



MINUTES

City of Taft City Council Regular Meeting
Tuesday, August 25, 2026, at 6:30 p.m.

Taft City Hall

230 Green Avenue, Taft, TX 78390

1. Call to order was at 6:33 p.m.
2. The roll was called and all members were present
3. Pledge of allegiance and Texas pledge was done
4. Invocation was given by Pastor Steve
5. Proclamations, presentations and council and staff announcements: Councilwoman Lopez stated that the city has come a long way from where they were. She just wanted to thank Scott for an amazing job that he is doing. The public realizes just how good a job you all are doing, especially since you, Scott, came on board. The feel of the staff is such more confident. Scott, you are doing a great job. Mayor Pro-Tem Cruz stated that the health mobile unit had shown up and they had a good turn out, and it will be coming back on September 9, for another run to see if they can get more people interested in showing up. They will be at the Kiva Hut. The city's phone number needs to be posted on the website and the face book page. This was a very busy weekend, with several water leaks. Councilwoman Moreno stated that school is back and we all need to be cautious. There were several cars that do not go the speed limit. The Alvarado Senior Center was broken into. If you all see something wrong within the city, we are all one community, call it in. Councilman Molina stated that he wanted to agree with what Councilwoman Lopez stated. He also wanted to thank the public works personnel for all the hard work that they have done. Mayor Castillo stated that she too wanted to thank Mayor Pro-Tem Cruz for organizing the health unit to come to Taft. She received an email from Esperanza de Tejas that wants to set up a community health fair. They would like to partner with the city. They would like to bring baby diapers, wipes and other items. Also, just wanted to invite the community to the workshop that will be held this Saturday at 10:00 am at the Kiva Hut.
6. Citizens Communications:
 1. Ray Reyes – stated that he could see a big difference from last year when he came into city hall during business hours, it seems more cheerful and happy. He wanted to thank the council for bringing medical assistance as well. He wanted to let the council know that he would be happy to accept Mr. Searcy into the TQIC board. He will be glad to have the 4A board open again. He is trying to find out where all their information is at. Talking with former board members the information is in a laptop. Brooke the former secretary, stated that the laptop was kept in the city secretary's office. The laptop has not been located; there have been some changes. He wants the council to give him permission to investigate and see what happened to the laptop, as it has all their information in it.
 2. Judge Pullin – stated that she wanted to give an update that Beverly Galbreath has resigned from her position, and she is no longer a member of the Chamber of Commerce. They are hoping to get more memberships at this time. They are going to deactivate their website, they are hoping to be able to turn it back on.

3. Jessica Joslin – stated that she represents Phoenix Martial Arts. We are requesting approval for a monthly rental agreement on the Kiva Hut to bring a structured, family-oriented martial arts program to our city while generating consistent rental revenue for this municipal facility, without interfering with any existing community events. These classes are for children, teens, and adults. It focusses on character development, self-defense, physical health, and discipline. We carry full general liability insurance and perform thorough clean-ups after every session.

7. Consent Agenda: None

8. Staff Reports and other Discussion Items:

8.1. City Manager Reports – City Manager stated that this report is not an all-inclusive of everything that is taking place. This report is attached to the minutes as well. This will always be a part of the open records.

8.2. City of Taft Projects – Hector Castaneda, with Ardurra, stated that this is an update of the ongoing projects. The TDEM generator project, there is a one year guaranteed on it, if there is any issues with that, he will get with the contractor. The GLO, this one is for the water/wastewater project. Currently the sewer lines are under construction on FM 631. The waterline project, the council just awarded that contract at the last council meeting. They also met with FEMA on the hazard mitigation.

9. Action Items:

9.1 After some discussion it was decided that it was in the best interest of the city to have Hector reach out to Sternberg lighting and see if they can meet with Scott. No action taken at this time.

9.2 There are currently only three active members. The last time they met was sometime last year. The board consists of a total of five members. After some discussion motion was made by Councilwoman Lopez and second by Councilman Molina to re-appoint Glen Searcy to the Taft Quality Improvement Corporation (TQIC) board effective immediately. Motion carried unanimously.

9.3 Mayor Castillo stated that with the holidays coming that perhaps it was best if they could go back to one meeting per month. If they go back to one meeting per month and if anything comes up, they can always have a special call meeting at that time. The ways things are moving at this time, the city is moving in the right direction to where one meeting per month would be enough. After some discussion the city attorney is to amend the ordinance and bring it back to the next council meeting to approve the once-a-month meeting.

