

Mono County Local Agency Formation Commission

PO Box 347
Mammoth Lakes, CA 93546

PO Box 8
Bridgeport, CA 93517

760.924.1800, fax 924.1801
commdev@mono.ca.gov

760.932.5420, fax 932.5431
www.monocounty.ca.gov

SPECIAL MEETING AGENDA

June 1, 2023 – 2:00 pm

Mono County Civic Center – Dana Room
1290 Tavern Road, 2nd Floor
Mammoth Lakes, CA 93546

824 Burcham Flat Road
Coleville, CA

The meeting may be joined by the public by video at

<https://monocounty.zoom.us/j/84083045186?pwd=TEwxWFdQQnZhbXhsUEVKcHhzcUt0Zz09>

or by telephone at: 669-900-6833 (**Meeting ID# is 840 8304 5186, password 56789**) where members of the public shall have the right to observe and offer public comment.

An alternate method to access the video meeting is <https://zoom.us/join> and enter

Meeting ID: 840 8304 5186, password 56789

- 1. CALL TO ORDER/PLEDGE OF ALLEGIANCE**
- 2. PUBLIC COMMENT**
- 3. CONSENT ITEMS:**
 - A. Review and approve meeting minutes of April 24, 2023 – page 1
 - B. Appoint Brent Calloway as LAFCO Executive Officer effective July 1, 2023
- 4. ADMINISTRATION**
 - A. Annual election of Chair and Vice Chair
- 5. 2:00 PM PUBLIC HEARING: PROPOSED FISCAL YEAR (FY) 22-23 BUDGET AMENDMENT – page 3**
 - Receive staff report
 - Questions of staff
 - Open the public hearing, receive any public comments, close public hearing
 - Commission discussion
 - Adopt amended 2022/2023 budget with any desired modifications
- 6. 2:15 PM PUBLIC HEARING: FY 2023-24 FINAL BUDGET ADOPTION – page 7**
 - Receive staff report
 - Questions of staff

LAFCO COMMISSIONERS

Paul McFarland, Tom Cage, Sarah Rea, Amanda Rice, Jennifer Kreitz, Rhonda Duggan, Bruce Woodworth

- Open the public hearing, receive any public comments, close public hearing
- Commission discussion
- Adopt 2023/2024 budget with any desired modifications

7. RESERVE/FUND BALANCE POLICY WORKSHOP – page 12

8. LAFCO BUSINESS

- A. Pending or new Applications
- B. Municipal Service Reviews (MSR) update

9. COMMISSIONER REPORTS

10. EXECUTIVE OFFICER'S REPORT

11. UPCOMING AGENDA ITEMS:

- A. Adoption of MSR updates

12. ADJOURN to a future special meeting as needed.

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Draft Minutes April 24, 2023

1. **CALL TO ORDER/PLEDGE OF ALLEGIANCE** at 3:18 pm and the Commission lead the pledge of allegiance.

*Commissioner Gardner joined the meeting digitally and participated only as a public member.

2. **PUBLIC COMMENT**

No public comment

3. **CONSENT ITEMS:**

- A. Review and approve AB 361 meeting minutes of September 8, 2022
- B. Review and approve special meeting minutes of September 8, 2022

MOTION: Approve consent items as presented.

Commissioner Kreitz Motioned; Commissioner McFarland Seconded.

Vote – Ayes: Kreitz, Rea, Rice, Woodworth, McFarland, Cage. (Passes 6-0)

4. **ADMINISTRATION**

- A. Presentation on LAFCO purpose and responsibilities

- Calloway gave a LAFCo purpose and responsibilities presentation and answered questions from the Commission.
- Chair Cage requested that LAFCO continue to seek an alternate for the Public Member as there is no appointed alternate.
- Chair Cage wanted to remind the Commission on how to properly disclose possible conflicts of interest as there are a few new Commissioners.
- Chair Cage requested clarification of the responsibility with LAFCO in regards to Environmental Justice.

- B. Staffing update

- Sugimura introduced Brent Callaway as new LAFCO staff.

5. **2:05 PM PUBLIC HEARING: FISCAL YEAR 2023-24 PRELIMINARY BUDGET**

- Receive staff report.
Sugimura gave a presentation on the proposed preliminary budget.
- Questions of staff.

LAFCO COMMISSIONERS

Paul McFarland, Tom Cage, Sarah Rea, Amanda Rice, Jennifer Kreitz, Rhonda Duggan, Bruce Woodworth

- Public hearing opened.
- No public comments.
- Public hearing closed.
- Commission discussion; provide any desired direction to staff on the 2023-24 preliminary budget.
- Commission requested that for the FY 23-24 interest as a contribution to the reserve.
- Commissioner Cage request that the reserve budget show the MSR consultant cost.
- Due to the anticipated cost of updating the ~26 Municipal Service Reviews, the Commission requested the FY 22-23 budget be amended to include the full contribution by funding agencies, rather than reducing those contributions by the rollover amount.

*Commissioner Rea left the meeting at 4:42 pm.

6. LAFCO BUSINESS

A. Pending Applications

- Sugimura gave an overview of the pending applications throughout the Town of Mammoth Lakes and Mono County.

