SPECIAL CITY COMMISSION MEETING MINUTES
CITY OF TRUTH OR CONSEQUENCES, NEW MEXICO
CITY COMMISSION CHAMBERS, 405 W. 3RD St.
WEDNESDAY, JULY 29, 2026

A. CALL TO ORDER:

The meeting was called to order by Mayor Rolf Hechler at 10:00 a.m., who presided and Angela A. Torres, City Clerk-Treasurer, acted as Secretary of the meeting.

B. INTRODUCTION:

1. ROLL CALL:

Upon calling the roll, the following Commissioners were reported present.

Hon. Rolf Hechler, Mayor
Hon. Destiny Mitchell, Mayor Pro-Tem
Hon. Amanda Forrister, Commissioner was absent
Hon. Ingo Hoeppner, Commissioner
Hon. Chaz Glines, Commissioner

Also Present: Gary Whitehead, City Manager
Traci Alvarez, Assistant City Manager
Jay Rubin, City Attorney
Angela A. Torres, City Clerk-Treasurer
Jocelyn Holguin, Chief Financial Officer

There being a quorum present, the Commission proceeded with the business at hand.

2. PLEDGE OF ALLEGIANCE:

Mayor Hechler led the Pledge of Allegiance.

3. APPROVAL OF AGENDA:

Mayor Pro-Tem Mitchell made a motion to approve the agenda as submitted. Mayor Hechler seconded the motion. Motion carried unanimously.

C. NEW BUSINESS:

1. Discussion/Action: Approval of Engagement Agreement for Municipal Advisory Services with Bosque Advisors, LLC.

City Manager Whitehead: We have a guest joining us through Teams.

Mark Valenzuela, Bosque Advisors LLC: Thank you for allowing me to participate virtually. What we do with our clients, as you know, is we kind of adhere to extend our contract for an additional year, and we do that just so you all get a chance to think about the services we provide you and let us know if we need to improve. We're happy to have that conversation, we're hopeful that we've done a good job for the city. I'll stop there, that's what's in front of you today, and I'm happy to answer any questions you might have.
City Manager Whitehead: I will point out two things: We will continue to use Bosque Advisors, we're currently in the process of finishing the final tranche of GO bonds, so that process has started. It needs to be completed this year by November, and then potentially we'd like to go out at the municipal election next year and prepare a continuation of the $3 million levy. So again, Bosque Advisors will be available to help with our ability to understand the process and be able to present a clear and concise election agenda for the voters. The staff's recommendation is that we continue the relationship and approve the contract.

Mayor Hechler: Speaking for myself, Mark and company, thank you so much for being here almost every time that we wanted to talk to you, I appreciate you making the trip to see us and answer all of our questions. I think you've done a solid job for us, I have heard nothing negative in any regard, and I appreciate your services.

Mayor Pro-Tem Mitchell made a motion to approve the Engagement Agreement for Municipal Advisory Services with Bosque Advisors, LLC and authorize the City Manager to execute the agreement. Commissioner Glines seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

D. ORDINANCES/RESOLUTIONS/ZONING:

1. **Discussion/Action: Resolution No. 09 26/27 Approval of 4th Quarter Budget Adjustments.**

Jocelyn Holguin, Chief Financial Officer: This is the final BAR for the 4th quarter period. Did you want me to go over all of them? Or did you have any questions on any of the items listed?

Mayor Hechler: Ms. Holguin, would you just recap a few of these? Probably the most important ones, just so that we get some stuff on the record?

Jocelyn Holguin, Chief Financial Officer: Yeah, let me just go down the list really quickly:

- On the top line, it's for the increase of the space from the Streets Department, where we needed to offset some costs and their utilities for the end of fiscal year payments.
- Cannabis, we needed an increase for the fees because a little bit more came in than we expected, so that was based on that increase.

- The Library had to be adjusted because it went slightly over, so we had to cover the budget shortfall, but there was enough money in that grant to do that, so it's an adjustment for the overage.
- Shop With a Cop, we're increasing as well because they received more donations, so that's from the donation line item.
- Impact fees, there was not enough initially budgeted to cover that offset, so we increased it for the final coverage of that item.
- The revenue and expense side of the GO bonds is what item #7 is, that is just the final numbers for the 4th quarter of the fiscal year.
- Number 8 is the interest that was received on the GO bonds for the final quarter.
- Jet fuel, there was not enough to finish the end of the year, so we needed to increase that for the airport.
- Number 10, to pay off the loan payment.
- Number 11, there was an error, so that was a correction.