9.4 Mayor Castillo stated that she put this item on the agenda because since that tree fell across on Davis Road, there was some concern with the citizens being without lighting. Also, Avenue C, that area is dark. There are some areas that are dark and some lighting needs to be put up. The City Manager will go with the Public Works Director and look into the lighting in those areas. After some discussion there was no action taken on this item.

9.5 Mayor Castillo stated that she has talked with the city attorney concerning background checks for staff, council members and any volunteers, especially those that interact with children. After some discussion the city attorney will look into creating a policy. There was no action taken on this item.

9.6 Mayor Castillo stated that this would be a discussion only item. The reason she put it on there was because she had received several calls from citizens wanting to know about the accident. Chief Massey stated that when the accident happened, Interim City Manager, Wendy was notified immediately and he assumed that she had told the council members what had happened. The council members need to be kept informed.

9.7 Motion was made by Councilwoman Lopez and second by Councilman Molina to table item 9.7 to bring it back to the table on the first meeting of October 2026. Motion carried unanimously.

9.8 Mayor Castillo stated that after they had the flea market in August with the Chamber of Commerce, people were excited about it and wanted to know if there were going to be any more events coming up. After some discussion motion was made by Councilwoman Lopez and second by Councilwoman Moreno to approve having a Swap Meet Event on September 19, 2026. Motion carried unanimously.

9.9 Mayor Castillo stated that this item has already been discussed.

9.10 City Manager stated that the proposed work from Ron Perrin Water Technologies includes the removal of up to three inches of loose sediment from the floor of each facility. They will also provide documentation of the work performed, all tools and materials necessary to complete the cleaning, and \$2 million contractor liability insurance coverage. An important benefit of the proposed cleaning method is that the tanks can remain full of water and in service during the cleaning process. After some discussion motion was made by Councilman Molina and second by Councilwoman Lopez to authorize the City Manager to execute the proposal from Ron Perrin Water Technologies in the amount of \$6,000.00 for the cleaning of the City's 500,000-gallon elevated water storage tank and 400,000 gallon ground water storage tank and to take all necessary actions to complete the work in accordance with the approved proposal.

9.11 City Manager stated that the city currently owns a used Quickserv service window that is no longer needed for the city's current or reasonably foreseeable municipal operations. The San Patricio County has identified a governmental use for the window at the Justice of the Peace, Precinct 8 office located in Taft. The Justice of the Peace office provides judicial and governmental services to residents of Taft and the surrounding area. After some discussion motion was made by Councilwoman Lopez and second by Councilman Molina to proceed with the donation of the Quickserv service window to be surplus property and authorizing the donation and transfer of the window to San Patricio County for the use and benefit of the Justice of the Peace, Precinct 8 office in Taft and authorizing the City Manager to execute documents necessary to effectuate the transfer. Motion carried unanimously.

9.12 After some discussion motion was made by Councilwoman Lopez and second by Councilman Molina to approve Resolution No. 26-08-25-C, amending the scope of services and fee schedule for Bureau Veritas and authorizing the City to recover 100% of the actual costs incurred by the city for services provided by Bureau Veritas or other third-party professional service providers and establishing a 10% city administrative fee to recover the city's costs associated with administering such services and authorizing /upholding the City Manager's execution of the necessary documents on August 13, 2026, for the amended scope of services. Motion carried unanimously.

9.13 City Manager stated that the city's current year total taxable value is \$133,919,939. At a tax rate of \$0.867344 per \$100 of taxable value, the city anticipates approximately \$1,155,564 in property tax collections. Of this amount, approximately \$620,262 would be allocated to the General Fund Operations (M&O), with the remaining \$535,302 allocated to debt service (I & S). After some discussion motion was made by Councilwoman Lopez and second by Councilman Molina to approve Resolution No. 26-08-25-A accepting a proposed property tax rate of \$0.867344 per \$100 of assessed valuation for Tax Year 2026, and establishing the date, time and location for a public hearing and governing body to vote on the proposed property tax rate being on September 22, 2026. Motion carried unanimously.

