City of Trinidad, Texas

Updated FY2026–2027 Budget Proposal

TO	FROM	DATE	RE
Mayor and City Council	Christopher A. Turner, CPA	October 26, 2026	Budget proposal / FY2026 actuals

Purpose and Reporting Basis

This updated memorandum compares the FY2025–2026 prior-year budget, the full twelve months of known FY2025–2026 actual results (October 1, 2025–September 30, 2026), and the proposed FY2026–2027 budget. The earlier ten-month annualized projections have been superseded by actual year-end QuickBooks class results. No 1.20 annualization factor has been applied to the FY2026 actual column.

The FY2027 proposed budget and the planning-workbook FY2026 budget amounts are retained from the supplied FY2026–2027 budget workbook. The FY2026 actual results are drawn from the City Council Financial Report dated October 13, 2026. The workbook Summary uses fund/category aggregates, whereas the year-end report uses class-based reports; amounts are not necessarily comparable on a fully consistent classification basis. Internal transfers and financing items are included in some summary totals, and the information does not constitute audited or GAAP-basis financial statements.

Comparative Budget Summary

Department	FY26 Budget Revenue[1]	FY26 Actual Revenue[1]	FY27 Proposed Revenue[1]	FY26 Budget Expense[1]	FY26 Actual Expense[1]	FY27 Proposed Expense[1]
Admin / General	$761,070	$1,354,738	$1,184,232	$750,421	$878,406	$637,002
Court	$39,648	$215,185	$139,395	$38,027	$202,524	$131,101
Police	$100,000	$183,911	$0	$180,864	$697,265	$276,036
Street	$7,901	$0	$1,397	$117,260	$63,938	$280,885
Water / Sewer	$1,217,222	$1,470,419	$1,770,891	$910,612	$1,150,702	$1,164,997

Department	FY26 Budget Net[2]	FY26 Actual Net[2]	FY27 Proposed Net[2]
Admin / General	$10,649	$476,332	$547,230
Court	$1,621	$12,660	$8,294
Police	($80,864)	($513,354)	($276,036)
Street	($109,359)	($63,938)	($279,488)
Water / Sewer	$306,610	$319,717	$605,894

[1] Budget columns use workbook Summary groupings. Actual columns include class-reported operating revenues/expenses, transfers, other income/expenses and financing items. [2] Net results follow each source presentation and may not equal simple differences of the displayed rounded revenue and expense columns in every class. The year-end report shows original QuickBooks budgets rather than necessarily all subsequently approved amendments. Comparisons should therefore be interpreted as planning indicators pending final classification reconciliation.

City of Trinidad, "Updated FY2026-2027 Budget Proposal" (Christopher A. Turner, PLLC CPA), dated Oct. 26, 2026. Page 1 of 8
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Financial Highlights and Proposed Funding Priorities

• Administration: FY2026 actual operating revenue was $755,796 and operating expenses were $402,116; its reported year-end net result, including transfers, was $476,332. The proposed FY2027 Administration budget includes $1,184,232 of revenues and $637,002 of expenditures in the planning workbook. Its reported actual FY2026 transfers in and out were $598,942 and $476,290, respectively; these cash and interfund flows must be reconciled before funding decisions.

• Court: FY2026 actual operating revenue was $215,185 versus $39,648 in the originally imported QuickBooks budget; actual expenses were $163,566, with a $12,660 net result after other expenses. The FY2027 workbook proposes $139,395 revenue and $131,101 expense. Council should examine whether the citation volume and collection assumptions supporting the new revenue budget are sustainable.

• Police: FY2026 actual expenses were $692,765, including $187,843 capital outlay and $59,399 debt service. Loan proceeds of $174,447 formed part of other income; the reported net result was negative $513,354. FY2027 budgeted expenses are approximately $276,036 with no directly assigned revenues in the workbook. Explicit financing for recurring policing and debt service should be addressed.

• Street: FY2026 actual expenses were $63,938 with no reported class revenues, and the net result was negative $63,938. Proposed FY2027 spending is approximately $280,885 against $1,397 of direct revenues. The funding source, allocation of City-wide receipts, and amount of any planned improvements require council attention.