Mayor Hechler: In regards to the jet fuel, when we order extra jet fuel, is that because we're busier out there than we had anticipated?

Jocelyn Holguin, Chief Financial Officer: I'll defer to Traci on that one.

Assistant City Manager Alvarez: Yeah, we've had a lot of traffic, a lot of military and business traffic out in that area.

Mayor Hechler: That money we get back when we sell it, right?

Assistant City Manager Alvarez: Correct. When we sell it, it goes into the world fuel account, so there's a fund at the world fuel account that offsets the sale and the receipt of it. So if at any point in time, we have a shortage, then we can get with city management and finance and take a look about what our big balance is at world fuel and bring it back into airport funds.

Mayor Pro-Tem Mitchell: I was reading the GF and I didn't know what it stood for, and I kept saying gluten free in my head, so it's general fund.

Mayor Pro-Tem Mitchell made a motion to approve Resolution No. 09 26/27 Approval of 4th Quarter Budget Adjustments. Commissioner Hoeppner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

2. Discussion/Action: Resolution No. 10 26/27 Approval of 4th Quarter Report.

Jocelyn Holguin, Chief Financial Officer: These are the final numbers ending 4th quarter for the fiscal year. I will stand for any questions you may have or if there's anything you'd like me to clarify or review for you.

Mayor Hechler: I think just in general, discuss how we ended up with the budget. How did we fair; are we above? Are we below? Are we even? Just again for the record.

Jocelyn Holguin, Chief Financial Officer: Based on our trends, I think we are pretty consistent on our last year's budget. We didn't really have to do too many adjustments. Historically, where there were multiple BAR's to fix budgets, we didn't dip too far down, we didn't go into the red, we stayed in the black. For it to technically be a first-year budget, from my perspective, I was pretty happy with where our end result was. When you close your final quarter budgets, you just have to make sure that there are no negatives and all your lines are clean. As part of the process, you have to have a clean budget and you have to have no negatives, because DFA won't accept it. When we're looking at budgets and we're seeing where things need to be corrected, we have to do all that. You close in that aspect, and then you open the new fiscal year with that same concept. You close clean, and then you start clean, otherwise DFA will not accept it. So we send this fourth quarter budget closeout, and then the BAR's and everything goes to DFA, then they review and accept it. The next step is to go into the new budget, then they review it and accept it or send it back with questions or concerns. This year, they did a little bit differently, but that's in the next section, that's how the overall process goes.

Mayor Hechler: I'm familiar with the process, were there any surprises this year? Anything that was anomalous or changed, or that you were surprised seeing?

Jocelyn Holguin, Chief Financial Officer: Not from last fiscal year, no. I didn't see anything off the mark.

Mayor Hechler: How was GRT?

Jocelyn Holguin, Chief Financial Officer: The GRT was steady, but then it seemed like, getting closer to the end of fiscal year, with Love's being a new business and finances coming in on that aspect, they're climbing. That will become more apparent going into this new fiscal year.

Mayor Pro-Tem Mitchell made a motion to approve Resolution No. 10 26/27 Approval of 4th Quarter Report. Commissioner Glines seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

3. Discussion/Action: Resolution No. 11 26/27 Approval of Final Budget.

Jocelyn Holguin, Chief Financial Officer: This is the final budget. We worked really hard on it because there are some changes. Normally, when the interim budget comes in, then the final budget comes in, we tend to do a BAR to increase the overages from prior fiscal year. I was trying to catch as many as I could to increase the lines from the open PO's that carried over. I might have missed a few, but I tried to get the significant ones like the streetsweeper and sanitation's freightliner, those bigger items, to include them in the final budget so I won't have to include them in a BAR later on. If you look at the cash report in your packet, these are our final numbers to move forward with our submittal to the state. There are some adjustments we had to make sure it'll be acceptable. Now that we have a steadier hold on the departments, the budgeting, and the GL numbers are next, and the projects are right there as well for getting them all up to par, our next section we will be tackling in the Finance Department is to make sure we review every single dollar, that's the goal to make sure that there is complete accuracy with every single dollar and every single budget, to make sure that there are no issues that may arise in the future. If you look at the final budget, there were a couple of changes that included adjustments in the Lodgers' Tax, and maybe another, but there were not many significant changes, there were just some corrections and increases. Gary can speak to that.

