Nacogdoches
the oldest town in Texas

City Council Work Session
August 18, 2026

Notice is hereby given of a Work Session Meeting of Nacogdoches City Council to be held on the above date in the C.L. Simon Recreation Center, 1112 North Street, Nacogdoches, Texas, beginning at 4:00 p.m. for the purpose of considering the following agenda items.

Some City Council Members may attend via videoconference but a quorum of the City Council and the Presiding Officer will be present at the above-stated physical location. The meeting will be recorded and archived at https://www.nactx.us/21.

1. CALL TO ORDER.

2. WORK SESSION. Items are intended to provide opportunities for City Council to study and discuss various issues, and gather and analyze information. Council will not take formal action on matters presented at a Work Session, but may direct staff to place items on future agendas for formal consideration.

   A. Presentation and discussion on the Proposed Budget for Fiscal Year 2027. (Director of Finance)

3. ADJOURN.

Karen Hadnot
City Secretary

This agenda is posted as required under G. C. Section 551.041. For more information or a copy of the Open Meetings Act, please contact Attorney General of Texas at 1-800-252-8011; City Secretary at (936) 559-2506 or visit City of Nacogdoches web site at www.nactx.us.

CERTIFICATION

This meeting will be conducted pursuant to Chapter 551 of the Texas Government Code. The Council reserves the right to adjourn into Executive Session at any time during the meeting to discuss any of the above posted agenda, as authorized by Texas Local Government Code Sections 551.071 [litigation and certain consultation with attorney], 551.072 [acquisition of interest in real property], 551.073 [prospective gift to city], 551.074 [certain personnel deliberations], 551.076 [deployment/implementation of security personnel or devices], or 551.087 [deliberations regarding economic development negotiations]. The City of Nacogdoches is committed to compliance with the American with Disabilities Act. Reasonable modifications and equal access to communications may be provided upon request. Please contact the City Secretary at (936) 559-2506 for information. I certify the notice of meeting was posted in the directory outside of City Hall, 202 E. Pilar Street, Nacogdoches, Texas 75961, on August 12, 2026 pursuant to Chapter 551 of the Texas Government

Code.

Karen Hadnot, City Secretary

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2026-2027
Budget Workshop

Presented August 18, 2026

Todd Simoneaux, CPA

Finance Director

Priorities and Challenges

- Continued employee retention, benefits, and morale.
- Continued recruitment and retention of Police and other First Responders.
- Prudent focus on critical use of General Fund and Utility Fund capital projects.
- Continued coordination with TxDOT and Stephen F. Austin State University to address growth.
- Continue pursuit of primary jobs and commerce.
- Leverage and utilize city assets.

Priorities and Challenges (Continued)

- Maintain reserve requirements for continued operations.
- Downtown Implementation Plan next steps (DT garage, Festival Park, transportation connectivity).
- Housing workshop gap analysis.
- Revenues in 2030 and beyond.
  - Inflationary concerns
  - Rising healthcare costs
  - Firefighting apparatus replacement costs
  - State Government focus on Property Tax

Property Tax Revenue

2027 Net Taxable Value based on preliminary estimates supplied by CAD

Year	Net Taxable Value	M&O	I&S	Total Rate
2020	1,768,164,370	0.53617	0.07783	0.61400
2021	1,781,199,183	0.53890	0.07710	0.61600
2022	1,871,060,361	0.53371	0.08229	0.61600
2023	2,111,422,533	0.50772	0.01079	0.51851
2024	2,332,704,988	0.46342	0.01103	0.47445
2025	2,432,975,935	0.47154	0.05723	0.52877 (1)
2026	2,581,098,545	0.49183	0.08413	0.57596 (2)
2027	2,695,141,866	0.49788	0.07378	0.57166

(1) *I&S Rate increased due to first tranche of General Obligation Bond issuance*

(2) *I&S Rate increased due to second tranche of General Obligation Bond issuance*

Property Tax Revenue

Tax Payer Impact Statement

Based on the median appraised homestead value of $165,000, the estimated property tax impact of the proposed tax rate is as follows:

Current Tax Rate (FY26)	$0.57596/$100	**$950.33**
Proposed Tax Rate (FY27)	$0.57166/$100	**$943.24**
No-New Revenue Tax Rate (FY27)	$0.54829/$100	**$904.68**
Voter Approval Tax Rate (FY27)	$0.58793/$100	**$970.08**