• Water and Sewer: FY2026 actual operating revenues were $1,066,870, including water sales of $527,659 and raw-water sales of $219,711; actual operating expenses were $649,194. Including other income and expenses, the reported net result was $319,717. The FY2027 proposal provides approximately $1,770,891 revenue and $1,164,997 spending; key assumptions include utility contract labor, chemicals, garbage collection and interfund transfers.

• Staffing, legal services and transfers: the proposed budget includes substantial personnel, legal service and allocation assumptions as documented in the budget workbook. Confirm approvals for the proposed City Administrator role, personnel reassignments, legal fees and interfund support before adoption.

September 30, 2026 Cash and Account Restrictions

The City identifies the General Fund, Payroll and Systems accounts as the main operating bank accounts receiving revenues and paying routine expenditures. Other accounts are maintained for reserves, capital improvements, debt service, customer meter deposits, grant purposes or other designated uses. The classification labels below are planning descriptions based on the City's explanation and account names, not independent legal determinations of restriction status. Balances reflect the September 30 reconciliation register balance, not the later October 8 balance.

GL	Bank Account	Planning Purpose	9/30/26 Reconciled Book Balance
10000	General Fund	Operating	($3,043)
10010	Police Dept Asset Forfeiture	Restricted/designated	$591
10015	Police Memorial Fund	Restricted/designated	$2,973
10020	Payroll	Operating	$4,445
10025	Reserve M & O	Reserve/designated	$82,997
10035	CLFRF American Recovery Funds	Grant-related/restricted	$7,405
10060	System Fund	Operating	$109,059
10065	System Interest & Sinking	Debt service	$101,614
10070	System Reserve	Reserve/designated	$323,669
10075	TWDB Interest and Sinking	Debt service	$22,519
10080	Water Deposits	Customer deposits	$9,927
10085	Reserve Water Works	Reserve/designated	$122,034

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GL	Bank Account	Planning Purpose	9/30/26 Reconciled Book Balance
10090	Municipal Court	Operating	$16,190
10095	Event Committee Operating	Designated	$1,070
10100	Event Committee Deposits	Designated	$19

Cash Group	9/30/26 Balance
Three primary operating accounts	$110,461
Other restricted / designated / reserve accounts	$691,007
Total of supplied bank accounts	$801,468

The General Fund operating book balance was negative $3,042.85 at September 30, even though its statement ending balance was positive $14,924.66, due in part to outstanding payments. The payroll register balance was $4,444.95, and the Systems operating register balance was $109,058.59. Accordingly, the combined three-account operating book position was $110,461. This is not a measure of freely available cash: outstanding checks, accounts payable, unrecorded liabilities, pending transfers and cash needs for the next operating cycle must also be evaluated. The September reconciliation reports were completed October 8, 2026; their balances should not be confused with October 8 register activity.

Customer deposits and debt-service reserves must not be considered available for routine governmental expenses simply because the cash resides in a City bank account. The System Reserve bank balance includes a $213,251 deposit dated September 10, 2026; its source and restrictions should be established before treating that amount as spendable. The City should maintain a separate restricted cash and cash-flow schedule for appropriations and operating liquidity.

Detailed Account-Level Comparisons

The following schedules use the budget workbook's FY2026 budget and FY2027 proposed columns. For FY2026 actuals, a match is made to the account number in the September 30 year-end class report. A dash indicates that an account was not separately reported in that class source (not necessarily a zero balance); Administration contains additional aggregation in the planning workbook. The actual amounts should not be summed as a substitute for class totals because certain workbook categories consolidate accounts differently.

General Fund / Administration

Department Summary	FY26 Prior Budget	FY26 Actual (12 mo.)	FY27 Proposed
Total Revenue	$761,070	$1,354,738	$1,184,232
Total Expense	$750,421	$878,406	$637,002
Net Result	**$10,649**	**$476,332**	**$547,230**

Account / Budget Classification	FY26 Prior Budget	FY26 Actual (12 mo.)	FY27 Proposed
50000 Capital Outlay Expense	$11,917	$6,195	$0
60000 Debt Service Expense	$0	$56,703	$58,403
70010 Attorney & Legal Fees	$18,825	$35,021	$69,611
70015 Audit	$54,000	$44,000	$50,900
70040 Central Appraisal District	$8,417	$10,707	$10,142
70045 Building Repairs And Maintenance	$19,723	$6,322	$20,315
70055 Contract Labor	$9,697	$19,031	$0
70070 Credit Card Fees	$1,377	$38	$632
70085 Dues & Fees	$1,296	$1,050	$1,281
70090 Economic Development Fees	$68,457	$58,206	$51,451
70095 Election Expense	$2,423	$2,826	$3,493

