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General Counsel

Kathy Bull
Manager

Agenda Item: 8.b.

Meeting Date: June 7, 2018

From: Kathy Bull, Office Manager

Subject: Potential Policy Change to Incorporate Contingency Fund Balance Limit

Background:

Shasta LAFCO established and adopted written Policies and Procedures March 1, 2001 pursuant to Section 56300(a) of the Cortese-Know-Hertzberg Local Government Reorganization Act of 2000.

Discussion:

At the April 5, 2018 Commission Meeting, a question was raised whether there is a Shasta LAFCO policy on limiting the amount that is held in the contingency reserve fund. Currently the contingency fund does not have a minimum or maximum limit of funds held.

The contingency fund planned use has been for funding of the MSR/SOI's that come up in the future budget years. Depending on the MSR/SOI's to be completed during a budget year, there is potential for an increase in cost which is currently \$25,000 for the completion of the MSR/SOI's.

Two options for a contingency fund are:

- Allow for two contingency funds with one specific for MSR/SOI completions and one specific for unforeseen expenditures with a maximum fund limit for both.
- Place a limit on the current contingency fund with the funds made available for both the completions of MSR/SOI's and unforeseen expenditures.

Recommendation:

This is an informational item with the opportunity for the Commission to discuss with staff possible options for the contingency fund with changes to the current Policy and Procedures. Staff can bring further information at a later Commission Meeting for approval as needed.