Mayor Hechler: I was kind of curious about employee services, PERA and deductions, things like that, do they go up substantially or how much do they go up?

Jocelyn Holguin, Chief Financial Officer: There was an increase, the state did an RFP for the medical and dental aspect of items, and we had a moment from January to June where we had some coverage based on what the state was asking, and then July 1st, they started with the increases. HR handled that section for the increases. If I were to give a percentage, 3% or 4% increase in cost.

Mayor Hechler: Manager Whitehead, do you have any further comments?

City Manager Whitehead: Thank you. The final budget does seem to be in order, we did see an increase. The number is between 5% and 10% on PERA contributions, and then health insurance went up. It went up both for the employee and the employer on both sides of the ledger as well. Also, remember we added dollars so that we could do the payroll study for our exempt employees, that was just under a 5% increase, it recognized about $55,000 overall, so we have all the employees back on the payroll study, but those numbers were pretty solid within the interim budget. You're going to see some adjustments down in the next budgets for those line items now that we have our exact costs and those things. But we budgeted for the employee side of the house, I think pretty good in the interim budget. Overall, what we're looking to develop in the final budget is a look at ending cash. As you and I spoke about ending cash, if you'll look at the interim budget, we projected about $1.8 million in cash, in the bank, in the general fund, we ended with about $2.1 million, so we were able to go back and adjust some line items back up for some expenses we want to add back in, and take care of some items. We have a fire marshal requirement to go through all of our buildings and update the safety protocols, we're under guidance for that, so we put in the money to be able to contract that out, and we were able to put that back in. Overall, I am supportive of Finance, the budget is in good order. We did find some line items that we had to make some adjustments; one of the challenges we've had this year, we're paying a lot of grants, so we have a lot of money going out, and it's coming back in in reimbursements. There is a moment in time where you can take a look at an account and it's going to end positive or negative, so some of those ended negative just on timing, where we're waiting for $800,000 in a reimbursement to come back. So we have to go back and look and make sure that we have all the expenses coming out of the right project line items. But the general fund and business accounts, all of our enterprise funds, well done, solid, all have good ending cash, and we meet all the requirements and we for sure have the 1/12 requirement in the general fund.

Jocelyn Holguin, Chief Financial Officer: If you'll look at the budget provided, the yellow highlights are indicators of where the changes were made on the departments, that's what the yellow highlights reflect on this report. On the budget worksheets account summary. So really, there weren't that many significant changes, just the ones that needed to be addressed for the projects coming in.

Mayor Hechler: So it looks like everything worked. Every department is standing pretty well on its own.

City Manager Whitehead: Just to go back in time, if you go look at the fourth quarter closeout, if you take the time to go look at the end f each department, they all ended positive, you have to clean up the line items so there are no negatives, but if you go look, we definitely do not spend all the money we budgeted. I didn't run an independent report on them to see what the average is, but most of them have $30,000 or $40,000. We're not paying all the health insurance fees, if you have moments where you don't have all the employees, we don't have a full compliment of employees all taking all the benefits, and we budget for all of it just in case, so you have those. Again, the line items did end up being negative are going to be office supplies, computers, those items that are day-to-day and you really don't know what you're going to need to go through, but if you go look at that fourth quarter, you'll see that almost every department ended, definitely not spending all the budget. As we look at revenues going forward, when we projected, we used last year's GRT number, trended up a little bit, it is trending up, but the last reports we have really don't show the current construction projects and Love's. They report three months back, so when you get July's GRT, you're really picking up May's GRT. So you kind of have to trend forward. We anticipate that in December we should be seeing a more positive trend with GRT, but again, the budget is with a flat number based on last year. So we're not over-projecting our revenues on that particular side.

Jocelyn Holguin, Chief Financial Officer: Also, he mentioned that when they go negative in the budgets, they're internally cleaned up before we even get to where we would need a BAR. If it's a larger number, that's when we request a bar, but internally, we clean all that up throughout the process of the fiscal year.

