

AGENDA ITEM 5.A.

MEETING: April 15, 2025
TO: Trinity LAFCo Commissioners
FROM: Colette Santsche, Executive Officer
SUBJECT: Proposed Budget for Fiscal Year 2025-26

BACKGROUND

Local Agency Formation Commissions (LAFCos) are responsible for annually adopting a proposed budget by May 1st and a final budget by June 15th in accordance with Government Code Section 56381. State law specifies the proposed and final budgets shall, at a minimum, be equal to the budget adopted for the previous fiscal year unless LAFCo finds the reduced costs will nevertheless allow the agency to fulfill its prescribed regulatory and planning duties.

DISCUSSION

Funding Sources:

Trinity LAFCo's annual operating expenses are principally funded through appropriations from the County and Special Districts, in addition to application fees. Each fiscal year, after the Commission adopts the final budget, the County Auditor apportions operating expenses between the County and the independent special districts. Statutory authority allows the County Auditor-Controller to collect the amounts apportioned.

Operating Expenses:

The proposed operating expenses reflect the anticipated staffing services, daily operational needs, and preparation of municipal service reviews and sphere of influence updates. No changes in operating expenses are proposed from the prior fiscal year.

Operating Revenues:

LAFCo has been operating at a deficit and relying on reserve funding to balance revenues and expenses. Staff typically proposes a 2-3% increase in member contributions every year while maintaining operating expenses in order to slowly close the gap between revenues and expenses. This course of action is expected to deplete reserves over the next five to seven years. As such, staff is proposing a higher increase in member contributions to maintain reserve levels. Two scenarios are presented below including a 7% and 5% increase in revenues over the next five fiscal years. Beginning and ending fund balances are estimated based on FY2024-25 expenses.

Table 1: 7% Annual Increase Option

	FY2025-26	FY2026-27	FY2027-28	FY2028-29	FY2029-30
Revenues	\$38,500	\$41,200	\$44,100	\$47,200	\$50,500
Expenses	\$49,900	\$49,900	\$49,900	\$49,900	\$49,900
Difference	(11,400)	(8,700)	(5,800)	(2,700)	600
Beginning Fund Balance	\$64,548	\$53,148	\$44,448	\$38,648	\$35,948
Ending Fund Balance	\$53,148	\$44,448	\$38,648	\$35,948	\$36,548

Table 2: 5% Annual Increase Option

	FY2025-26	FY2026-27	FY2027-28	FY2028-29	FY2029-30
Revenues	\$37,800	\$39,650	\$41,600	\$43,650	\$45,800
Expenses	\$49,900	\$49,900	\$49,900	\$49,900	\$49,900
Difference	(12,100)	(10,250)	(8,300)	(6,250)	(4,100)
Beginning Fund Balance	\$64,548 (est)	\$52,448	\$42,198	\$33,898	\$27,648
Ending Fund Balance	\$52,448	\$42,198	\$33,898	\$27,648	\$23,548

LAFCo's current Policy 2.1.6(c) states that the reserve account should be at least 25% of the current year budget (~\$12,500), but not less than \$30,000. A 5% increase over the next five fiscal years has the potential to reduce the reserve balance below \$30,000 but is anticipated to stabilize the budget in approximately six years. A 7% increase would stabilize the budget in approximately five years and allow the Commission to begin implementing Policy 2.1.6(a) which states that the annual budget shall include a contingency appropriation of 10% of the total operating expenses, but not less than \$5,000, unless the Commission deems a different amount appropriate.

Proposed Work Plan:

As stated above, the proposed budget is intended to cover basic operating and administration expenses of the commission. This includes the development of municipal service reviews and sphere of influence updates for special districts throughout the county. As part of the Fiscal Year 2025-26 budgeting process, staff is proposing the following work plan:

Activity	Tentative Time Frame
Planning and Regulatory Activities	
Post Mountain PUD MSR/SOI Follow-up	Ongoing
Down River Regional Fire Services MSR/SOI Update	Aug/Oct 2025 Hearing
Countywide Park and Recreation Services MSR/SOI Update	Dec/Feb 2026 Hearing
Trinity County Resource Conservation District MSR/SOI Update	Apr/Jun 2026 Hearing
Change of Organization/Reorganization Proposals (0-2/yr)	Ongoing
Out of Agency Service Requests (0-1/yr)	Ongoing
Agency pre-application meetings, inquiries and technical support	Ongoing
Administrative Activities (Priority 1)	
2025-26 budget, claim forms, tracking	Ongoing
2025 CALAFCO Annual Conference in San Diego, CA	Oct 22-24, 2025
2026 CALAFCO Staff Workshop	TBD
Public information/communications	Ongoing
Website Maintenance and Updates	Ongoing
GIS Boundary Mapping Updates	Ongoing
Administrative Activities (Priority 2)	
Public Records Requests	As needed
Respond to Grand Jury Reports	As needed

Activity	Tentative Time Frame
LAFCo Policy Review and Revisions	As needed
State Legislation Monitoring and Position Letters	As needed
Comment on LAFCo-related local government proceedings	As needed

RECOMMENDATION

Staff recommends the Commission approve the Proposed Budget and workplan for Fiscal Year 2025-26 referenced in Resolution No. 2025-04 and as outlined in Attachment B, with any requested changes; direct staff to forward the proposed budget to local funding agencies; and direct staff to prepare the final budget at a public hearing scheduled for June 17, 2025.

