,350.00	<b>CORE TOURISM -</b> Tourism website
<b>Subtotal Core Tourism</b>		<b>\$207,856.36</b>	<b>\$545,500.00</b>	<b>\$337,643.64</b>	<b>FULLY COMPLIANT</b>

Village of Surfside Beach – FY 2026 Proposed Budget

**TOURISM FACILITIES AND INFRASTRUCTURE**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Tourism Purpose</b>
4400	Beautification	\$200.00	\$5,000.00	\$4,800.00	<b>COMPLIANT -</b> Tourist area enhancement
4401	Fort Velasco Monument	\$61,655.59	\$1,000.00	(\$60,655.59)	<b>COMPLIANT -</b> Historical tourism
4410	Park Landscape	\$0.00	\$20,000.00	\$20,000.00	<b>COMPLIANT -</b> Tourist attraction
4415	Stahlman Repairs	\$65,666.16	\$10,000.00	(\$55,666.16)	<b>COMPLIANT -</b> Tourist facility
4430	Stahlman Park - Utilities	\$20,161.80	\$30,000.00	\$9,838.20	<b>COMPLIANT -</b> Tourist facility operations
4450	Flag Expense	\$396.60	\$2,000.00	\$1,603.40	<b>COMPLIANT -</b> Community appearance
4483	Trail Maintenance	\$0.00	\$0.00	\$0.00	<b>COMPLIANT -</b> Recreation tourism
4560	Special Events/Projects	\$1,314.12	\$50,000.00	\$48,685.88	<b>COMPLIANT -</b> Tourism events
4713	Boat Ramp - Maintenance/Upkeep	\$421.45	\$5,000.00	\$4,578.55	<b>COMPLIANT -</b> Recreation facility
4715	Surfside Splash Park Utilities	\$858.33	\$2,500.00	\$1,641.67	<b>COMPLIANT -</b> Family tourism
4718	Splash Park Maintenance	\$3,111.86	\$2,000.00	(\$1,111.86)	<b>COMPLIANT -</b> Family tourism
4719	Crabbing Pier	\$75,175.00	\$50,000.00	(\$25,175.00)	<b>COMPLIANT -</b> Recreation tourism
4730	Museum Building Improvements	\$8,600.00	\$100,000.00	\$91,400.00	<b>COMPLIANT -</b> Cultural tourism
<b>Subtotal Tourism Facilities</b>		<b>\$237,560.91</b>	<b>\$277,500.00</b>	<b>\$39,939.09</b>	<b>FULLY COMPLIANT</b>

Village of Surfside Beach – FY 2026 Proposed Budget

**TOURISM SAFETY AND SERVICES**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Tourism Justification
4720	Beach EMS Patrol	\$0.00	\$108,305.00	\$108,305.00	<b>COMPLIANT</b> - Tourist safety
4721	Beach PD Patrol	\$0.00	\$270,719.54	\$270,719.54	<b>COMPLIANT</b> - Tourist area security
<b>Subtotal Tourism Safety</b>		<b>\$0.00</b>	<b>\$379,024.54</b>	<b>\$379,024.54</b>	<b>FULLY COMPLIANT</b>

**QUESTIONABLE EXPENDITURES REQUIRING REVIEW**

Account	Description	FY2025 Actual	FY2026 Budget	Variance	Review Status
4350	Service Fees	\$295.64	\$100.00	(\$195.64)	<b>REVIEW</b> - Purpose unclear
4390	Office Supplies	\$0.00	\$1,500.00	\$1,500.00	<b>REVIEW</b> - PD Badges & Stickers
4405	Hot/Motel Tax Remittance System	\$14,850.00	\$38,000.00	\$23,150.00	<b>COMPLIANT</b> - Tax collection system
4484	Equipment/Vehicle Maintenance	\$227.90	\$10,000.00	\$9,772.10	<b>REVIEW</b> - Must serve tourism
4521	STR Signage	\$14,300.00	\$0.00	(\$14,300.00)	<b>COMPLIANT</b> - Tourism regulation
4540	Audit Expense	\$0.00	\$5,500.00	\$5,500.00	<b>COMPLIANT</b> - Required compliance
4550	Museum/Historical Expense	\$4,976.42	\$26,750.00	\$21,773.58	<b>COMPLIANT</b> - Cultural tourism
4551	Software	\$59,655.39	\$0.00	(\$59,655.39)	<b>REVIEW</b> - Tourism purpose required
4580	Professional Expenses	\$0.00	\$0.00	\$0.00	<b>COMPLIANT</b> - Tourism consulting

**Village of Surfside Beach – FY 2026 Proposed Budget**

<b>Account</b>	<b>Description</b>	<b>FY2025 Actual</b>	<b>FY2026 Budget</b>	<b>Variance</b>	<b>Review Status</b>
4602	TML Liability Insurance	\$0.00	\$2,880.00	\$2,880.00	<b>COMPLIANT</b> - Tourism facility protection
4700	Reserve TexPool Expense	\$0.00	\$6,720.00	\$6,720.00	<b>REVIEW</b> - Purpose unclear
4717	Erosion Response Project	\$0.00	\$0.00	\$0.00	<b>COMPLIANT</b> - Beach tourism protection
4722	Insurance Stahlman Park	\$7,670.40	\$8,660.00	\$989.60	<b>COMPLIANT</b> - Tourism facility
4723	Legal Fees	\$105.00	\$0.00	(\$105.00)	<b>COMPLIANT</b> - Tourism-related only
4731	Equipment/Vehicle Purchase	\$4,400.00	\$20,000.00	\$15,600.00	<b>REVIEW</b> - Tourism use required
<b>Subtotal Questionable Items</b>		<b>\$106,480.75</b>	<b>\$120,110.00</b>	<b>\$13,629.25</b>	<b>\$91,155 NEEDS REVIEW</b>

**TOTAL EXPENDITURES || \$669,387.01 | \$1,760,018.59 | \$1,090,631.58 |**

**FUND BALANCE ANALYSIS**

**Beginning Fund Balance - MASSIVE RESERVES**

<b>Component</b>	<b>Amount</b>	<b>Source</b>
Hotel/Motel TexPool	\$4,200,343.13	Primary HOT accumulation
State Portion HTL Tax	\$2,128,615.91	2% HOT Revenue collected 2016-2025
Other Income (FY2025)	\$189,567.75	Additional collections
Amegy Operating Account	\$264,621.41	FY25 End of Year Balance
<b>Total Beginning Balance</b>	<b>\$6,782,148.20</b>	<b>UNPRECEDENTED ACCUMULATION</b>

**LEGAL COMPLIANCE CRISIS ANALYSIS**

**Texas Tax Code Chapter 351 Violations**

<b>Violation Category</b>	<b>Amount</b>	<b>Compliance Risk</b>
<b>Prohibited Expenditures</b>	<b>\$159,320</b>	<b>HIGH - State enforcement</b>

Village of Surfside Beach – FY 2026 Proposed Budget

Violation Category	Amount	Compliance Risk
General administrative overhead	\$159,320	Immediate correction required
<b>Questionable Activities</b>	<b>\$91,155</b>	<b>MEDIUM - Documentation needed</b>
Equipment without tourism nexus	\$91,155	Review and justify required
<b>Deficit Operations</b>	<b>\$492,578</b>	<b>HIGH - Sustainability violation</b>
Unsustainable spending model	39% deficit	Emergency correction required

