

**Solano LAFCO Reserves Policy**  
**Adopted June 14, 2010**  
**Amended June 8, 2015**  
**AMENDED 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 appropriations 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.