Mayor Hechler: Refresh my memory, are we meeting our debt service this year for our water?

City Manager Whitehead: Yes. At the last meeting, I asked you to authorize the process to continue at the current structure, which will end up being a 3.6, but we put all the debt, so we will meet our water and wastewater debt obligation this year within the current structure. It's just under $500,000 this year. Next year's budget will start trending towards that $750,000 in debt service from the water side.

Mayor Hechler: So we'll have to make some adjustments here before too long.

City Manager Whitehead: The projections I gave you were to then take those into account in how to build a budget. Whatever the increase needs to be, it would be really built on covering debt service, so we have that to look at for next year.

Mayor Hechler: Is there any way that if we do have a really great year in GRT, and we have extra money coming in, we could divert some of that money for some of that debt service, or do we have to rely on our taxpayers to do it?

City Manager Whitehead: The general fund uses the GRT, that's our general revenue. It's certainly the Commission's purview to decide whether they want to take some of that and cover debt for sure, absolutely. We have an increment of GRT that's not active, you could look at doing that. There are a lot of ways you could look at generating new revenues to cover the debt service.

Mayor Hechler: I think we need to get creative down the road and try not to put it on the backs of all our citizens, I know it's tough. The rate increases we're anticipating are pretty significant, percentage-wise. It may not be so much, dollar-wise, but it seems like a lot of times, the poorest of our poor are the ones that get hit. For instance, if we do away with the 2,000 gallons per month of free water, that hits a portion of our population that we may not want to hit right now. We'll have to look at some of those things.

City Manager Whitehead: Sure.

Jocelyn Holguin, Chief Financial Officer: I'd also like the record to reflect that for the first quarter BAR, we're going to be adding another budget based on the structural change that Mr. Whitehead put together, we just didn't have the time to do that for this final budget, but I would like to note that it's coming down the pipe.

Commissioner Glines: I guess to clarify on the fiscal impact we have on the actual agenda request form, Manager Whitehead, would you go back over the general ledger budget, Electric Department, could you go back over that for us?

City Manager Whitehead: Could you please repeat the question?

Commissioner Glines: On the actual agenda request form itself here, we have, “Manager Whitehead requested General Ledger budget under the Electric department to develop a new budget for the new Public Works Department”.

City Manager Whitehead: Oh, sure. Now we have a Public Works Department, so I don’t have a budget for that. So right now, what we’re going to do is pay Bo, his assistant, and any of the office supplies, out of the Electric Department’s budget. So we need to go and recreate so that Public Works has its own line items and its own budget. So we will need to get that created.

Commissioner Glines: Thank you.

City Manager Whitehead: It’s just adding a department to our current budget. And it won’t be under the general fund, it will come under the enterprise fund, it will be in that area, so we’ll have to go through and create that. If you look at your 200 account numbers, where you have Lodgers’ Tax separate, or you have the Fire Department, or the Police Department GRT, it might fall into that category where we have a 200 line item. I would expect it to be a 500 line item, which are the enterprise GL, so it should fall under that, but we have to go and get the numbers from DFA in their system, to match up with their system. I hope that answered the question.

Commissioner Glines: Yes, thank you.

Mayor Pro-Tem Mitchell made a motion to approve Resolution No. 11 26/27 Approval of Final Budget. Commissioner Hoeppner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

4. **Discussion/Action: Resolution No. 12 26/27 Approval of City Inventory Policy.**

Jocelyn Holguin, Chief Financial Officer: Initially, we were going to just put the inventory policy, but City Manager Whitehead and I worked together in combining the final document that reflects the capital, as well as the inventory. This is one of the items we put in place to help with the finding we initially had. Based on what we pulled together, we feel this document would help the staff have a better understanding of the process of what needs to go in for capital, and what needs to go in for just general inventory. The top two sections reflect capital items that are $5,000 and up, and the third section reflects the inventory process for items $5,000 and under, which they term as “walkaway” items, and you keep track of them so that you know what you have in-stock. It’s basically a fundamental aspect of keeping track of what every department has in their possessions. I’ll defer to Manager Whitehead if he’d like to add anything.