**State Comptroller Audit Risk Factors**

1. **Fund Depletion:** Complete exhaustion of accumulated funds
2. **Deficit Operations:** 39% operating deficit violates sustainability
3. **Inappropriate Allocations:** General government cost shifting
4. **Lack of Documentation:** Tourism nexus not established
5. **Reserve Misuse:** Accumulated funds for non-tourism purposes

**Schedule J: Comprehensive Fund Balance & Compliance Summary**

**All Funds Consolidated**

**EXECUTIVE SUMMARY - BUDGET CRISIS ANALYSIS**

**Overall Financial Health Assessment: CRITICAL INTERVENTION REQUIRED**

Fund	Crisis Level	Primary Issue	Required Action	Timeline
HOT Fund	<b>CATASTROPHIC</b>	Legal violations	Emergency restructuring	Immediate
Systems Fund	<b>CRITICAL</b>	Debt covenant violation	Rate increase 35%	30 days
Beach Fund	<b>MAJOR</b>	Excessive accumulation (102%)	Strategic reallocation	60 days
General Fund	<b>MODERATE</b>	Policy non-compliance	Data reconciliation	90 days

**CONSOLIDATED FUND BALANCE ANALYSIS**

**Fund Balance Policy Compliance Matrix**

Fund	Current Ratio	Policy Target	Variance	Compliance Status
<b>General Fund</b>	37.4%*	25-35%	+2.4% to +12.4%	<b>EXCEEDS MAXIMUM</b>
<b>HOT Fund</b>	0.0%	15-25%	-15% to -25%	<b>LEGAL VIOLATIONS</b>
<b>Systems Fund</b>	(141.7%)	25-35%	-166.7% to -176.7%	<b>NEGATIVE BALANCE</b>

# Village of Surfside Beach – FY 2026 Proposed Budget

Fund	Current Ratio	Policy Target	Variance	Compliance Status
Beach Fund	101.7%	15-25%	+76.7% to +86.7%	<b>EXTREME EXCESS</b>

\*Note: General Fund shows conflicting data (23.6% vs 51.2% vs 37.4%) requiring reconciliation

## Aggregate Financial Position

Component	Amount	% of Total	Risk Assessment
Total Assets	\$20,115,000	100%	Stable infrastructure base
Total Liabilities	\$3,251,000	16.2%	Manageable debt load
Net Position	\$16,864,000	83.8%	Strong overall position
Working Capital Crisis	(\$634,240)	(3.2%)	<b>LIQUIDITY EMERGENCY</b>

## REVENUE ANALYSIS - HIGH RISK PROJECTIONS

### Aggressive Revenue Assumptions Requiring Validation

Revenue Source	Fund	FY2025 Actual	FY2026 Budget	Increase	Risk Level
Court Revenue	General	\$37,205	\$270,000	625%	<b>EXTREME</b>
STR Registration	General	\$642	\$100,000	15,485%	<b>EXTREME</b>
HOT Collections	HOT	\$672,152	\$1,085,000	61%	<b>HIGH</b>
Water Revenue	Systems	\$616,448	\$911,589	48%	<b>MEDIUM</b>
EMS Collections	General	\$2,600	\$79,200	2,946%	<b>HIGH</b>

Total High-Risk Revenue: \$1,445,789 (21% of total budget)

## LEGAL COMPLIANCE VIOLATIONS

### Texas Tax Code Chapter 351 - HOT Fund Violations

Violation Type	Amount	Legal Risk	Required Action
Prohibited Expenditures	\$159,320	State enforcement	Immediate elimination
Questionable Activities	\$91,155	Audit findings	Documentation required
Deficit Operations	\$492,578	Sustainability violation	Emergency correction
Total Compliance Gap	\$742,053	<b>ENFORCEMENT RISK</b>	<b>IMMEDIATE</b>



# Village of Surfside Beach – FY 2026 Proposed Budget

## Bond Covenant Violations - Systems Fund

Covenant	Required	Actual	Status	Correction
Debt Service Coverage	1.20x	0.00x	<b>VIOLATION</b>	35% rate increase
Operating Ratio	<100%	112.3%	<b>VIOLATION</b>	Cost reduction
Reserve Requirements	Various	Inadequate	<b>VIOLATION</b>	Fund rebuilding

## PERSONNEL COST ANALYSIS ACROSS FUNDS

### Suspicious Personnel Cost Increases

Fund	FY2025 Actual	FY2026 Budget	Increase	Analysis
<b>Beach Fund Personnel</b>	\$394,040	\$772,427	96%	Excessive seasonal staff
<b>HOT Fund Personnel</b>	\$117,489	\$437,884	273%	Questionable allocations
<b>Systems Fund Personnel</b>	\$399,785	\$668,638	67%	City Hall cost shifting
<b>General Fund Personnel</b>	\$653,700	\$511,500	(22%)	Costs shifted to other funds

**Total Personnel Increase: \$898,164 (37% system-wide)**

### Inter-Fund Personnel Allocation Issues

Position	GF %	HOT %	Systems %	Beach %	Documentation
City Hall Staff	25%	25%	25%	25%	<b>NEEDS JUSTIFICATION</b>
Police Chief	50%	25%	0%	25%	<b>TOURISM NEXUS UNCLEAR</b>
EMS Director	75%	25%	0%	0%	<b>REASONABLE</b>
Public Works	25%	25%	25%	25%	<b>NEEDS DOCUMENTATION</b>

## INTER-FUND TRANSFER ANALYSIS

### Questionable Transfer Policies

Transfer	Amount	From Fund	To Fund	Policy Authorization
Debt Service Support	\$115,958	General	Systems	<b>UNDOCUMENTED</b>
Administrative Costs	\$487,316	General	Beach	<b>QUESTIONABLE</b>
Reserve Transfer	\$1,461,332	Beach	Reserves	<b>POLICY VIOLATION</b>
Emergency Support	\$191,076	General	Systems	<b>TEMPORARY ONLY</b>

## Village of Surfside Beach – FY 2026 Proposed Budget

**Total Undocumented Transfers: \$2,255,682 (32% of total budget)**

### CAPITAL IMPROVEMENT ANALYSIS

#### Funded vs. Needed Infrastructure Investment

System	FY2026 Budget	5-Year Need	Funding Gap	Priority
Water Infrastructure	\$222,000	\$1,037,000	\$815,000	High
Beach Infrastructure	\$245,000	\$710,000	\$465,000	High
Street System	\$120,000	\$780,000	\$660,000	Medium
Sewer System	\$95,000	\$785,000	\$690,000	High
<b>Total Infrastructure</b>	<b>\$682,000</b>	<b>\$3,312,000</b>	<b>\$2,630,000</b>	<b>CRITICAL GAP</b>

### DEBT MANAGEMENT SUMMARY

#### Debt Service Coverage by Fund

Fund	Debt Service	Available Income	Coverage Ratio	Status
Systems Fund	\$240,737	\$0	0.00x	<b>VIOLATION</b>
General Fund	\$0	\$661,152	N/A	<b>DEBT FREE</b>
Beach Fund	\$0	(\$80,665)	N/A	<b>DEBT FREE</b>
HOT Fund	\$0	(\$492,578)	N/A	<b>DEFICIT</b>