9.14 After some discussion motion was made by Councilwoman Lopez and second by Councilwoman Moreno to approve Resolution No. 26-08-25-B establishing September 22, 2026, at 6:30 pm in the City Council chambers as the date, time and location for the public hearing on the proposed Fiscal Year 2026-2027 Budget and providing for consideration of adoption of the budget following the public hearing. Motion carried unanimously

9.15 City Manager stated that the city currently maintains a "Police Donation Account" at Prosperity Bank for funds donated for the benefit of the City of Taft Police Department. The city was recently notified by Prosperity Bank that the Police Donation Account was placed on hold status over a year ago due to a lost checkbook associated with the account. According to the bank, the hold was placed on the account as a security measure to protect the city and ensure that no fraudulent activity occurred. After some discussion motion was made by Councilman Molina and second by Councilwoman Lopez to authorize the mayor to close "Police Donation Account" at Prosperity Bank, transfer all remaining funds from the existing account to a newly established Police Donation Account at Prosperity Bank, and execute all documents necessary to complete the closure and establishment of the new account. Motion carried unanimously.

10. Executive Session

10.1 Mayor stated that the council would not be going into executive session at this time.

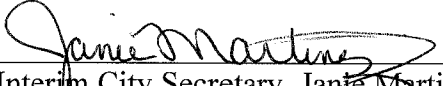
12. Adjournment –

12.1 Motion was made by Councilman Molina and second by Councilwoman Moreno that this meeting be adjourned. Motion carried unanimously.

Adjourned at 9:07 pm

Mayor, Elida Castillo

ATTEST:


Interim City Secretary, Janie Martinez

Approved on: 9-8-2026

MEMORANDUM

Date: 08.25.26
To: Mayor & Council
From: Scott Albert
Subject: Weekley Report for Week 08.25.26

The following report is not intended to be an all-inclusive summary of activities.

Audit Update for Fiscal Year 2023–24

Although the City received an audit for FY 2022–23 from Donald L. Allman, CPA, of Georgetown, the City's third-party Financial Advisor from ZacFinance had to reconcile the City's bank statements for May through September of 2023 in order to complete the bank reconciliations necessary for the FY 2023–24 audit.

Although an auditor does not necessarily require management to have completed every monthly bank reconciliation before issuing an audit opinion. The auditor must obtain sufficient appropriate audit evidence through other procedures to conclude that cash balances, transactions, and the financial statements are materially correct.

However, the fact that the City had five consecutive months of unreconciled bank accounts at the end of FY 2022–23, combined with missing transactions between the bank records and the general ledger, raises significant questions that warrant further review of the 2022–23 audit.

Ultimately, the auditor, Mr. Allman, needed to obtain sufficient appropriate audit evidence to support the City's year-end cash balances and the underlying activity. Since we now know that ZacTax/Finance had to reconcile the final five months of FY 2022–23, the City should request information from Mr. Allman explaining the audit procedures he performed to independently establish the accuracy and completeness of cash and related transactions before issuing his audit opinion.

I will be sending Mr. Allman a letter requesting that he explain the audit procedures he performed to verify the City's September 30, 2023, cash balances and the completeness and accuracy of transactions recorded in the City's general ledger.

Questions Raised Regarding the Published Audit for FY 2022-23

The published FY 2022–23 audit raises several legitimate questions that the City will seek to clarify.

1. Unmodified Audit Opinion

Mr. Allman issued an unmodified opinion, stating that the City's financial statements presented fairly, in all material respects, the City's financial position and related financial activity.

However, because September 2023—the City's fiscal year-end month—had not been reconciled, the City needs to understand what audit procedures Mr. Allman performed to obtain sufficient appropriate audit evidence supporting the City's cash accounts and the transactions flowing through those accounts.

2. Internal Controls and Risk Assessment

Mr. Allman stated that, during the audit, he obtained an understanding of internal controls relevant to the audit and designed audit procedures responsive to identified risks.

Five consecutive months without completed bank reconciliations would appear relevant to an auditor's assessment of cash-related internal controls and the risk of material misstatement.

The City should therefore request any auditor communications, management letters, or other applicable documentation provided to City management or those charged with governance addressing bank reconciliations, cash controls, or related accounting deficiencies.

3. Statement of Net Position

The audited Statement of Net Position reports primary-government cash balances as follows:

- Cash and cash equivalents: \$858,051
- Restricted cash: \$1,175,254
- Total: \$2,033,305

Because the September 2023 bank accounts had not been reconciled by the City, the City should determine what audit evidence Mr. Allman relied upon to substantiate these reported balances.