City Manager Whitehead: In front of you, you have a document that comprises three different aspects of us managing our assets. The number one structure is that we must maintain and take care of all the assts that are $5,000 and above. We do have a finance policy, but this process goes a little further to clean that up. Also, it accommodates our requirement for the depreciation schedule. If you remember the audit from this year, one of the audit findings was that we did not produce a qualified asset depreciation schedule. That process came from the previous auditor, they had done the work, we got it kind of late, and the numbers that we submitted, JAG did not feel were sufficient to the process. So, this kind of lays that out, this gives the structure for Finance to understand how to build, and when they need to build and prepare that asset, and what items need to go on that schedule, and how you depreciate them. Remember, the city works on a straight-line depreciation, there's a structure for what the useful life is for a product is, it's not set in stone, the manager or finance director would then determine that, and then once those items go on, you have to build out that depreciation schedule. The second part of the policy is to recognize that not only do we need to add them on a budget for our finance and our audit purposes, but we also need to make sure all the items are insured. This year, we requested that every department do through their assets, they provided us an updated list, we worked with the New Mexico Municipal League, our insurance company, and now we have all the assets listed in the insurance pool, so you've got to make sure you're covering both sides. The second part of it is really helping Finance and the staff to understand the value of making sure that every asset we have is insured. That's part two, and then part three is the policy that Jocelyn spoke of, which is the smaller items, anything under $5,000, that's the threshold. It identifies the items that Finance needs to have tracked. I use the reams of paper as an example, if you have stacks of reams of paper, Finance needs to know at the end so that we make sure we're accounting for it, because as Ms. Holguin described, it's those items that can walk away. So what you have here is effectively an asset management policy, which accommodates three different values of assets and requirements. I think we have it all in order here, Ms. Holguin and I did work on this together, and this A) accommodates what we need for our auditor, the next step is the next part of that, and then B) This was a request from DFA, so when DFA looked at our audit, they gave us a set of criteria they wanted us to facilitate. We did those, we answered to them, we are no longer under DFA's restricted review, so they've lifted that from us, we did respond, Ms. Holguin got that response in quickly, so we no longer have a condition with DFA at this point. We recommend approval of the policy, and I'll stand for any additional questions.

Mayor Hechler: In regards to the policy, who is actually responsible for the asset inventory?

City Manager Whitehead: All the asset inventory management is part of the finance officer's duties.

Mayor Hechler: How do you accomplish that?

Jocelyn Holguin, Chief Financial Officer: I have to say, Silke's done a really great job of keeping all that in line. We've streamlined the process, but as the capital item purchase orders come in, we're now having Carlos, our CPO, add the document for capital items, and then it has to be approved. When we get the final payment out for the item, Silke is really good about putting all those in her spreadsheet, and then she gets the insurance for the items that we need. Then, we basically send out a document to have the departments update it. If there are any removals that went to auction or were in an accident or whatever the case may be, we will remove them from the insurance as well, because we don't want to be covering items that don't pertain to the need for coverage. The same will go for the inventory, I created a document form to track the PO's, the dates, and how many items. Moving forward, it is a living document and it can be updated quarterly. So that's the process moving forward, it's the city as a whole, the departments, we're all responsible.

Mayor Hechler: The department heads, do they do their own inventories?

Jocelyn Holguin, Chief Financial Officer: Yes.

Mayor Hechler: And then they report to you?

Jocelyn Holguin, Chief Financial Officer: Yes, they send the form back in.

Mayor Hechler: Okay, so for instance if we get a new garbage truck.

Jocelyn Holguin, Chief Financial Officer: It will go on there.

City Clerk Torres: Everytime a department purchases equipment or a vehicle, they are required to submit an asset inventory form with the documents required to file for the title and registration. Silke and I have been working really well with each other to make sure we have the documents, so any time we get a new vehicle, then we will add it to that list.

Mayor Hechler: And then, does it work the other way around too, when we put items up for auction, for instance? How are they taken off?

City Clerk Torres: The same way, Silke will get a sheet.

Mayor Hechler: I know one of the problems in we ran into when I used to work in the past was keeping up with the day-to-day inventory, because throughout the year, sometimes people forget to say things, report things, or do things, and then by the end of the year, you're way behind and you have to do a whole new inventory. Is this going to just keep running accurately, or is it going to be one of these things that you catch up every year at the end of the year?