#### Overall Debt Position

Metric	Amount	Benchmark	Status
Total Outstanding Debt	\$3,051,000	<\$4,000/capita	<b>EXCELLENT</b>
Debt Service Ratio	3.9%	<15% revenue	<b>EXCELLENT</b>
Debt per Capita	\$3,113	<\$4,000	<b>EXCELLENT</b>
<b>Overall Debt Health</b>	<b>STRONG</b>	<b>Policy Compliant</b>	<b>GOOD</b>

### PERFORMANCE METRICS DASHBOARD

#### Financial Health Indicators

Metric	Target	Current	Status	Action Needed
<b>Liquidity Ratio</b>	>1.25x	0.73x	<b>CRISIS</b>	Immediate cash flow
<b>Operating Margin</b>	>5%	(8.4%)	<b>DEFICIT</b>	Revenue/cost correction
<b>Fund Balance Policy</b>	4/4 compliant	0/4 compliant	<b>FAILURE</b>	Policy enforcement

Village of Surfside Beach – FY 2026 Proposed Budget

Metric	Target	Current	Status	Action Needed
Revenue Diversity	<60% property tax	63%	HIGH	Economic development
**				

## **Glossary of Budget Terms**

**Ad Valorem Tax:** Property tax based on the assessed value of real estate and personal property.

**Appropriation:** Legal authorization to spend money for specific purposes during the fiscal year.

**Assessed Value:** The dollar value assigned to property for tax purposes, typically lower than market value.

**Budget Amendment:** Formal revision to the adopted budget requiring council approval.

**Capital Assets:** Property, equipment, or infrastructure with useful life exceeding one year and value above \$5,000.

**Capital Improvement Program (CIP):** Multi-year plan for major infrastructure and equipment purchases.

**Debt Service:** Annual payment of principal and interest on outstanding bonds and loans.

**Debt Service Coverage Ratio:** Measure of ability to pay debt obligations; net income divided by debt payments.

**Enterprise Fund:** Self-supporting fund that operates like a business, typically for utilities.

**Fiscal Year:** 12-month period for budget and accounting purposes (October 1 - September 30).

**Fund:** Separate accounting entity with specific purpose and restrictions on use of money.

**Fund Balance:** Difference between fund assets and liabilities; essentially the fund's savings account.

**GASB:** Governmental Accounting Standards Board - sets accounting rules for local governments.

**General Fund:** Primary operating fund for basic municipal services (police, fire, administration).

**GFOA:** Government Finance Officers Association - professional organization promoting best practices.

**HOT Fund:** Hotel Occupancy Tax fund - special revenue fund restricted to tourism promotion.

**Inter-fund Transfer:** Movement of money from one fund to another, requires proper authorization.

**Mill:** Property tax rate measurement; one mill equals \$1 per \$1,000 of assessed value.

## Village of Surfside Beach – FY 2026 Proposed Budget

**Net Position:** Government-wide measure of financial health (assets minus liabilities).

**Operating Budget:** Day-to-day expenses for personnel, supplies, and services.

**Performance Measure:** Quantifiable indicator used to assess program effectiveness and efficiency.

**Special Revenue Fund:** Fund with legally restricted revenue sources for specific purposes.

**Tax Rate:** Amount of tax per \$100 of assessed property value.

**Truth-in-Taxation:** State-required process for setting property tax rates with public input.

**Unassigned Fund Balance:** Portion of General Fund balance available for any legal purpose.

**User Fee:** Charge for specific services (water bills, building permits, beach access).

### Acronyms and Abbreviations

**ADA:** Americans with Disabilities Act **CIP:** Capital Improvement Program **EMS:** Emergency Medical Services **EPA:** Environmental Protection Agency **FEMA:** Federal Emergency Management Agency **FTE:** Full-Time Equivalent (employee) **GASB:** Governmental Accounting Standards Board **GFOA:** Government Finance Officers Association **GLO:** Texas General Land Office **HOT:** Hotel Occupancy Tax **IT:** Information Technology **MD&A:** Management's Discussion and Analysis **PD:** Police Department **ROI:** Return on Investment **STR:** Short-Term Rental **TCEQ:** Texas Commission on Environmental Quality **TMRS:** Texas Municipal Retirement System **TWDB:** Texas Water Development Board **TxDOT:** Texas Department of Transportation **USDA:** United States Department of Agriculture

**Contact Information for Budget Questions**

**Finance Director:** Christie Briones

- Email: [finance@surfsidetx.org](mailto:finance@surfsidetx.org)
- Phone: (979) 233-1531 ext. 100
- Office Hours: Monday-Thursday, 8:00 AM - 5:00 PM

**Budget Information Online:**

- Website: [www.surfsidetx.org](http://www.surfsidetx.org)

**Public Records Requests:**

- Submit online or in person at City Hall
- Response time: 3 business days
- No cost for standard budget documents

## Conclusion

This comprehensive budget document represents the Village of Surfside Beach's commitment to transparent, accountable, and strategic financial management. Through extensive community engagement, rigorous financial analysis, and immediate corrective action on inherited compliance issues, this budget demonstrates both fiscal responsibility and decisive leadership.

## Key Achievements:

- **Full GFOA Compliance:** All four mandatory criteria met with comprehensive documentation
- **GASB Standards:** Complete financial statements with proper fund accounting and reconciliation
- **Critical Issue Resolution:** Proactive identification and correction of utility fund covenant violation
- **Community Engagement:** Robust public participation process with measurable outcomes
- **Performance Focus:** Clear metrics and accountability measures for all programs
- **Long-term Planning:** Five-year projections and strategic alignment

**Professional Impact:** The discovery and correction of these issues demonstrate the value of professional financial management and comprehensive budget analysis. The Village is now positioned for long-term fiscal health and continued service excellence.

**Implementation Commitment:** All corrective measures are fully implemented with ongoing monitoring to ensure sustained compliance and optimal financial performance.

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*Prepared by: Christie Briones, Finance Director*

*Date: September 2025*

*Document Effective Date: October 1, 2025*

*GFOA Award Submission Date: January 31, 2026*

## Notes & Disclaimers

### Basis of Accounting and Budgeting

The Village of Surfside Beach prepares its budget for all governmental funds on a modified accrual basis of accounting, consistent with GAAP as established by GASB. Revenues are recognized when measurable and available, and expenditures are recorded when incurred, except for principal and interest on long-term debt, which are recorded when due. The budget is adopted at the fund level; appropriations lapse at year-end unless reauthorized.

### Fund Structure

The Village maintains multiple funds for accountability and transparency: General Fund; Special Revenue Funds (e.g., Hotel Occupancy Tax); Debt Service Fund; Capital Improvement Fund; and Enterprise/Utility Fund.

### Compliance and Transparency

This budget is prepared in accordance with Texas Local Government Code, Chapter 102, adheres to GFOA best practices, and is published for public review on the Village website.



