



Solano Local Agency Formation Commission

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Date: Commission Meeting of February 27, 2017
To: Commissioners and Alternates
From: Roseanne Chamberlain, Executive Officer
Subject: Revisions to the Reserves Policies

RECOMMENDATION

The Executive Officer recommends the Commission revise its policies for reserve accounts as attached.

BACKGROUND

The wording of the current policies for reserves could be subject to interpretation and misunderstanding by the county auditor's staff, the funding agencies or others.

LAFCO does not have an account to allow for building a reserve fund for potential legal defense.

DISCUSSION

The attached draft policies provide a clearer statement about the existing contingency reserve fund, without substantially changing the commission's intent for the reserves. A new statement is added to acknowledge the fund balance account and clarify the commission's exclusive discretion to use fund balance.

These policy concepts were discussed with Simona Padilla-Sholtens, Solano County Auditor, and were reviewed by the Finance Committee at their meeting of February 10, 2017. The Finance committee changes are reflected in the attached draft policies.

Attachments: Draft Reserve Policies

Commissioners

Harry Price, Vice-Chair • Pete Sanchez • Jim Spering • John Vasquez

Alternate Commissioners

Len Augustine • Nancy Shopay, Chair • Skip Thomson

Staff

Roseanne Chamberlain, Interim Executive Officer • Michelle McIntyre, Analyst • P. Scott Browne, Legal Counsel

Solano LAFCO Reserves Policy
Adopted June 14, 2010
Amended June 8, 2015
PROPOSED AMENDMENT FEBRUARY 27, 2017

GENERAL POLICY

It is the policy of the Commission to carry out its responsibilities by prudently planning ahead for economic downturns and unforeseen costs through its budgetary process.

RESERVES

- A. The Commission maintains a contingency reserve fund of not less than 20 percent of annual budgeted expenditures in any given year. This fund is intended for extraordinary, unbudgeted, and high priority expenditures authorized by the commission. Transfers from the contingency reserve fund require a budget amendment approved by the commission with four (4) affirmative votes.
- B. Fund balance amounts remaining after the close of the fiscal year may be appropriated by LAFCO into the budget of a future year at the discretion of the Commission.
- C. The commission may appropriate revenue to establish and maintain a legal defense reserve fund to minimize the cost impact of litigation on the funding cities and the county in any given fiscal year. The Commission may use fund balance, general reserves above the 20% minimum, or other sources of revenue to fund its legal defense reserve.