

FINANCIAL STRUCTURE DESCRIPTIONS

Accounts for the City of Clute are organized on the basis of funds, each of which are considered to be a separate accounting. Governmental units establish and maintain funds as required by law and sound financial administration. The operations of each fund are summarized below:

GOVERNMENTAL FUND TYPES: Governmental funds are often referred to as "source and use" funds. These are the funds through which most governmental functions typically are financed. The fund types included in this category are general, special revenue, debt service, capital projects funds. All Governmental Funds are operated under a modified accrual accounting basis. This method of accounting is a combination of cash and accrual accounting.

GENERAL FUND (Fund #01) – The General Fund, a governmental fund type, is the operating fund of the City. It is the largest fund within the City. It was established to finance and account for the general receipts and expenditures and is operated under a modified accrual accounting basis. This fund may be used for any legitimate municipal purpose. The sources of revenues for this fund include property, sales, franchise, and industrial district taxes, licenses and permits, fines, fees, and others. This fund is used for most basic operating services such as public safety, human and cultural services, parks and recreation, public works, and general government administration.

GENERAL OPERATING – Listed below are the General Operating departments located within the General Fund:

01-401	ADMINISTRATION	01-411	STREETS & STREETS,DRAINAGE
01-402	LEGISLATIVE	01-412	E M S (transfer account)
01-403	LEGAL	01-413	SANITATION
01-404	MUNICIPAL COURT	01-414	SERVICE CENTER
01-405	FINANCE	01-415	LIBRARY
01-406	TAX	01-416	PARKS & RECREATION
01-407	CODE ENFORCE / BUILDING	01-417	DEBT SERVICE
01-408	POLICE	01-418	TRANSFERS
01-409	FIRE	01-419	CONTINGENCY
01-410	FIRE MARSHALL		

NARCOTICS FUND – Chapter 59 of the Texas Code of Criminal Procedure allows any peace officer to seize property under authority of a search warrant and under specific rules and conditions, outlined in the code. These restricted funds can be used according to the statute primarily for law enforcement related purposes including salaries and overtime pay for officers, officer training, specialized investigative equipment and supplies, and items used by officers in direct law enforcement duties. A special fund must be maintained and accounted for which includes reporting to the State to identify all seized funds and how those funds are spent. This special fund is located as a sub-fund of the General Fund and is operated under a modified accrual accounting basis.

MUNICIPAL COURT SECURITY FUND - Article 102.017 of the Texas Code of Criminal Procedure allows a governing body of a municipality by ordinance to create a municipal court building security fund, a governmental fund type located as a sub-fund in the General Fund, and may require a defendant convicted of a misdemeanor offense in a municipal court to pay a \$3 security fee as a cost of court. A fund designated by this subsection may be used only to finance security personnel for a municipal court, as appropriate, or to finance items when used for the purpose of providing security services for buildings housing a municipal court, as appropriate, including:

- the purchase or repair of X-ray machines and conveying systems;

- hand held metal detectors;
- walk through metal detectors;
- identification cards and systems;
- electronic locking and surveillance equipment;
- bailiffs or contract security personnel during times when they are providing appropriate security services;
- signage;
- confiscated weapon inventory and tracking systems;
- locks, chains, alarms, or similar security devices;
- the purchase or repair of bullet-proof glass; and
- continuing education on security issues for court personnel and security personnel.

MUNICIPAL COURT TECHNOLOGY FUND - Article 102.0172 of the Texas Code of Criminal Procedure allows a governing body of a municipality by ordinance to create a municipal court technology fund, a governmental fund type located as a sub-fund in the General Fund, and may require a defendant convicted of a misdemeanor offense in a municipal court to pay a technology fee not to exceed \$4 as a cost of court. A fund designated by this article may be used only to finance the purchase of or to maintain technological enhancements for a municipal court or municipal court of record, including:

- computer systems;
- computer networks;
- computer hardware;
- computer software;
- imaging systems;
- electronic kiosks;
- electronic ticket writers; and
- docket management systems.

The municipal court technology fund shall be administered by or under the direction of the governing body of the municipality.

MUNICIPAL COURT JUDICIAL EFFICIENCY FUND - allows a governing body of a municipality by ordinance to create a municipal judicial efficiency fund, which provides support to the Court.

CAPITAL IMPROVEMENT FUND – used for the purpose of accounting for major capital improvement projects.

EQUIPMENT REPLACEMENT FUND (Fund # 106) – used for the purchase of significant capital items for the purpose of spreading the cost of several years.

UNEMPLOYMENT FUND (Fund #102) – used to account for costs related to unemployment compensation for government funds.

BEAUTIFICATION FUND (Fund #103) – used to collect and account for funds designated to beautification around the City.

SPECIAL REVENUE FUND TYPES: Funds used to account for specific revenues that are legally restricted to expenditures for particular purposes. All of these funds are operated under a modified accrual accounting basis. The City's Special Revenue Funds consist of the following:

STREET, DRAINAGE & SIDEWALKS FUND (Fund #05) – This fund, a special revenue fund, is currently being used to account for Street & Drainage construction activity within

the City. Forty (40%) percent of General Fund sales tax revenue is transferred to the Streets, Drainage, & Sidewalks Fund for use in new construction of streets and drainage projects.

HOTEL-MOTEL TAX FUND (Fund #04) – This fund, established under Chapter 351 of the State of Texas Tax Code, is a special revenue fund in which revenue from the municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry (see Subchapter B).

ECONOMIC DEVELOPMENT CORPORATION FUND (Fund #06) – The Economic Development Corporation (a 4B Corporation), a special revenue fund, was established on 10/01/2001 by an approval of the voters of a ½ percent increase in sales tax to be administered by the EDC for economic development activities.

PROPRIETARY (ENTERPRISE) FUND TYPES: A category of funds whose activities have characteristics (i.e., self-supporting through user fees and charges) similar to private sector entities. These funds are accounted for using the **full** accrual basis of accounting. These funds are also known as enterprise funds. The City’s proprietary funds consist of the following:

ENTERPRISE FUND (Fund #02) – The Enterprise Fund accounts for Revenues and expenses related to water and sewer billing. The ambulance donation is recorded in the Ambulance/EMS Fund #03 and Garbage is recorded in the General Fund.

02-421	WATER PRODUCTION	02-425	WW TREATMENT PLANT
02-422	WATER DISTRIBUTION	02-426	DEBT SERVICE
02-423	WATER UTILITIES ADMIN	02-427	TRANSFERS
02-424	WASTEWATER COLLECTION	02-428	CONTINGENCY

CONSTRUCTION FUND (Fund #105) – used to account for spending of the COO 2009 funds established in the bond covenants.

EQUIPMENT REPLACEMENT FUND (Fund # 208) – used for the purchase of significant capital items for the purpose of spreading the cost of several years.

UNEMPLOYMENT FUND (Fund #210) – used to account for costs related to unemployment compensation for the Enterprise fund.

FINANCIAL / FUND STRUCTURE