B. Municipal Service Reviews (MSR) update

- Sugimura gave an overview of the current MSR process and where the review is currently at.
- Moberly gave a brief update on the MSR for the Main Lodge redevelopment.

7. COMMISSIONER REPORTS

- No Commissioner reports.

8. EXECUTIVE OFFICER'S REPORT

- Update on property tax negotiations regarding the Snowcreek VIII Annexation
- Support Letter regarding AB 1753.

9. UPCOMING AGENDA ITEMS:

- Adopt budget
- Appoint new Executive Officer- Brent Calloway
- New Chair (per Handbook)
- FY 22-23 budget amendment to invoice for full amount (no rollover reduction)
- Clarification of LAFCOs responsibility regarding Environmental Justice.

10. ADJOURN at 5:03 pm to June 1, 2023 at 2pm.

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Staff Report

June 1, 2023

To: Mono County LAFCO
From: Wendy Sugimura, Executive Officer

RE: PROPOSED FISCAL YEAR (FY) 22-23 BUDGET AMEMENDMENT

RECOMMENDATION

Adopt the proposed FY 22-23 budget amendment increasing the contributions of funding agencies to the standard amounts and utilizing up to \$15,000 from reserves for updates to Municipal Service Reviews (MSRs). Make any desired modifications and provide any further direction to staff.

BACKGROUND

This item is a public hearing. After staff presentation and questions of staff, the Commission should open the public hearing and take any comments, deliberate, and then take action on the budget amendment.

A balanced FY 22-23 budget of \$12,144 in revenues and expenditures was adopted on June 13, 2022. The adopted budget acknowledged the contribution by funding agencies would change based on final calculations of the rollover amount (unexpended funds) from the FY 21-22 budget which would be credited against the standard contribution amount. The adopted budget included the following footnote on agency contribution amounts: *To be updated when FY 21-22 Actuals are known and an accurate rollover credit is calculated. Agency funding contributions shall not exceed the following without a budget amendment: Town = \$3,417.67, County = \$3,417.67, hospital = \$1,857.33, water district = \$1,857.33.*

DISCUSSION

The adopted budget and proposed amendment are provided in Attachment 1.

At the April 24, 2023, meeting, LAFCO Commissioners discussed the increased cost this fiscal year due to updating 26 Municipal Service Reviews (MSRs), and directed staff to include the full contribution from funding agencies rather than reducing those contributions by the unexpended funds from FY 21-22. This reallocation of revenues is within the parameters of the adopted budget and could be completed without further LAFCO action.

However, the cost for updating the MSRs was unknown and therefore the use of reserves for the project was not adopted in the FY 22-23 budget. The budget amendment proposes allocating \$15,000 from reserves for contract services to augment staff capacity, which leaves \$6,329.07 in the

fund balance/reserve. A total of \$11,958 has been expended for contract staff to date this fiscal year.

The highest cost for MSR updates is expected to be this fiscal year; future years should see a reduced cost. When a regular MSR update schedule is implemented, the costs should be distributed across five years to prevent significant budget increases in any given year. LAFCO will need to make findings in future budget years that a reduction will not prevent LAFCO from providing its required services, which can be made once MSR update costs are not needed (upon completion of this cycle) or are spread out across multiple years (for future update cycles).

The reserve/fund balance shall remain in the LAFCO account, subject to a reserve policy that is currently under development.

Attachments:

1. Budget: Adopted, and with proposed amendment
2. Public hearing notice

Mono County Local Agency Formation Commission (LAFCO)
FY 22-23 Proposed Budget Amendment - June 1, 2023

| Revenue | FY 22-23 YTD Actual | FY 22-23 Budget | FY 22-23 Amendment |
|------------------------------|----------------------------|------------------------|---------------------------|
| TOML Contribution | \$ - | \$ 3,714.67 | \$ 3,714.67 |
| Mono Co Contribution | \$ - | \$ 3,714.67 | \$ 3,714.67 |
| Health District Contribution | \$ - | \$ 1,857.33 | \$ 1,857.33 |
| MCWD Contribution | \$ - | \$ 1,857.33 | \$ 1,857.33 |
| Application Fees | \$ 495.00 | \$ 1,000.00 | \$ 1,000.00 |
| Withdrawal from Reserves | \$ 11,958.00 | \$ - | \$ 15,000.00 |
| Total | \$ 12,453.00 | \$ 12,144.00 | \$ 27,144.00 |

| Expenditures | FY 22-23 YTD Actual | FY 22-23 Budget | FY 22-23 Amendment |
|------------------------------|----------------------------|------------------------|---------------------------|
| Salary/Benefits | \$ 5,811.59 | \$ 6,000.00 | \$ 6,000.00 |
| Membership Fees | \$ 1,245.00 | \$ 1,200.00 | \$ 1,200.00 |
| Publications & Legal Notices | \$ 145.00 | \$ 300.00 | \$ 300.00 |
| Travel and Training | \$ 905.67 | \$ 2,000.00 | \$ 2,000.00 |
| Contract Services | | \$ 2,644.00 | \$ 17,644.00 |
| - Applications | | | |
| - MSRs | \$ 11,958.00 | | |
| Contribution to Reserve | \$ - | \$ - | \$ - |
| Total | \$ 20,065.26 | \$ 12,144.00 | \$ 27,144.00 |