4. Governmental-Fund Cash Balances

The governmental-fund balance sheet reports cash and cash equivalents as follows:

- General Fund: \$904,034
- Debt Service Fund: \$222,930
- Other Governmental Funds: \$597,381
- Total Governmental Funds: \$1,724,345

The City will request documentation identifying the audit procedures and supporting evidence used to substantiate the reported \$1,724,345 in governmental-fund cash balances.

5. Presentation and Data-Quality Issues

There are also apparent presentation and data-quality issues in the published audit report. Several values display as "#####," including amounts associated with property-tax revenue and a Debt Service Fund ending fund balance.

These errors raise concerns regarding the final review and quality-control process applied to the audit report before it was issued to the City. The City should request a corrected copy of the financial statements and determine whether the display errors affected only the presentation of the report or the underlying financial information.

6. Utility Fund Cash Activity

The Utility Fund makes the bank-reconciliation issue particularly important. The Utility Fund Statement of Cash Flows reports:

- Customer receipts: \$2,705,657
- Payments for goods and services: (\$1,560,133)
- Personnel payments: (\$88,967)
- Net operating cash flow: \$1,056,557
- Ending cash and cash equivalents: \$308,960

Because five months of bank activity had not been reconciled by the City, the City needs to understand what procedures the auditor performed to validate the existence, accuracy, and completeness of the cash receipts and disbursements reflected in the audited financial statements.

7. Auditor's Report on Internal Control and Compliance

The audit also contains the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

Mr. Allman stated that, based on the audit procedures performed, he did not identify deficiencies in internal control that he considered to be material weaknesses. The report also appropriately notes the limitations of an audit of internal control, including that the work was not designed to identify every possible deficiency and that material weaknesses may exist without being identified.

Nevertheless, five consecutive months without completed bank reconciliations, culminating in an unreconciled fiscal year-end, represent a control condition that warrants further examination. The City should determine whether the auditor identified this condition during the audit, how it affected his risk assessment and audit procedures, and whether it was communicated to City management or those charged with governance.

Next Steps

At the end of this week, I intend to send Mr. Allman a formal letter requesting information and supporting documentation concerning multiple aspects of the FY 2022–23 audit.

My objective is to better understand the procedures Mr. Allman performed during the FY 2022–23 audit and reconcile those procedures with the condition of the City's accounting records that we are now reviewing.

At this time, the City is not making a determination regarding the adequacy of the FY 2022–23 audit or the appropriateness of the audit opinion. The City is seeking the underlying information necessary to understand how the September 30, 2023, financial position and related cash activity were substantiated and what audit procedures were performed in light of the unreconciled bank statements.

Ramirez Family 344 Packinghouse Road

Mayor and Council,

If you recall, at my first City Council meeting on July 14, a representative from Clayton Homes appeared before the Council requesting a variance from the 60-foot minimum lot-width requirement applicable to manufactured homes within the City's Manufactured Home (MH) Zoning District.

At that meeting, I advised the Council that the agenda was not structured for the Council to act as the Zoning Board of Adjustment and that the required public and property-owner notices likely not been provided.

Following the meeting, the Clayton Homes representative submitted a variance application on behalf of the Ramirez family. When I began preparing the newspaper notice and notices

to adjacent property owners approximately two weeks ago, I needed to identify the specific section of the City's zoning regulations from which the variance was being requested.

During that review, I discovered a more fundamental zoning issue.

Ramirez Property

The property where the Ramirez family proposes to place the manufactured home is located within the **Second Residence Zoning District**. The minimum lot width in that district is 50 feet. Because the Ramirez property meets that requirement, I initially questioned why a variance from the lot-width requirement was necessary.

Further review of the City's zoning regulations revealed that the primary issue is not the width of the lot. Rather, **a manufactured home is not permitted by right within the Second Residence Zoning District**.

Chapter 58, Zoning, subsection 9 regarding Manufactured Homes (MH), generally provides that a manufactured or mobile home may not be placed on a parcel unless it is located within an approved manufactured home park or manufactured home subdivision. The City's regulations provide certain exceptions, including:

- A manufactured home may be permitted within an **Industrial Zoning District**.
- A person seeking to place a manufactured home outside an MH or Industrial Zoning District must obtain a **Special Use Permit**, subject to the City's applicable review and approval process.