Jocelyn Holguin, Chief Financial Officer: The process we're implementing is quarterly, and then the final will be the update. It's going to pretty much be like how we do the quarters, it will coincide. Basically, I would just need people to keep that spreadsheet going, and then submit it every quarter. And I will remind them and send it out, that will be the process so that it doesn't lapse again.

Mayor Hechler: Okay thank you.

Commissioner Glines: Does this policy close audit findings or assist with closure of audit findings?

City Manager Whitehead: This is potentially to assist in closing a potential audit finding. To DFA, once they've reviewed our audit, they said, "Hey we need you to do some of these things." So this will actually support what DFA requested of us to do, to make sure we have a policy in place.

Jocelyn Holguin, Chief Financial Officer: This is an extra step, because we already cleared it, as stated by Mr. Whitehead, but we're going a step further so we don't revert back into getting caught in something we don't want to.

Commissioner Hoeppner: I have a question on the insurance, when we insure our vehicles and equipment, is the replacement insured or is it by depreciation, like a garbage truck depreciates in worth, theoretically, $50,000 because of age and everything, but you can't *replace* it for that cost.

Jocelyn Holguin, Chief Financial Officer: So the only way it would be replaced is if it was involved in an accident or something, and it has that kind of coverage. But the depreciation just basically fades out.

City Manager Whitehead: Our insurance policy only pays us actual cash value of the product that we have, just like any insurance would. If we had a 10-year-old firetruck, or a 10-year-old trash truck that was involved in an accident, and it was only worth $100 even though we paid $400, we're only going to get actual cash value, so we are self-insured, but they operate just as a traditional insurance company. But if the asset wasn't on the insurance list, we're going to get $0. That's the most important part, so as we go through this process and get a little tighter with it, in the policy, you'll see there are some drop-dead dates that the staff has to make sure they're reporting to Finance to double check and make sure we can go online and see that any asset they bought in the calendar year is for sure on the inventory asset list. And that absolutely can be done one time a year, so it would have dual checks, where once it's bought and the PO's in, we have developed a form that goes in so that the department head would say, "I want to buy this truck, it's more than $5,000" and get all the information. Once the title's in, it could all go on, but then there'll be a check at the end of the year for the Finance Director to sit, go through the portal, and double check off a list that our Tyler system would print to make sure everything was added correctly. The policy kind of gives us some checks and balances where the departments have to be driving the process, but certainly Finance could easily go in at the end of the year to make sure. But we are only going to get actual cash value, just as any insurance would pay. Plus or minus negotiations.

Mayor Hechler: We can't pay an extra premium and get a year newer?

Jocelyn Holguin, Chief Financial Officer: They don't offer the gap.

City Manager Whitehead: That's the right answer.

Mayor Pro-Tem Mitchell made a motion to approve Resolution No. 12 26/27 Approval of City Inventory Policy. Commissioner Hoeppner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

5. **Discussion/Action: Resolution No. 13 26/27 Approval of Capital Depreciation Schedule.**

Jocelyn Holguin, Chief Financial Officer: This one I can't own, I have to give it to the City Manager, he's the one that did the backbone of the work for this process. He got all the information and compiled a schedule. What you see is actually Gary's work so I will defer to him because he handled it for us and I'm very appreciative of it.

City Manager Whitehead: What you see in front of you; one of the requirements of the audit findings is that we did not certify our depreciation schedule, so what you're doing here today is certifying that these are what we believe the values are of everything on the depreciation schedule. Last year, our auditor was an organization called JAG, Jaramillo Accounting Group LLC, and we were not ready to prepare and present them the form in this capacity. So what I had to do, the previous auditor had developed a depreciation schedule that they built out themselves in support of the city, they had all the assets in there, so they certified that date as of June 30th, 2024, as the certified number. So what I had to do here was go all the way back to that date, take all the assets, rebuild the schedule, match it up so that we can get them all into the right funds, and get them into the right categories. So if you look into our audit, these are the ways they want to categorize the different findings. One of the challenges we will have this year, even though we're going to certify, is that the JAG audit missed the airport depreciation last year, so it didn't have that in the enterprise funds, so our depreciation schedule was a little higher than what we reported last year. Our new auditor will have to tell me how to adjust that, but moving forward, the numbers you see in front of you represent the numbers of the assets we have. The assets are presented in two different categories, our general governmental activities, and then our business activities. Business activities are the joint utility electric fund; water, wastewater, solid waste, golf course, airport, and cemetery fund. And then our general governmental activities would be all the other items that we have, you can see that on the third screen that you see there. Once you have those categories, you need to break them down by if the asset was for general purposes, public safety, public works, public health, or cultural and recreation. That's the piece we missed last year; we didn't break them down into that subset category. The last piece is you also have to report what construction you have in-process, so you can see under the general fund, we have $3.495 million of projects under construction, and under the enterprise funds, we have $18.280 million under construction. All those projects now are listed, I've tied those to every project we have, so going forward, I'll be able to report it. In 2024, they had a number for construction in-process, but they didn't identify the projects. So I was able to go back, find the projects, we're fortunate all those projects are still technically under construction. Foch Street was under construction a year and a half ago, it'll come off, and those kinds of items. So what you have in front of you is our depreciation capital list that we'd like to ask you approve for certification, so that we are ready to start the audit process. I'll stand for any questions.