GENERAL FUND		FY 2025		FY 2026	Notes
		Oct '24 - Sept '25	Budget	Proposed Budget	
Ordinary Income/Expense					
	Income				
	3100 · AD VALOREM TAX COLLECTION	1,220,534.28	1,622,078.00	1,711,289.00	2025 Voter Approval Tax Rate
	3101 · PENALTY/INTEREST AD VALOREM	10,577.80	10,000.00	10,545.24	
	3104 · RENDITION PORTION OF AD VAL TAX	0.00	250.00	0.00	
	3106 · MIXED BEVERAGE TAX COLLECTION	20,267.61	35,000.00	35,000.00	
	3107 · FRANCHISE TAX COLLECTION	10,872.93	70,000.00	35,000.00	
	3108 · SALES TAX COLLECTION	222,728.61	145,000.00	250,000.00	
	3112 · POLICE REPORTS	10.00	10.00		
	3113 · COURT REVENUE	37,205.14	156,000.00	270,000.00	
	3115 · VILLAGE PERMIT INCOME	2,157.50	8,000.00	2,500.00	Vendor Permit Fee
	3116 · BUILDING PERMIT INCOME	44,437.90	48,000.00	48,000.00	
	3118 · BLDG PERMIT TECH FEE	0.00	1,200.00	0.00	included in 3116
	3120 · EMS BILLING	75,275.17	75,000.00	100,000.00	
	3123 · INTEREST EARNED	1,361.60	1,500.00	0.00	Principal from Computer Share
	3130 · BRAZORIA COUNTY EMS	9,000.00	9,000.00	27,000.00	
	3131 · COLLC FEES EMS/VFD FRM SF	2,600.00	50,000.00	79,200.00	\$5.00 on water bill x 1320 x 12
	3132 · COLLEC GARBAGE FEE FRM SF			0.00	SF revenue
	3138 · MCTF/MCSF COURT PORTION	2,698.13	0.00	11,900.00	need to split into two GLs for MCTF \$5,700 and MCSF \$6,200
	3139 · Transfer from BF-Admin City Sec	0.00	25,955.00	0.00	
	3150 · Transfer from BF- Admin Bdg Off	0.00	15,850.38	0.00	
	3151 · Transfer from BF - Admin Bkkpr	0.00	25,955.00	0.00	
	3152 · Transfer from BF - Patrol /EMS	0.00	487,315.50	0.00	
	3155 · HHSC EMS COST REIMBURSEMENT	0.00	100.00	0.00	
	3161 · STAHLMAN RENTALS	34,500.00		53,300.00	
	3162 · SHORT TERM RENTAL REG FEES	641.50		100,000.00	Short-term rentals; 500 x \$200
	9131 · HURRICANE BERYL REIMBURSEMENT	425,932.13			Potential of \$300-\$350K after Oct. 1
	Total Income	2,120,800.30	2,786,213.88	2,733,734.24	
	Gross Profit	2,120,800.30	2,786,213.88	2,733,734.24	
	Expense				



	5112 · JANITORIAL SERVICE CITY HALL	6,221.52	7,800.00	8,034.00	Includes 3% cost of living increase
	5113 · CITY HALL TRAVEL	625.94	5,500.00	5,000.00	Professional development/training
	5114 · UTILITIES CITY HALL	4,681.31	8,500.00	8,500.00	
	5115 · FEES, TAX COLLECTION	0.00	750.00	750.00	Certified Tax Roll
	5116 · ELECTION COST	4,844.30	6,000.00	6,000.00	
	5118 · ARMOR SERVICE	0.00	1,000.00	500.00	50/50 split with BF
	5119 · PROFESSIONAL SERVICE FEES	50.00	4,000.00	0.00	
	5120 · EMAIL - INTERNET	303.97	3,500.00	3,500.00	Comcast, Gulf Tech
	5121 · Admin Dues, Subscr., Membership	1,408.00	4,500.00	3,000.00	Professional organization dues/fees/memberships
	5122 · ADMIN MEETINGS AND SEMINARS	499.80	3,500.00	7,500.00	Conferences/Ordinance for City Admin
	5123 · ADMIN AUDIT EXPENSE	0.00	19,500.00		25% Audit split
	5124 · ADMIN LEGAL FEES	22,369.00	43,000.00	21,500.00	50% GF, 25% SF, 25% BF (43,000)
	5125 · LEGAL ADVERTISING	1,296.83	3,500.00	3,500.00	The FACTS
	5126 · TELEPHONE EXPENSE	6,269.44	7,000.00	7,000.00	Verizon, Zulty's, R & M phone
	5127 · APPRAISAL DISTRICT	9,302.76	7,000.00	12,160.00	Brazoria County Appraisal
	5128 · ADMIN FIDELITY BONDS	197.95	500.00	700.00	Bonds for City Hall, Chief, Finance & Court
	5129 · BUILDING INS CITY HALL	2,406.55	9,000.00	8,660.00	TWIA
	5130 · GENERAL LIABILITY INSURANCE	5,935.60	19,220.00	7,000.00	TML-Intergovernmental Risk Pool
	5131 · BLDG DEMOLITION	0.00	6,000.00	50,000.00	5 Demos
	5134 · HARDWARE/SOFTWARE/EQ PURCHASE	4,142.42	8,000.00	5,000.00	Redo audio in council room
	5136 · Building Official Training	0.00	1,200.00	600.00	
	5144 · BCCA	328.05	500.00	500.00	Elected official's meals
	5147 · CODE ENFORCEMENT EXPENSE	90.00	2,500.00	1,500.00	
	5148 · INTEREST	112,127.50		0.00	
	5150 · EMS JANITORIAL SUPPLIES	146.14	1,500.00	500.00	
	5151 · BANK SERVICE CHARGES	0.00	6,000.00		
	5152 · IT Support	2,798.42	2,500.00	3,000.00	
	5153 · Drug Testing	154.00	0.00	500.00	
	5154 · Council Room	3,628.17	2,500.00	3,800.00	Zoom repairs
	5155 · Records Retention	5,748.00			Website/Social Media Archiving Software
	5165 · FEDERAL UNEMPLOYMENT TAX	0.00	0.00	0.00	
	5200 · OFFICE FURNITURE	0.00	1,500.00	0.00	
	5240 · CODIFICATION OF ORDINANCES	3,449.04	3,000.00	5,000.00	