"I move to adopt Resolution 2025-04, approving the Proposed FY2025-26 Budget and directing staff to distribute the budget to member agencies for review and comment."

Attachments:

- A. Trinity LAFCo FY 2025-26 Proposed Budget
- B. Resolution 2025-04

Trinity LAFCo Budget

Categories	Acct #	FY 2022/23 Adopted Budget	FY 2022/23 Year End Actual	FY 2023/24 Adopted Budget	FY 2023/24 Amended Budget	FY 2023/24 Year End Actual	FY 2024/25 Adopted Budget	FY 2024/25 Mid Year Actual	FY 2025/26 Proposed Budget
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REVENUES:

Interest	6601	-	2,257.84	-	-	921.33	-	-	-
LAFCo Fees (Applications)	8404	5,000	400.00	5,000	5,000	-	5,000	10,000	5,000
Cont From Other Agencies:									
County	9282	14,500	14,500.00	15,000	15,000	15,000.00	15,500	15,500	16,400
Indep Spec Districts	9285	14,500	14,697.49	15,000	15,000	14,281.08	15,500	14,521	16,400
TOTAL Revenues		\$ 34,000	\$ 31,855.33	\$ 35,000	\$ 35,000	\$ 30,202	\$ 36,000	\$ 40,021	\$ 37,800

EXPENDITURES:

Memberships	2240	1,500	1,243.00	1,500	1,500	1,346.00	1,500	1,378.00	1,500
Office	2260	600	247.36	600	600	524.01	600	247.73	600
Professional & Specialized:	2300	45,800	16,283.75	45,800	59,800	53,547.99	45,800	30,167.50	45,800
- Staffing services		25,000	12,394.25	25,000	33,000	32,274.00	25,000	14,756.25	25,000
- MSR/SOI		15,000	3,717.00	15,000	21,000	20,981.00	15,000	9,258.75	15,000
- Applications		5,000	172.50	5,000	5,000	-	5,000	6,152.50	5,000
- Legal Counsel		500	-	500	500	-	500	-	500
- Web Service		300	-	300	300	292.99	300	-	300
Publications & Legal Notices	2500	500	84.92	500	550	529.81	500	260.94	500
Transportation & Travel	2750	1,500	597.50	1,500	1,500	1,109.46	1,500	604.34	1,500
Training	2756	-	-	-	-	-	-	-	-
Contrib to Non LAF Agency	3200	-	-	-	-	-	-	-	-
Transfer Out		-	-	-	-	-	-	-	-
TOTAL Expenditures		\$ 49,900	\$ 18,456.53	\$ 49,900	\$ 63,950	\$ 57,057.27	\$ 49,900	\$ 32,659	\$ 49,900

Operating Difference		\$ (15,900)	\$ 13,398.80	\$ (14,900)	\$ (28,950)	\$ (26,855)	\$ (13,900)	\$ 7,363	\$ (12,100)
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(Negative Balance Indicates Use of Reserves)

FUND BALANCE/RESERVES

Beginning Year Fund Balance		\$ 80,983		\$ 94,381					
Ending Year Fund Balance			\$ 94,381			\$ 67,527			

RESOLUTION NO. 2025-04

Agenda Item 5A
Attachment B

**ADOPTING A PROPOSED BUDGET
FOR FISCAL YEAR 2025-26**

WHEREAS, the Trinity Local Agency Formation Commission is required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to adopt a proposed budget for the next fiscal year no later than May 1; and

WHEREAS, the Executive Officer prepared a report concerning the proposed budget, including recommendations thereon; and

WHEREAS, the Executive Officer's report was presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public hearing on the proposed budget held on April 15, 2025; and

WHEREAS, the Commission determined the proposed budget projects staffing and program costs of the agency as accurately and appropriately as is possible.

NOW THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED as follows:

1. The proposed budget for Fiscal Year 2025-26 as outlined in Exhibit A is hereby approved and by this reference incorporated herein;
2. The overall operating costs provided in the proposed budget will allow the Commission to fulfill its regulatory and planning responsibilities as required under Government Code Section § 56381(a);
3. The adopted proposed budget for Fiscal Year 2025-26 shall be circulated to funding agencies for review and comment.

THE FOREGOING RESOLUTION was introduced at a special meeting of the Trinity LAFCo Commission on the 15th day of April, 2025, and adopted by the following roll call vote:

AYES:
NOES:
ABSTAINS:
ABSENT:

ATTEST:

APPROVED:

Colette Santsche
Executive Officer

Jill Cox
Commission Chair