Preliminary Budget Summaries

General Fund Summary

Preliminary 2027

Revenue:
- 3.5% property tax increase
- $150,000 one-time ARPA interest
- 1.75% sales tax increase
- County Dispatch Agreement adjustments and FY26 overtime

Expense:
- 2% increase in payroll
- 17% increase in city contribution to employee insurance
- 3 new police officers
- New part-time employee (Historic Sites)

Beginning Cash (9/30/2026)	**16,752,947**	Estimated Beg Cash FY27
Revenue	35,687,439	Preliminary FY27 Budget
Expense	35,193,728	Preliminary FY27 Budget
Capital & CIP	2,384,000	Preliminary FY27 Budget
Ending Cash (9/30/2027)	**14,862,658**	Estimated End Cash FY27
25% Reserve Requirement	8,798,432	Charter minimum
Excess Over Reserve	**6,064,226**	Cash above reserve
Operating Surplus	**493,711**	Revenue less expense

Utility Fund Summary

Preliminary 2027

Revenue:
- 5.4 % increase in water/sewer rates

Expense:
- 2% increase in payroll
- 17% increase in city contribution to employee insurance

October 1, 2026 Est. Beginning Cash		$ 76,636,101
2026 – 2027 Preliminary Revenues		$ 26,362,500
	Total Available Funds	**$ 102,998,601**
2026 – 2027 Preliminary Operating Expenses		$ 17,035,422
2026 – 2027 Preliminary Debt Service Expenses		$ 4,462,074
2026 – 2027 Preliminary Capital Expenses		$ 38,754,266
September 30, 2027 Est. Ending Cash		$ 42,746,839
	Total Allocated Funds	**$ 102,998,601**
Operating Income		**$ 4,864,984**
Ending Operating Cash Balance		**$ 2,250,571**
(in Excess of Reserve Requirement)		

Sanitation Fund Summary

Preliminary 2027

Revenue:
- $0.77 increase per month (residential)
- 5% increase in disposal rates

Expense:
- 2% increase in payroll
- 17% increase in city contribution to employee insurance

October 1, 2026 Est. Beginning Cash		$ 19,326,619
2026 – 2027 Preliminary Revenues		$ 9,349,000
	Total Available Funds	**$ 28,675,619**
2026 – 2027 Preliminary Operating Expenses		$ 7,218,700
2026 – 2027 Preliminary Capital Expenses		$ 8,820,520
September 30, 2027 Est. Ending Cash		$ 12,636,399
	Total Allocated Funds	**$ 28,675,619**
Operating Income		**$ 2,130,300**
Ending Operating Cash Balance		**$ 3,150,636**
(in Excess of Reserve Requirement)		

Hotel/Motel Tax Fund Summary

Preliminary 2027

Expense:

- New part-time employee (Historic Sites)

Beginning Cash (9/30/2026)	**972,055**	Estimated Beg Cash FY27
FY27 Budget Revenue	1,225,000	Proposed FY27 Budget
FY27 Budget Expense	(1,145,853)	Proposed FY27 Budget
Capital & CIP	(286,100)	Proposed FY27 Budget
Ending Cash (9/30/2027)	**765,102**	Estimated End Cash FY27
Operating Surplus	**79,147**	

Self Insurance Fund Summary

Preliminary 2027

Beginning Cash (9/30/2026)	**2,403,113**	Estimated Beg Cash FY27
FY26 Budget Revenue	4,247,827	Proposed FY27 Budget
FY26 Budget Expense	(5,097,593)	Proposed FY27 Budget
Ending Cash (9/30/2027)	**1,553,347**	Estimated End Cash FY27
Operating Deficit	**(849,766)**	

Equipment Replacement Fund Summary

Preliminary 2027

Beginning Cash (9/30/2026)	**3,677,491**	Estimated Beg Cash FY27
FY27 Budget Revenue	2,508,293	Proposed FY27 Budget
FY27 Budget Expense	(3,108,051)	Proposed FY27 Budget
Ending Cash (9/30/2027)	**3,077,733**	Estimated End Cash FY27
Operating Deficit	**(599,758)**	Revenue less expense

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Budget Calendar

Date	Event
August 18, 2026	Receive Proposed Budget, Schedule Public Hearing (Vote for Proposed Tax Rate recommended)
September 1, 2026	1. Public Hearing for Proposed Budget 2. Take Action on Proposed Budget
September 15, 2026	1. Public Hearing for Proposed Tax Rate 2. Adopt Budget 3. Establish Property Tax Rate and Ratify Budget

Questions?