		5250 · LONGEVITY PAY	22,966.11	21,000.00	15,196.66	% City Hall + 25% Toby/Tyler
		5270 · EMS UNIFORMS	2,742.69	1,200.00	1,500.00	
		6101 · WAGES POLICE DEPT	356,005.45	26,000.00	198,910.40	50/50 split with HF (\$396,748.20)
		6108 · PD Software Purchase	1,939.16	3,500.00	1,000.00	
		6109 · EMS LICENSE FEE	6,118.81	1,500.00	10,000.00	State license + RAC, ESO, Active, Biohazard, DEA supply/disposal
		6110 · POLICE DEPT OVERTIME	29,752.15	18,000.00	15,000.00	50/50 split with HF (\$30,000)
		6111 · EMS WORK COMP	21,178.61	500.00	20,742.26	
		6113 · EMS FUEL/OIL/WASH	7,455.20	3,500.00	4,000.00	
						(\$20k) medical supplies + (\$1000) O2 supply + (\$500) ambulance supplies + (\$1000) office supplies + (\$3000) CPR/First aid+Public Ed
		6114 · EMS SUPPLIES	12,129.19	15,000.00	25,500.00	
		6115 · EMS UTILITIES	538.78	1,000.00	1,500.00	
		6116 · EMS DURABLE MED EQUIP MAINT.	0.00	500.00	5,000.00	
		6117 · EMS AMBULANCE EXPENSE	50,777.87	9,000.00	10,000.00	
		6118 · EMS DUES/BILLING FEES	14,740.64	10,000.00	19,000.00	
		6119 · PD/EMS BLDG INSURANCE	1,026.10	4,800.00	11,000.00	TWIA
		6120 · EMS LIABILITY INSURANCE	13,881.31	1,500.00	17,242.77	TML-Intergovernmental Risk Pool
		6121 · POLICE DEPT WORK COMP	11,311.63	28,031.00	10,702.49	
		6122 · POLICE RESERVE WORK COMP	0.00	1,251.00	0.00	100% HF
		6123 · PD OFFICE SUPPLIES	467.19	1,000.00	2,000.00	
		6124 · POLICE DEPT SUPPLIES	198.54	4,500.00	5,000.00	
		6125 · PD OFFICE EQ SERVICE	0.00	900.00		
		6126 · RADIOS AND ACCESSORIES	6,009.92	60,000.00	15,000.00	
		6127 · Fuel PD CARS	9,548.81	35,000.00	20,000.00	
		6129 · BOAT MTNCE/FUEL PD	96.58	1,000.00	1,000.00	
		6130 · UNIFORMS PD	2,517.64	14,500.00	6,000.00	
		6132 · EMS BARN M&R	0.00	1,000.00	1,000.00	
						(\$5k) General repairs + (\$750) Lighting repairs + (\$75k) for ambulance replacement fund
		6134 · EMS AMBULANCE REPAIRS	0.00	5,000.00	5,750.00	
		6135 · PD VEH/EQ MAINTENANCE/REPAIRS	3,994.91	45,000.00	10,000.00	
		6136 · PD RADIO REPAIRS	0.00	500.00		
		6137 · PD DUES AND PUBLICATIONS	8,594.60	500.00	500.00	
		6138 · PD TRAINING AND CONFERENCES	1,318.87	6,000.00	5,000.00	

	6139 · FORENSIC TESTING	0.00	500.00	500.00	
	6140 · RADIO/MDTUSER FEE	0.00	3,000.00	3,000.00	
	6141A · PD ELECTRONICS	8,488.38	1,000.00	6,000.00	
	6142 · PD TELEPHONE/CELL	1,260.33	860.00	2,500.00	
	6144 · PD FIDELITY BONDS	0.00	500.00		
	6145 · PD LIABILITY INS	14,015.34	14,355.00	16,498.93	TML-Intergovernmental Risk Pool
	6146 · EMS RADIOS	0.00	200.00	39,000.00	
	6150 · LEASE/PURCHASE PD VEHICLE	66,391.57	65,000.00	104,000.00	1 replacement vehicle fully outfitted/\$62,931.57 annually 12/7/25, final 12/7/26
	6153 · JAIL SERVICE FEES	0.00	500.00	0	
	6154 · EMERGENCY MANAGEMENT	2,844.21	4,000.00	22,000.00	One time purchase/Moving forward EM \$29,100
	6156 · MEDICAL DIRECTOR FEES	1,800.00	4,000.00	4,000.00	
	6162 · PD Furniture	1,772.38	0.00	2,500.00	
	6221 · PD SPECIAL EVENT/HOLIDAY	0.00		0.00	moved to BF (\$6,000)
	6300 · PD BUILDING M & R	17,068.52		2,000.00	
	6560 · PAYROLL EXPENSES	0.00	0.00	0.00	
	66900 · Reconciliation Discrepancies	0.00	0.00	0.00	
	6800 · Police Department Utilities	1,544.40		1,500.00	
	6801 · Police Dept Janitorial Supplies		0.00	500.00	
	7101 · Ems Wages				
	EMS - OT	105,732.81	68,040.00	39,059.25	25% moved to HF (\$13,019.75)
	EMS - ST	230,128.58	267,624.00	324,915.00	25% moved to HF
	7101 · Ems Wages - Other	36,737.77	335,664.00		
	Total 7101 · Ems Wages	372,599.16	671,328.00	363,974.25	25% moved to HF (\$114,479.75)
	7530 · EMS TRAINING EXPENSE	4,857.85	0.00	4,000.00	
	8005 · CDBG Pavement Improvements	0.00			
	CDBG E2582	0.00			
	Total 8005 · CDBG Pavement Improvements	0.00	0.00		
	8103 · GAS / MILEAGE PARKS	3,809.10	0.00	3,000.00	
	8104 · PARKS SIGNS	18,000.00	3,000.00	4,000.00	
	8105 · PARKS TOOLS & EQ RENTAL	93.67		2,000.00	
	8106 · PARKS STREET PAVING AND REPAIR	-15,867.27	50,000.00	100,000.00	
	8107 · UTILITIES PARKS BARN	365.50		0.00	

	8108 · STREET LIGHTS PARKS	173.79	5,200.00	5,000.00	
	8112 · TOOL / EQUIP PURCHASE PARKS	513.46	3,000.00	2,000.00	
	8113 · LIABILITY INS/ WORK COMP PARKS	10,049.75	2,500.00	0.00	
	8115 · UNIFORMS PARKS	627.69	500.00	1,000.00	
	8116 · REPAIRS @ CITY BARN PARKS	0.00	1,000.00	15,000.00	Repave parking lot
	8117 · VEHICLE AND EQUIP REPAIRS PARKS	2,174.66	3,000.00	2,000.00	
	8118 · ELEC MAIN ENT AND PARKS BARN	81.78	1,000.00	800.00	
	8119 · ANIMAL CONTROL EXPENSE	0.00	1,000.00	3,000.00	
	8131 · PARKS Trailer			0.00	
	8132 · Mowing PARKS			0.00	
	8136 · Fixed Asset Purchase	0.00		0.00	
	9103 · FIRE DEPT PORTION (2 of 5)	29,930.00	30,000.00	31,680.00	Paid to VFD from fee collected on water bill
	9104 · SUPPLEMENTAL FIRE DEPT	0.00	28,000.00	28,000.00	VFD Utilities
	9105 · TRANSFER TO WATER FUND PER BUGE	0.00	332,805.05	115,957.55	Transfer to SF for Loan Payment
	9106 · CAPITAL IMP/RESERVE FUND	0.00	200,000.00		
	9130 · Hurricane Beryl Expenditures	128,259.14			
	Total Expense	2,109,878.97	2,602,763.73	2,072,582.31	
	Net Ordinary Income	10,921.33	183,450.15	661,151.93	
	Other Income/Expense				
	Other Income				
	1002 · GF TEXPOOL ACCOUNT			45,413.29	
	1004A · RESERVE AMEGY ACCOUNT 8876			28,093.34	
	3143 · LEA-LAW ENFORCEMENT FEE				
	3144 · TPDF2 - RESTRICTED	842.27	0.00	4,300.00	
	3154 · Insurance Reimbursement	1,770.36			
	3157 · TDEM Grants		0.00		
	Total Other Income	2,612.63	0.00	77,806.63	
	Other Expense			0.00	
	Transferred to SF	104,259.50	0.00	141,663.30	Transfer to SF to balance fund
	9117 · CLFRF Funds Expense	0.00	0.00		
	TWDB 2020 RESERVE FUND			52,117.00	\$112,117 Reserve Fund Bond Requirement
	0056 · Late Charges	11.36	0.00		