Therefore, if the Ramirez family wishes to proceed with placing the manufactured home on their property, which is zoned Second Residence, they will need to submit an application for a **Special Use Permit** rather than a variance from the minimum lot-width requirement.

Special Use Permit

I will explain to the Ramirez family that a Special Use Permit is different from a variance. The Planning and Zoning Commission and City Council may consider conditions or restrictions they determine are appropriate and in the best interest of the community, consistent with the City's zoning authority and ordinances.

Depending upon the City's ordinance and the conditions ultimately approved, those conditions could address matters specific to the property and proposed use. If the City could impose a time limitation, the permit could potentially include an expiration date or other limitation on the duration of the approved use.

For that reason, the Ramirez family should fully understand any conditions associated with a Special Use Permit before proceeding with the placement of the manufactured home.

Citywide Manufactured Home Zoning

This review also identified a broader zoning issue that the Mayor, Council, and staff need to address.

Based on my review to date, **I have not identified an area on the City's current zoning map that is specifically designated as a Manufactured Home Zoning District**, despite the City's zoning regulations containing provisions for manufactured homes and manufactured home districts.

If the Mayor or any member of the Council is aware of a previous City Council action that designated an area of Taft specifically for manufactured or mobile homes, please let me know. I would like to locate the ordinance and determine whether that zoning designation should appear on the City's official zoning map.

If no such area was previously designated, I recommend that the City review and update its zoning map and manufactured-home regulations and consider whether one or more areas of the City should be specifically designated for manufactured homes.

2025 4A Comptroller Report

In December 2025, the Texas Comptroller emailed instructions to the City Manager regarding the filing of the 4A EDC Annual Report for Fiscal Year 2025. The required information was due to the Comptroller by April 1, 2026.

On July 28, 2026, I was notified that the City's 4A EDC report was significantly delinquent and that failure to file the report by the end of August could result in a fine being assessed against the City.

On August 24, 2026, I filed the required report with the Comptroller. However, I informed the Comptroller that I was not fully comfortable with the accuracy and completeness of the financial information available to prepare the report. Nevertheless, filing the report was necessary to bring the City into compliance and avoid potential penalties.

As anticipated, my subsequent review identified concerns regarding the timing and consistency of sales tax deposits into the City's TQIP/4A fund during FY 2024–25. Based on the bank records currently available, the following deposits were identified:

Month	Deposit
October 2024	No deposit
November 2024	\$7,908.06
December 2024	\$8,048.58
January 2025	\$38,396.34
February 2025	\$7,827.81
March 2025	\$6,569.38

April–September 2025 No deposits

The January 2025 deposit of \$38,396.34 appears to include sales tax revenues associated with several different months, including June, July, and August of the previous fiscal year, as well as October and January. Based on the information currently available, this appears to have been a catch-up deposit that included funds that should have been transferred during the previous fiscal year.

Of greater concern, no deposits were identified from April through September 2025, representing the final six months of FY 2024–25. The irregular timing of deposits, the apparent catch-up payment in January, and the absence of deposits during the final six months of the fiscal year raise concerns regarding the accounting and management of the 4A funds during this period.

When submitting the delinquent report to the State, I relied primarily on the bank records documenting the funds that were actually deposited into the applicable account. Those records, however, do not necessarily establish the amount of sales tax revenue that should have been allocated to the 4A EDC.

A more direct method of determining the amount that should have been deposited would be to review the City's actual sales tax collections reported by the Texas Comptroller and calculate the appropriate 4A allocation for each reporting period. However, with the FY 2025 audit still incomplete and adjustments to the City's general ledger for this period still pending, I was not comfortable creating accounting entries or reporting amounts that, while potentially representing what should have occurred, would not accurately reflect what actually occurred in the City's financial records.

Once the FY 2025 and FY 2026 audits and related reconciliations are completed, I anticipate that adjustments may be necessary among the City's funds. In particular, the General Fund

balance may decrease because revenues currently recorded or retained in the General Fund may ultimately be determined to belong to the 4A EDC, 4B EDC, and/or Street Fund.

The completed audits and reconciliation process should provide a clearer accounting of the sales tax revenues received, the amounts that should have been allocated to each dedicated fund, the amounts actually transferred, and any corrective transfers or accounting adjustments that may be required.

Closing:

I have many other topics and updates that I would have liked to share with you and the public this evening. However, I am currently limited in the amount of time I am able to devote to communications and, therefore, have not been able to address everything I would have liked to include in this report.