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Account / Budget Classification	FY26 Prior Budget	FY26 Actual (12 mo.)	FY27 Proposed
70101 Equipment Rental	$174	$1,879	$2,112
70105 Fees & Permits	$6,322	$0	$1,306
70120 Gas & Electric	$21,649	$8,359	$22,298
70125 Insurance - Employee	$4,413	$27,967	$12,000
70130 Insurance - General	$43,060	$8,092	$13,184
70135 Lab Fees	$0	$423	$523
70150 Miscellaneous	$69,486	$24,416	$15,498
70160 Office Expense	$3,039	$15,529	$12,412
70165 Payroll Tax Expense	$0	$4,162	$6,885
70170 Postage And Meter Rental	$367	$2,435	$1,920
70175 Public Notices & Advertisem	$6,158	$2,484	$2,732
70190 Retirement (Tmrs)	$0	$3,004	$5,400
70200 Salaries	$0	$47,850	$90,000
70210 Security	$0	$908	$828
70215 Software Cost & Support	$25	$8,902	$10,060
70225 Supplies	$0	$722	$892
70235 Telephone	$4,830	$6,698	$7,009
70245 Travel Expense	$0	$645	$797
83000 Interest Expense	$26,437	$0	$11,933
91000 Transfers Out	$368,329	$476,290	$152,985
40005 Property Tax & Revenue	$372,312	$387,208	$387,208
40025 Penalties & Interest	$2,053	$7,477	$5,849
40030 Franchise Taxes	$62,254	$62,918	$75,502
40035 City Sales Tax	$187,968	$232,830	$231,194
40045 Building Permits	$13,416	$6,676	$10,135
40050 Electrical Permits	$0	—	$92
40055 Plumbing Permits	$0	$100	$120
40070 Interest Revenue	$6,442	$6,420	$10,048
40090 Miscellaneous Revenue	$112,614	$3,058	$0
40120 Police Grants	$1,074	$2,145	$2,574
41035 Miscellaneous Revenues	$0	$37,440	$0
42000 Grant Revenues	$0	$0	$0
43000 Rental Income	$1,735	$9,525	$3,600
90000 Transfer In	$1,202	$598,942	$457,910

Municipal Court

Department Summary	FY26 Prior Budget	FY26 Actual (12 mo.)	FY27 Proposed
Total Revenue	$39,648	$215,185	$139,395
Total Expense	$38,027	$202,524	$131,101
Net Result	**$1,621**	**$12,660**	**$8,294**

Account / Budget Classification	FY26 Prior Budget	FY26 Actual (12 mo.)	FY27 Proposed
70010 Attorney & Legal Fees	$327	$600	$1,033
70045 Building Repairs And Maintenance	$0	$378	$468
70055 Contract Labor	$0	$4,926	$12,000
70070 Credit Card Fees	$0	$2,941	$1,071
70085 Dues & Fees	$94	$300	$31
70120 Gas & Electric	$336	$4,669	$4,451
70125 Insurance - Employee	$0	$7,190	$0

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Account / Budget Classification	FY26 Prior Budget	FY26 Actual (12 mo.)	FY27 Proposed
70130 Insurance - General	$0	$9,510	$11,754
70150 Miscellaneous	$6,366	$1,036	$8,489
70160 Office Expense	$143	$864	$1,068
70165 Payroll Tax Expense	$0	$1,875	$0
70170 Postage And Meter Rental	$179	$1,606	$1,985
70175 Public Notices & Advertisem	$0	$120	$148
70190 Retirement (Tmrs)	$0	$1,375	$0
70200 Salaries	$0	$21,864	$0
70215 Software Cost & Support	$125	$18,193	$25,450
70220 State Qtr Payments	$10,700	$82,486	$54,650
70235 Telephone	$0	$3,385	$3,521
70240 Training	$188	$250	$309
91000 Transfers Out	$19,569	$39,533	$4,673
40030 Franchise Taxes	$0	$51	$61
40040 Municipal Court	$39,648	$214,596	$138,889
40070 Interest Revenue	$0	$538	$445
40090 Miscellaneous Revenue	$0	—	$0