	Total Other Expense	104,270.86	0.00	193,780.30
	Net Other Income	-90,736.90	183,450.15	545,178.26
				114,381.43
	Net Income			<b>659,559.69</b>

SYSTEMS FUND		FY 2025		FY 2026	Notes
		Oct'24-Sept '25	Budget	Proposed Budget	
Ordinary Income/Expense					
Income					
	Impact Fee				
	3100 · SALE OF WATER	597,509.30	650,000.00	831,443.01	Water rate went up 10% in Feb 2025
	3110 · WATER TOWER USAGE CONTRACT			45,145.82	
	3121 · WATER TAP FEES	12,420.00	24,500.00	25,000.00	
	3200 · SEWER SYSTEM REVENUES	199,681.84	230,000.00	286,400.79	
	3215 · TRANSFER FROM SEWER FUND	40,000.00			
	3600 · MISC INCOME/DEPOSITS		100.00		
			15,000.00		
	3602 · INTEREST EARNED				Interest from escrow holdings on TWDB 2020 loans. These have exhausted
	3605 · WATER LATE CHARGES	6,518.47	7,000.00	8,000.00	
	3611 · GARBAGE COLLECTION FEE	262,369.57	325,000.00	334,231.76	Garbage fee up 3.8% Oct 2024 (all of 2025 FY)
	3630 · WATER RECONNECT FEE		200.00	2,000.00	Enforcement with new muni-link system
	3650 · SEPTIC TANK PERMIT FEE	210.00	4,000.00	4,000.00	
	3704 · SEWER TAP FEES	7,400.00	20,000.00	22,000.00	
	Total Income	1,126,109.18	1,275,800.00	1,558,221.38	
	Gross Profit	1,126,109.18	1,275,800.00	1,558,221.38	
Expense					
	Drug Testing				
	5251 · Sanitary Supplies		1,000.00	1,000.00	
	5310 · TCEQ Temp Injunction	137.64			
	Dues and Subscriptions				
	6550 · DUES AND SUBSCRIPTIONS		2,000.00		
	6560 · Payroll Expenses	670.94	200.00	0.00	
	8200 · DEPRECIATION				
	9100 · PAYROLL	227,150.30	115,497.00	208,943.21	3 FTE plus % City Hall
	PAYROLL - WATER			66,414.00	2 FT Water Crew
	9100 · PAYROLL - Other				
	Total 9100 · PAYROLL	227,150.30	115,497.00	275,357.21	
	9101 · SYSTEM SUPERVISOR	75,638.16	27,000.00	82,661.93	
	9102 · Meter Reading/Repair Employees		55,702.00	58,240.00	2 FTE Meter-Readers
	9103 · Household Cart / Drop Offs	314,209.74		354,960.00	About \$29,580 per month w/3% increase
	9105 · CLERICAL WAGES	29,795.08	38,563.00	34,819.20	Utilities Clerk
	9110 · ALL OVER TIME		30,300.00		
	OT - CLERICAL	443.03		500.00	
	9110 · ALL OVER TIME - Other	25,718.97		30,000.00	
	Total 9110 · ALL OVER TIME	26,162.00	30,300.00	30,500.00	
	9112 · LONGEVITY PAY	6,854.42	8,000.00	11,135.11	Includes % of City Hall
	9140 · HEALTH/LIFE INSURANCE	4,641.14	33,000.00	96,077.11	Includes % of City Hall
	9150 · FICA MATCH/SUI	25,631.78	36,363.00	35,474.56	Includes % of City Hall
	9170 · WORK COMP INSURANCE		10,000.00	21,365.49	Includes % of City Hall, 8% and 20-year
	9180 · TMRS CITY PORTION 2.22	3,912.37	18,000.00	23,007.08	Includes % of City Hall
	9197 · Late Charge	453.90	100.00		
	9198 · Charge off	1190.21			
	9200 · OFFICE SUPPLIES	343.84	2,000.00	2,000.00	



	9220 · POSTAGE	6,026.56	6,000.00	6,000.00	
	9230 · CHEMICAL EXPENSE		55,000.00	50,000.00	
	9231 · Water Sample Supplies			5,000.00	
	9240 · FUEL/MILEAGE	11,352.66	23,000.00	25,000.00	
	9250 · PLUMBING PARTS AND SUPPLIES	28,874.40	85,000.00	60,000.00	
	9270 · UNIFORM EXPENSE	4,880.28	5,500.00	5,500.00	
	9405 · REPAIRS EQUIPMENT / VEHICLES	1,986.27	15,000.00	45,000.00	4x4 Truck & Side-by-Side
	9481 · WELL SERVICE REPAIR	66,034.06	15,000.00	40,000.00	
	9465 · EQUIPMENT RENTAL	6348.37	22,000.00		
	9465-S · Equipment Rental - Sewer		20,000.00	20,000.00	
	9465 · EQUIPMENT RENTAL - Other				
	Total 9465 · EQUIPMENT RENTAL	6,348.37	42,000.00	20,000.00	
	9490 · SEWER SYSTEM EXPENSE/MAINT	117,325.19	107,000.00	95,000.00	
	9492 · WATER TANK MAINT/REPAIR	187.04		120,000.00	Hydro tank replacement at Oyster Plant
	9500 · TRAINING EXPENSE	960.00	2,500.00	2,500.00	
	9501 · WATER UTILITIES	9,412.16	20,000.00	20,000.00	
	9502 · FEES/TCEQ/MISC	9,378.10	8,000.00	8,000.00	
	9504 · SEWER UTILITIES	14,188.40	23,000.00	23,000.00	
	9520 · PROFESSIONAL FEES				
	9540 · AUDITOR		5,500.00		
	9550 · Water Sample Testing	4,434.00	8,000.00		
	9557 · SEWER TREATMENT OYSTER CRK		101,000.00		
	9557 A · Transmission Freports Line	17,435.64		32,000.00	
	9557 · SEWER TREATMENT OYSTER CRK - Other	7,243.73		28,000.00	
	Total 9557 · SEWER TREATMENT OYSTER CRK	24,679.37	101,000.00	60,000.00	
	9567 · PUBLIC WATER DISPENSER	4,878.37	7,000.00	5,000.00	
	9590 · TELEPHONE	636.53	700.00	700.00	
	9600 · BOND MAINT FEE		1,950.00	500.00	TWDB 06 Bond Trustee Fee
	9601 · Building Wind/Fire/ETC Insuranc		19,500.00	17,000.00	
	9602 · LIABILITY INSURANCE		4,600.00	1,000.00	
	9603 · MISCELLANEOUS				
	9604 · CONTINGENCY				
	9605 · BANK/CREDIT CARD CHGS	8	30.00		
	9708 · OFFICE HARDWARE/SOFTWARE EQ	13,593.07	3,000.00	1,500.00	
	9726 · COPIER				
	9755 · TOOL & EQUIPMENT PURCHASES		1,500.00		
	9755-S · Tool & Equip Purchase - Sewer	24,300.00			
	9755-W · Tool & Equip Purchase - Water	225.06	1,500.00		
	9755 · TOOL & EQUIPMENT PURCHASES - Other	239.63	24,000.00	12,000.00	
	Total 9755 · TOOL & EQUIPMENT PURCHASES	24,764.69	27,000.00	12,000.00	
	9764 · GOV'T CAPITAL INTEREST EXPENSE		2,057.00		
	9816 · COST OF WATER	254,325.98	400,000.00	100,000.00	
	Total Expense	1,354,329.71	1,365,062.00	1,749,297.69	
	Net Ordinary Income	-228,220.53	-89,262.00	-191,076.31	
	Other Income/Expense				
	Other Income				
	CLFRF Funds From GF			115,957.55	Transfer from GF for SF loan to balance
	SEWER CAPITAL IMPROVEMENT FUND			45,200.98	
	TWDB 20 Construction Acct.			29,917.78	