Jocelyn Holguin, Chief Financial Officer: I'd also like to add that based on what our new auditors reviewed, and some of the technicalities that were submitted by JAG, they want to work with us to work with the state auditor, to get that finding reduced. So once all these items are approved and accepted, then we'll move forward with Beasley and they're going to work with us to try to get those findings to not be as critical as they were.

Mayor Pro-Tem Mitchell: It sounds like it was good that we're jumping on taking the initiative to tackle all those audit findings and make sure we don't have those problems again in the future. Good job.

Jocelyn Holguin, Chief Financial Officer: Thank you. For the record, it was before Gary and I were here. Just kidding, but we do want to keep on progressing, not just with this, but as a whole.

Mayor Pro-Tem Mitchell made a motion to approve Resolution No. 13 26/27 Approval of Capital Depreciation Schedule. Commissioner Glines seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

I. ADJOURNMENT:

Mayor Hechler; Are there any final closing words? Are you happy with the process, and ready for the new year?

City Manager Whitehead: I think budget-wise, I'm very happy. I think one of the goals we had, and hopefully w hit, is that we won't have as many small BAR's, as you know last year, we did a lot of little BAR's because both Ms. Holguin and I missed putting enough money in a line item for all the copier payments, or a little nuance of something that we just didn't know existed. I feel like we have a better handle on that, so hopefully we'll dial that in. I think definitely coming through this process, we have some work to do, I'll identify that with Ms. Holguin, we'll work through that over the next 6 months. It's not going to be an overnight thing; we need to kind of take it in a bite to make sure that the budget really continues to get better and better and more balanced. We just have a lot of projects, there is a lot of money that comes in and goes out, and we need to just kind of clean that up, but I think we've had good conversations over the last 10 days on items, and we will just continue to get better at it.

Mayor Hechler: How smooth was the year-end closeout and the year-end opening? We're in it by a month now, but are we functioning fully right now? Are we paying bills? Are we doing what we're supposed to be doing?

City Manager Whitehead: It wasn't as smooth as we had hoped, we definitely have some baubles, Ms. Holguin had identified a process that should have had things roll smooth, and it didn't. Right, you're trying something and it didn't quite work exactly. But they're digging in, we're getting caught up, I think we had a lot done this week, it's getting a little bit better. Again, it's a learning process and it'll get better. Just closing out the fourth quarter, it's just a couple of people, so it's just like anything, it takes time and it's a lot of numbers. I wouldn't say it was smooth, but I wouldn't say it wasn't smooth, if that's fair.

Mayor Hechler: We're making progress.

City Manager Whitehead: We're making good progress.

Jocelyn Holguin, Chief Financial Officer: It's new things in the Tyler system that the staff has a little stage fright of, they just need to get that confidence so that they understand it will be easier for them in the long run.

Mayor Hechler: Thank you for all your hard work getting us to this level and this stage. I'm hoping this new year is going to present us with less challenges, it looks like it may. We've got a new audit firm coming onboard, we know what we need to get ahead of, and we should be able to do that. I have confidence that you guys will be able to get that done. Again, thank you for all your hard work.

Mayor Hechler adjourned the meeting at 10:53 a.m.

Passed and **Approved** this **12th** day of **August, 2026**.

Rolf Hechler, Mayor

ATTEST:

Angela A. Torres, CMC, City Clerk