Police Department

Department Summary	FY26 Prior Budget	FY26 Actual (12 mo.)	FY27 Proposed
Total Revenue	$100,000	$183,911	$0
Total Expense	$180,864	$697,265	$276,036
Net Result	**($80,864)**	**($513,354)**	**($276,036)**

Account / Budget Classification	FY26 Prior Budget	FY26 Actual (12 mo.)	FY27 Proposed
50000 Capital Outlay Expense	$130,000	$187,843	$0
60000 Debt Service Expense	$0	$59,399	$49,602
70005 Animal Control	$0	$3,013	$0
70010 Attorney & Legal Fees	$1,203	$0	$527
70020 Auto Expense	$7,668	$30,067	$0
70045 Building Repairs And Maintenance	$1,834	$0	$0
70055 Contract Labor	$530	$0	$200,000
70085 Dues & Fees	$12,610	$10,230	$0
70100 Equipment Repair	$0	$926	$0
70120 Gas & Electric	$1,872	$4,669	$4,451
70125 Insurance - Employee	$9,591	$38,147	$0
70130 Insurance - General	$3,125	$17,166	$18,071
70150 Miscellaneous	$0	$11,200	$0
70160 Office Expense	$655	$90	$0
70165 Payroll Tax Expense	$0	$21,461	$0
70170 Postage And Meter Rental	$6	$0	$0
70175 Public Notices & Advertisem	$2,928	$0	$0
70190 Retirement (Tmrs)	$0	$14,244	$0
70200 Salaries	$0	$261,962	$0
70214 Small Equipment and Tools	$1,310	$12,533	$0
70215 Software Cost & Support	$434	$2,649	$0
70225 Supplies	$564	$993	$0
70235 Telephone	$2,509	$7,197	$3,385
70240 Training	$0	$1,741	$0

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Account / Budget Classification	FY26 Prior Budget	FY26 Actual (12 mo.)	FY27 Proposed
70245 Travel Expense	$0	$900	$0
70250 Uniforms	$3,531	$6,337	$0
82000 Grant Expenses	$494	$0	$0
91000 Transfers Out	$0	$4,500	$0
40000 Loan Proceeds	$100,000	$174,447	$0
40090 Miscellaneous Revenue	$0	$30	$0
40105 Sale Of Asset	$0	$8,981	$0
40120 Police Grants	$0	$453	$0
SRO Officer Revenue	$0	—	$0

Street Department

Department Summary	FY26 Prior Budget	FY26 Actual (12 mo.)	FY27 Proposed
Total Revenue	$7,901	$0	$1,397
Total Expense	$117,260	$63,938	$280,885
Net Result	**($109,359)**	**($63,938)**	**($279,488)**

Account / Budget Classification	FY26 Prior Budget	FY26 Actual (12 mo.)	FY27 Proposed
60000 Debt Service Expense	$887	$0	$0
70020 Auto Expense	$14,700	$844	$0
70040 Central Appraisal District	$0	$352	$435
70045 Building Repairs And Maintenance	$43,757	$9,902	$55,555
70055 Contract Labor	$0	$1,496	$1,849
70100 Equipment Repair	$13,166	$4,357	$21,791
70101 Equipment Rental	$4,672	$0	$974
70105 Fees & Permits	$5	$0	$32
70120 Gas & Electric	$7,169	$34,877	$33,929
70125 Insurance - Employee	$14,975	$0	$24,000
70150 Miscellaneous	$3,061	$0	$5,126
70160 Office Expense	$0	—	$958
70165 Payroll Tax Expense	$0	—	$8,082
70170 Postage And Meter Rental	$31	$0	$8
70175 Public Notices & Advertisem	$44	$0	$52
70190 Retirement (Tmrs)	$0	—	$2,396
70200 Salaries	$94	$0	$105,643
70214 Small Equipment and Tools	$4,638	$0	$3,055
70225 Supplies	$9,392	$8,859	$11,613
70235 Telephone	$492	$3,252	$3,356
70245 Travel Expense	$69	$0	$11
83000 Interest Expense	$108	$0	$2,020
40035 City Sales Tax	$7,526	$0	$1,204
40090 Miscellaneous Revenue	$375	$0	$193