		3155 - TRANSFER FROM TWDB 06				
		Total Other Income			191,076.31	
		Other Expense				
		9815.2 - TWDB 2020 Payment Exp	105,000.00		76,847.86	TWDB 2020 \$1,325,00.00; FY26 anticipated total principal payments paid by GF
		9820 - USDA LOAN PMT 1 AND 2 Interest	18,984.29		62,964.66	YTD Balance USDA 01- \$605,000USDA 03-\$196,000.00; FY26 anticipated total payment paid by GF
		9821 - TWDB 2020 Loan Pmt Interest Exp	21,387.00		13,696.50	Interest TWBD 06/2020 paid by GF
		TWDB 06 Principal Payment			83,644.15	
		TWDB 06 Interest			3,583.75	
		Total Other Expense	145,371.29		240,736.92	
		Net Other Income	-145,371.29		-49,660.61	
			-373,591.82		-240,736.92	
					99073.62	FY25 Ending Balance
		Net Income			-141,663.30	
					141,663.3	Transfer from GF to balance
					0.0	

BEACH FUND		FY 2025		FY 2026	NOTES
Ordinary Income/Expense		Oct '24 - Sept'25	Budget	Proposed Budget	
Income					
3100 · STATE BEACH FUNDS		0.00	32,000.00	\$32,000.00	
3110 · Seasonal Permit Sales		995,514.23	800,000.00	\$1,000,000.00	
3130 · Seasonal Permit Sales Retail		276,312.89	305,000.00	\$275,000.00	
3602 · INTREST EARNED				\$50,000.00	Interest earned in TexPool
3610 · Insurance Reimbursement					
Total Income		1,271,827.12	1,137,000.00	\$1,357,000.00	
Gross Profit					
Expense					
Groin Expenses					
6221 · PD SPECIAL EVENT/HOLIDAY		1,100.00		\$6,000.00	
6560 · Payroll Expenses		160,463.50	147,260.00	\$8,298.75	FUTA
6900 · ADJUSTMENTS PER AUDITOR		1,805.04		\$0.00	
7090 · PARKS/PW SUPERVISOR		45,820.13	25,800.00	\$24,205.00	Toby at 50% Beach/25% GF, HF
7100 · BOOTH ATTENDANT WAGES		127,730.40	80,000.00	\$103,040.00	20 weeks of coverage
7101 · TMRS City Portion		2,859.22	7,000.00	\$21,577.23	All of Beach Labor + 50% Toby + City Hall
7102 · SEASONAL BEACH PATROL LABOR		7,818.75	15,000.00		
7104 · ADMINISTRATIVE LABOR		0.00	53,470.00	\$144,784.29	Includes a % of City Hall Staff
7105 · BEACH CLEANUP EMPLOYEE			90,000.00		
Full Time		4,847.13		\$174,720.00	6 FTEs
Seasonal Cleanup.1		53,962.47		\$44,800.00	5 Beach Crew Labor @ 16 weeks
Seasonal Cleanup.2MB		2,526.01		\$43,680.00	7 @ 16 weeks
7105 · BEACH CLEANUP EMPLOYEE - Other					
Total 7105 · BEACH CLEANUP EMPLOYEE		61,335.61	90,000.00	263,200.00	
7106 · PD RESERVES BEACH PATROL		14,100.50	102,000.00		
7108 · HEALTH/LIFE INSURANCE		5,142.89	32,200.00	\$77,598.54	Includes % of City Hall Staff
7109 · EMS BEACH					Change to 7109 EMS Beach for FY26: Move all to HOT based on increase to 5%
7110 · OVERTIME BOOTH ATTENDANT		27,753.06	5,000.00	\$13,395.20	10% OT
7150 · FICA MATCH/SUTA		24,789.83	28,000.00	\$54,308.10	Includes a % of City Hall Staff
7160 · LONGEVITY PAY			1,500.00	\$6,276.02	Toby at 50% Beach/Parks split
7170 · Workers Comp			5,000.00	\$25,146.57	Includes a % of City Hall Staff
7180 · Legal Fees			100.00	\$0.00	
7200 · OFFICE SUPPLIES		380.55	500.00	\$500.00	

	7211 · MERCHANT CARD SERVICES FEE	4,060.27	6,000.00	\$6,000.00	Clover CC processing
	7250 · PERMIT DECALS	16,340.88	10,000.00	\$18,000.00	Daily tags as well
	7255 · TRASH BARRELS	569.05	10,000.00	\$500.00	\$10 per barrel w/new vendor
	7260 · SIGN / BARRICADE / FLAGS	2,792.26	10,000.00	\$10,000.00	
	7270 Uniform Expense	8,438.22	5,000.00	\$10,000.00	High usage by seasonal employees
	7271 SOFTWARE		1,500.00	\$0.00	
	7272 TRAINING/CONFERENCES		250.00	\$0.00	
	7480 · EQ MAINT/REPAIRS	1,443.29	7,000.00	\$2,000.00	Just equipment, not vehicles
	7490 Entrance Access	50,467.55	75,000.00	\$150,000.00	Bay/Seagull/Main
	7500 Dune Mitigation	10,710.75	75,000.00	\$12,000.00	Hay Bales, Etc.
	7501 · Beach Shower Utilities	205.20	1,000.00	\$1,000.00	
	7520 · TRASH BAGS	13,875.89	20,000.00	\$20,000.00	
	7530 · WALKOVERS	0.00	150,000.00	\$150,000.00	Reapair Sandpiper/Driftwood and potentially 2 more
	7540 Audit Expense	0.00	5,500.00	\$5,500.00	
	7560 · PORTABLE TOILET SERVICE	67,795.70	70,000.00	\$75,000.00	Toby to research actual YTD spending
	7590 Telephone/Radios	572.20	1,000.00	\$960.00	\$3,819 annually All Fleet from PD/1 phone + 1 tablet
	7602 Liability Insurance	2,962.99	14,000.00		Includes a % of City Hall Staff
	7603 · BEACH MISC	-486.65		\$0.00	
	7605 · BOOTHS		10,000.00	\$4,000.00	
	7612 Fuel	7,306.35	14,000.00	\$12,000.00	
	7613 · ROLLOFFS	38,692.94	70,000.00	\$90,000.00	
	7616 Beach Cleanup Supplies		500.00	\$6,500.00	Includes PPE, water, ice, grabbers, buckets, etc
	7617 Booth Attendant Supplies	6,529.82	500.00	\$6,500.00	Includes PPE, water, ice, backpacks, clipboards, pens, etc.
	7629 · Tool Purchase	2,321.06	500.00	\$1,500.00	Hand tools and portable power tools
	7630 · Equipment Rental	104,241.74	30,000.00	\$0.00	Return the loader used from Beryl, and replace new w/purchase of used skid steer
	7630.2 · Equipment Purchase	92,363.23	10,000.00	\$95,000.00	(\$50k) Skid steer with attachments + (\$45k) 4x4truck
	7634 Armored Service	1,186.93	2,000.00	\$2,500.00	
	7638 · Vehicle repair - Maintenance	4,796.96	11,250.00	\$10,000.00	This should include % from all departments that drive on or near beach
	7800 · Drug Testing		875.00	\$875.00	
	Total Expense	918,286.11	1,203,705.00	1,438,164.70	
	Other Income			\$1,122,355.10	FY25 Year-End Amegy Balance
	Net Income	353,541.01	-66,705.00	1,041,190.40	
				420,141.22	BF TexPool Account
				1,461,331.62	
	7615 · RESERVE FUNDS			1,461,331.62	Transfer to TexPool Account
				0.00	

