

**A RESOLUTION OF  
THE LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY**

**LAFCo Resolution No. 16-17-04**

**FINANCIAL POLICIES  
Reserves for Fiscal Stability, Cash Flow, and Contingencies**

WHEREAS, Local Agency Formation Commissions have been created under the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Sections 56000 et. seq. of the Government Code, as independent agencies, with the power to adopt expenditure and finance policies, as necessary, to carry out their functions, (§56384); and

WHEREAS, there is a need for the Commission to adopt written reserve policies for the financial operation of LAFCo; and

WHEREAS, this Commission held a public meeting on the proposed policy regarding Reserves for Fiscal Stability, Cash Flow, and Contingencies, and at that meeting, this Commission received all oral and written comments with respect to the proposed policy and the report of the Executive Officer.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Mendocino DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

**Reserves for Fiscal Stability, Cash Flow, and Contingencies**

Mendocino LAFCo will strive to maintain reserves for fiscal stability, unforeseen operating or capital needs, cash flow requirements, revenue source stability from revenue shortfalls, and unanticipated legal fees. The reserves consist of an Operating Reserve of 25 percent of the annual operating budget and a Legal Reserve of \$50,000 and are to be maintained in separate accounts.

The foregoing Resolution was passed and duly adopted at a regular meeting of the Mendocino Local Agency Formation Commission held on this 6th day of February 2017, by the following vote:

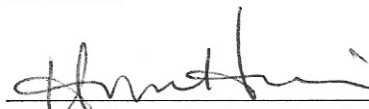
AYES: *Brown, Doble, Gonzalez, Hamburg, McNerlin, Orth, and Ward*

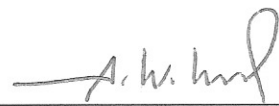
NOES: *∅*

ABSTAIN: *∅*

ABSENT: *∅*

ATTEST:

  
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UMA HINMAN, Executive Officer

  
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GERALD WARD, Chair