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Water and Sewer Department

Department Summary	FY26 Prior Budget	FY26 Actual (12 mo.)	FY27 Proposed
Total Revenue	$1,217,222	$1,470,419	$1,770,891
Total Expense	$910,612	$1,150,702	$1,164,997
Net Result	**$306,610**	**$319,717**	**$605,894**

Account / Budget Classification	FY26 Prior Budget	FY26 Actual (12 mo.)	FY27 Proposed
70020 Auto Expense	$12,411	$2,512	$5,179
70045 Building Repairs And Maintenance	$49,018	$649	$85,695
70050 Chemicals	$43,682	$95,809	$88,642
70055 Contract Labor	$178,712	$205,462	$241,955
70070 Credit Card Fees	$2,400	$7,540	$6,948
70085 Dues & Fees	$0	$4,415	$5,457
70100 Equipment Repair	$5,157	$21,534	$25,908
70101 Equipment Rental	$2,443	$560	$1,490
70105 Fees & Permits	$7,982	$4,584	$4,023
70115 Garbage Coll Expence	$60,005	$81,497	$80,049
70120 Gas & Electric	$0	$19,085	$19,632
70125 Insurance - Employee	$25,868	$30,498	$0
70130 Insurance - General	$0	$9,451	$11,681
70135 Lab Fees	$58,554	$5,770	$5,964
70150 Miscellaneous	$25,997	$567	$476
70160 Office Expense	$1,802	$813	$910
70165 Payroll Tax Expense	$0	$7,620	$3,825
70170 Postage And Meter Rental	$5,216	$1,612	$1,700
70175 Public Notices & Advertisem	$1,375	$0	$0
70190 Retirement (Tmrs)	$0	$5,415	$3,000
70200 Salaries	$0	$86,901	$50,000
70205 Sales Tax Expense	$2,338	$0	$0
70214 Small Equipment and Tools	$13,695	$4,518	$5,422
70215 Software Cost & Support	$0	$24,169	$19,985
70225 Supplies	$98,998	$42,556	$49,021
70235 Telephone	$13,361	$6,193	$6,795
70245 Travel Expense	$17	$1,614	$1,995
70250 Uniforms	$7,863	$6,497	$7,106
83000 Interest Expense	$10,314	—	$17,678
91000 Transfers Out	$283,404	—	$414,461
40070 Interest Revenue	$15,840	$21,509	$21,058
40090 Miscellaneous Revenue	$56,871	$0	$14,258
41000 Water Sales	$748,935	$527,659	$799,784
41005 Sewer Sales	$143,813	$187,612	$186,919
41010 Penalties / Water	$21,556	$24,814	$23,366
41015 Connection Fees	$6,307	$0	$0
41020 Tapp Fees	$17,994	$0	$0
41025 Sewer Tap Fees	$1,915	$0	$0
41035 Miscellaneous Revenues	$0	$4,860	$2,732
41040 Garbage Revenue	$72,468	$81,316	$83,984
41050 Adjustments	$0	($611)	($31,320)
41055 Raw Water Sales	$0	$219,711	$255,901
90000 Transfer In	$131,523	—	$114,209
42000 Grant Revenues	$0	—	$300,000

City of Trinidad, "Updated FY2026-2027 Budget Proposal" (Christopher A. Turner, PLLC CPA), dated Oct. 26, 2026. Page 7 of 8
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(1) Debt service principal: The City expects to pay $85,420 in debt service principal payments during FY2027. Principal payments reduce the loan liability and do not appear on the income statement, so they are not included in the expenses above.

(2) Water line study: The $300,000 water line study (funded by the 42000 Grant Revenues from the City EDC) will be posted to Construction in Progress, an asset account, and is not included in the expenses above.

Conclusion

The full twelve-month FY2026 reporting period provides a more reliable base for FY2027 budget planning than the earlier annualization. The City Council should weigh the proposed department allocations against recurring resources and operating cash needs while maintaining required reserve and restricted balances. This memorandum is for management and council planning, not an audit or review, and does not approve a budget amendment.

Christopher A. Turner, CPA | Christopher A. Turner, PLLC CPA | External Controller

City of Trinidad, "Updated FY2026-2027 Budget Proposal" (Christopher A. Turner, PLLC CPA), dated Oct. 26, 2026. Page 8 of 8
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