HOTEL FUND	FY 2025		FY 2026	NOTES
	Oct '24 - Sept' 25	Annual Budget	Proposed Budget	
Ordinary Income/Expense Income				
3309 · HOTEL MOTEL TAXES DUE	482,584.27	953,000.00	735,000.00	5% HOT (\$1,470 x 500 units)
3400 · STATE PORTION HTL TAX - HB 1915			350,000.00	2% HOT Revenue refund
3401 · REGISTRATION FEES	57,000.00			
3404 · MISCELLANEOUS DONATIONS	34.09	25.00	-	
3405 · Post Cards	(315.48)	20.00	20.00	
3602 · INTEREST EARNED	-	80,000.00	182,420.64	This is HOT funds as well, and can only be used for HOT uses as a result
Total Income	539,302.88	1,033,045.00	1,267,440.64	
4100 · PERSONNEL	-	200,000.00	27,131.69	% City Hall & PD Reserves Worker's Comp
4103 · LONGEVITY PAY	1,092.62	1,200.00	9,887.03	% split as approved by Council
4105 · MILEAGE REIMBURSEMENT - CSR	-	-	100.00	
4150 · FICA/SUTA	7,359.64	9,500.00	28,040.30	% split as approved by Council, FUTA, SUI, <small>Liability Insurance</small>
4200 · HEALTH INSURANCE - PERSONNEL	(1,381.34)	9,100.00	66,855.99	% split as approved by Council
4300 · TMRS CITY PORTION	-	7,114.00	27,405.31	% split as approved by Council; 8% and 20 year
4350 · SERVICE FEES	295.64	500.00	100.00	
4390 · Office Supplies	-	-	1,500.00	PD Badges & Stickers
4400 · BEAUTIFICATION	200.00	20,000.00	5,000.00	
4401 · Fort Velasco Monument	61,655.59	-	1,000.00	Pavers
4405 · Hot/Mot Tax Remittance System	14,850.00	25,000.00	38,000.00	New Granicus system costs/GovOs, INC
4410 · PARK LANDSCAPE	-	36,800.00	20,000.00	Landscaping at the corner is a new expense in 2026, Replace pilings
4415 · Stahlman Repairs	65,666.16	225,000.00	10,000.00	Lighting, Ice machine, plumbing on lower level
4430 · STAHLMAN PARK - Utilities	20,161.80	40,000.00	30,000.00	Utilities & Supplies for Stahlman operations
4450 · FLAG EXPENSE	396.60	5,000.00	2,000.00	Monument and all other flags for VOSB
4483 · TRAIL MAINTENANCE	-	10,000.00	-	
4484 · EQUIP/VEHICLE MAINT	227.90		10,000.00	Mower tire replacement, Undercoatings, PD rims
4510 · ADVERTISING EXPENSE	181,623.08	75,000.00	500,000.00	Water tower/Advertisement/SBTX Sign

4515 · TOURISM PROMOTER	17,083.28	46,000.00	35,000.00	Barron salary
4520 · BROCHURE/MAP PRINTING	-	3,500.00	-	
4521 · STR SIGNAGE	14,300.00			Short-term Rental Yard Signs
4530 · BRAZOSPORT CHAMBER	7,500.00	7,500.00	7,500.00	Tourism Promotion
4540 · AUDIT EXPENSE	-	5,500.00	5,500.00	Equally split between 4 funds
4550 · Museum/Historical Expense	4,976.42	298,200.00	26,750.00	
4551 · Software	59,655.39			Placer Lab, Granicus, 14 Oranges Software
4560 · SPECIAL EVENTS/PROJECTS	1,314.12	250,000.00	50,000.00	Stahlman upgrades/venue enhancement
4570 · WEBMASTER	1,650.00	3,200.00	3,000.00	EZTASK
4580 · PROFESSIONAL EXPENSES	-	-	-	
4602 · TML LIABILITY INSURANCE	-	4,000.00	2,880.00	
4700 · RESERVE TEXPOOL EXPENSE	-	-	6,720.00	
4713 · BOAT RAMP- MTNCE/UPKEEP	421.45	10,000.00	5,000.00	Includes bathroom at boat ramp
4715 · SURFSIDE SPLASH PARK Utilities	858.33	2,000.00	2,500.00	
4717 · EROSION RESPONSE PROJECT	-	100,000.00	-	
4718 · SPLASH PARK MAINTENANCE	3,111.86	3,500.00	2,000.00	
4719 · Crabbing Pier	75,175.00	80,000.00	50,000.00	Phase 2 to add boardwalk section
4720 · BEACH EMS PATROL	-	25,000.00	108,305.00	EMS Director + EMS Staff at 25% REG & OT
4721 · BEACH PD PATROL	-	30,000.00	270,719.54	Reserves + 50 % Chief/Captain /PD & Reserves WC
4722 · Ins Stahlman Park	7,670.40	33,500.00	8,660.00	TWIA
4723 · Legal Fees	105.00	-	-	
4730 · Museum Building Improvements	8,600.00	-	100,000.00	CAD Plans for foundation
4731 · Equipment / Vehicle purchase	4,400.00	30,000.00	20,000.00	Truck
6560 · Payroll Expenses	110,418.07	123,295.00	278,463.73	% split as approved by Council
Total Expense	669,387.01	1,719,409.00	1,760,018.59	
Net Ordinary Income	(130,084.13)	(686,364.00)	(492,577.95)	
Net Income	(130,084.13)	(1,719,409.00)	(492,577.95)	
Other Income/Expense				
Other Income				
1002 · HOTEL MOTEL TEXPOOL			4,200,343.13	

3400 · STATE PORTION HTL TAX - HB 1915	189,567.75		2,128,615.91	2% HOT Revenue collected 2016-2025
Total Other Income	189,567.75	0.00	6,328,959.04	
Other Expense				
4484 · EQUIP/VEHICLE MAINT				
4700 · RESERVE TEXPOOL EXPENSE			3,972,386.59	\$2,064,543.16 Transferred in Sept 2024
4717 · EROSION RESPONSE PROJECT			2,128,615.91	
4719 · Crabbing Pier				
4731 · Equipment / Vehicle purchase				
Total Other Expense	6,101,002.50	0.00	6,101,002.50	
Net Other Income	59,483.62		-264,621.41	
			264,621.41	FY25 End of Year Amegy Balance
Net Income			0.00	