

City Council Budget Workshop

Meeting Minutes

September 29, 2026, 6:00 PM

Opening

A.1. CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

The Mayor called the meeting to order at 6:00 PM. A quorum was established with the following members present:

Present: Council Member Velma Womack, Council Member Steven Stearman, Council Member Leah Melton, Mayor Pro Tem Marie Bannister, City Attorney Brandon Shelby, CPA Chris Turner

A.2. INVOCATION AND PLEDGES

The Mayor led the invocation and the Pledges of Allegiance.

Citizen Comments

B.1. VISITORS / CITIZENS INQUIRY

Representatives from Globe Life Liberty National, Casey Tackett and Kassie Bancroft, presented the company's Worksite Advantage Program, which offers voluntary employee benefit products — including accidental death coverage, a health discount card, life insurance, and supplemental health policies — at no cost to the city or its employees.

Budget Workshop — Fiscal Year 2026-2027

C.1. OVERVIEW OF THE PROPOSED FY 2026-2027 BUDGET

The Council reviewed the proposed FY 2026–2027 budget prepared by the City's financial consultant, Chris Turner, who used a five-year trend analysis and prior-year performance data as the basis for his projections. The following matters were discussed:

Methodology and General Framework. The budget was presented as a working draft, prepared under a worst-case-scenario approach consistent with generally accepted accounting principles (GAAP). All figures remain subject to revision pending additional information from the Council. The consultant noted that any known grants, revenues, or pending expenditures not yet communicated to him should be reported so that adjustments can be made prior to final adoption.

Summary of Fund Balances. The proposed budget projects a surplus in the General & Administrative (G&A) fund of approximately \$276,000 and a surplus in the Municipal Court fund of approximately \$65,000. The Police Department and Street Department continue to operate at deficits of approximately \$279,000 and \$140,000, respectively. The Water & Sewer fund shows a projected surplus of approximately \$739,000, of which \$213,000–\$250,000 represents anticipated revenue from raw water sales. Transfers from the Water & Sewer fund have been necessary in recent months to cover shortfalls in the general fund, as property tax receipts have declined due to the delayed audit.

Law Enforcement / Interlocal Agreements. The Mayor reported that he had met with the Henderson County Sheriff, the City of Malakoff, and Log Cabin to explore interlocal law enforcement agreements. Proposals from all three entities are expected prior to the next Council meeting. A working budget figure of approximately \$200,000 was used for law enforcement contract costs. It was noted that the Sheriff's Office could write citations but would not be dedicated exclusively to Trinidad city limits and could not enforce city ordinances. Police department software costs were tentatively removed from the budget, as any incoming law enforcement partner is expected to provide their own.

Audit and Accounting Fees. The combined audit and accounting fee line was discussed. The consultant's bookkeeping fee was adjusted downward from \$36,000 to \$30,000. Approximately \$6,180 (20%) of the auditor's fee of \$30,900 is expected to be billed separately to the Economic Development Corporation (EDC), reducing the city's net audit cost accordingly. The total budgeted amount for these fees was revised downward by approximately \$16,000.

Salaries and Departmental Allocations. It was agreed that the salaries, payroll taxes, insurance, TMRS contributions, and related costs for the Street Department employees (Kenneth and Tim) should be moved entirely from the Water & Sewer fund to the Street fund, as their work is not water-specific. The consultant noted he had initially under-budgeted water department salaries when adjusting for the removal of a former employee's compensation and committed to correcting that figure.

Telephone and Communications. The Council discussed consolidating and reducing telephone expenses across all departments. Costs attributed to the Police Department's cell phone lines are expected to be eliminated or significantly reduced under any interlocal arrangement, as incoming officers would provide their own communications equipment. Internet costs for water towers and the SCADA system were identified as non-negotiable and would remain in the budget.

Miscellaneous Expense. The miscellaneous expense line in the G&A fund, budgeted at approximately \$28,000, was questioned. The consultant noted this was already reduced from an initial calculated figure of \$69,000, and offered to review the underlying transactions and report back.

Water & Sewer Reserves and Capital Needs. The Council expressed a desire to direct anticipated raw water sales proceeds into reserve accounts rather than operating funds, in order to build capital reserves for system improvements. The consultant confirmed this approach is consistent with GAAP, noting that expenditures for improvements that extend the life of an asset would be capitalized on the balance sheet and disclosed in the financial statements rather than recorded as operating expenses. Urgent capital needs identified include repair of the wastewater lagoons (estimated at \$100,000) to avoid EPA violations, and clarifier improvements. Any project exceeding \$100,000 will require sealed bids and a formal Council vote to release reserve funds.

Long-Term Debt and Water System Financing. The Council discussed a potential Texas Water Development Board (TWDB) loan of approximately \$15,000,000 for water system improvements, with a grant component that would reduce the city's repayment obligation. The earliest the loan funding would be available was estimated at June 2028, with the grant portion potentially available in 2029. A separate loan of approximately \$240,000 for water meter replacement was discussed as a nearer-term option, with an estimated monthly payment of approximately \$4,000. It was also noted that one of the Water & Sewer Department's existing bond obligations will be paid off in January, freeing approximately \$15,000–\$20,000 annually. Accelerating payoff of a remaining bond with approximately three years remaining could save an estimated \$60,000 in interest.

Street Department Funding. The Council acknowledged that the Street Department budget of approximately \$55,000 annually is insufficient for needed repairs and supplies. It was noted that cold patching costs alone for street repairs typically run \$30,000–\$100,000. Pursuit of grants was recommended as the preferred funding mechanism, with borrowing reserved as a last resort.

Legal Fees. The Council discussed the City Attorney's engagement. The current retainer of \$3,000 per month has been regularly exceeded, with recent invoices averaging \$5,000–\$6,000 per month due to the volume of issues being addressed. It was agreed to increase the budgeted legal fees to approximately \$5,000 per month.

Audit Status. The auditor is expected to complete the FY 2025 audit within approximately two weeks, placing it in mid-October. The consultant indicated he would review a draft prior to the Council's receipt.

Seizure Account. Approximately \$500 remains in the police seizure account. The consultant indicated this could potentially be closed and transferred to the general fund, though the appropriate disposition remains under review pending the transition of law enforcement services.

Police Evidence Room. The Mayor reported that destruction orders have been received and forwarded to the Henderson County Sheriff, who has an incinerator available, eliminating the need for costly transport to a distant facility. The DA's office

has been contacted regarding remaining evidence room contents. The Council identified a need to construct shelving in the evidence room to organize stored materials.

Next Steps. The Council was directed to review the full budget workbook and submit questions or corrections to the financial consultant individually. A public hearing on the proposed budget will be required prior to formal adoption, and all related notices must be properly posted. The next regular Council meeting is anticipated to be moved to Thursday, October 15, 2026.

Adjournment

D.1. ADJOURN

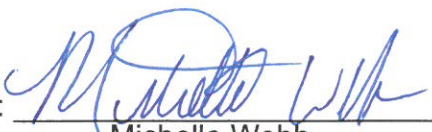
A motion to adjourn was made by Mayor Pro Tem Bannister and seconded by Council Member Womack. The motion carried unanimously.

The meeting was adjourned.



Approved on 10/20/26

Mayor: 
Dennis Haws

Interim City Administrator/Secretary: 
Michelle Webb