| Fund Reserve | FY 22-23 YTD Actual | FY 22-23 Budget | FY 22-23 Amendment |
|---------------------------|----------------------------|------------------------|---------------------------|
| Beginning Balance | \$ 21,134.20 | \$ 21,134.20 | \$ 21,134.20 |
| Contributions to Reserves | \$ - | \$ - | \$ - |
| Interest earned | \$ 325.22 | \$ 194.87 | \$ 194.87 |
| Withdrawal from Reserve | \$ (11,958.00) | \$ - | \$ (15,000.00) |
| Ending Balance | \$ 9,501.42 | \$ 21,329.07 | \$ 6,329.07 |

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May 2, 2023

To: The Sheet

From: Heidi Willson

Re: Legal Notice for **May 6** edition

Invoice: Heidi Willson, PO Box 347, Mammoth Lakes, CA 93546

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that Mono County Local Agency Formation Commission (LAFCO) will hold a Special Meeting and conduct a public hearing on **June 6 at 2:00 p.m.** in the Mono County Civic Center, Dana Room (2nd Floor), 1290 Tavern Road in Mammoth Lakes. Modifications to the adopted 2022/23 fiscal year budget to fund costs for Municipal Service Review (MSR) updates and formally establish a reserve, as well as define a preliminary reserve policy, will be considered along with public input received during the public hearing. For more information, contact Heidi Wilson at 760-924-1804 or hwillson@mono.ca.gov or the LAFCO website: <https://monocounty.ca.gov/lafco>

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Staff Report

June 1, 2023

To: Mono County LAFCO

From: Wendy Sugimura, Executive Officer

RE: FY 23-24 Final Budget

RECOMMENDATION

Make the finding contained in the staff report and adopt the FY 23-24 final budget, with any desired modifications, and provide any desired direction to staff.

BACKGROUND

This is a public hearing item. After staff presentation and questions of staff by the Commission, open the public hearing and take any comments, deliberate, make any desired modifications, make the required finding, and adopt the budget.

The Budget for fiscal year (FY) 2023-24 must be at least equal to the budget adopted for the previous fiscal year unless the Commission finds that reducing staffing or program costs will still allow the LAFCO to fulfill the purposes and requirements of the Act. If the FY 22-23 proposed budget amendment is approved earlier in the meeting, the FY 23-24 budget represents a \$10,000 budget reduction.

Follow-through on staff time accounting has been implemented this past year, which has resulted in increased (and more accurate) staff costs. Activity has also significantly increased in the past year, resulting in increased staff costs.

ALTERNATIVE APPORTIONMENT

The Cortese-Knox-Hertzberg Act (CKH) establishes methods for apportioning LAFCO staffing and program costs among the County, Town and Special Districts. The law allows alternative apportionment methods, which Mono LAFCO has used to avoid impacting financially constrained special districts. Prior to using an alternative apportionment method, LAFCO costs were fully borne by the Town of Mammoth Lakes and Mono County. In recent years, the Commission applied an alternative apportionment method consisting of a third from Mono County; a third from the Town of Mammoth Lakes; and a third from special districts, with the special district share provided exclusively from the Southern Mono Healthcare District and the Mammoth Community Water District, rather than from all independent special districts.

The proposed preliminary budget reflects this same alternative budget apportionment method, which consists of a third (\$3,714.67) from Mono County; a third (\$3,714.67) from the Town of Mammoth Lakes; and a third (\$3,714.67) from the special districts. Instead of all independent special districts in Mono County contributing, this alternative apportionment consists of \$1,857.33 from Southern Mono Hospital District and \$1,857.33 from the Mammoth Community Water District.

Proposed FY 23-24 Budget & Findings

The preliminary budget staff report presented at the April 25, 2023, meeting included a summary of FY 22-23 staff activities (see <https://www.monocounty.ca.gov/lafco/page/lafco-1>).

FY 23-24 Expenditures & Activity

The base budget for expenditures (excluding MSR update costs) remains similar to FY 22-23. Membership Fees have increased by \$100 to reflect actual costs, and Travel & Training increased to provide opportunities for the new Executive Officer (assuming his appointment was approved), administrative staff, and interested Commissioners to attend the annual LAFCO conference.

The MSR updates are ongoing in FY 23-24 and are being completed by a consultant, LAFCO staff, and contract staff. The consultant is funded by a Community Development Block Grant (CDGB) received by Mono County and is not included in the LAFCO budget. LAFCO staff is budgeted at \$6,000, which includes all other staff activities in addition to MSR update work. Contract staff dedicated to the MSR updates project is budgeted at \$5,000.

The base budget expenditures from FY 22-23 to FY 23-24 are exactly the same at \$12,144. The difference between FY 22-23 and FY 23-24 results from the use of reserves to fund the MSR updates. If the FY 22-23 budget amendment is approved earlier in the meeting, then \$15,000 is allocated in FY 22-23, and \$5,000 is proposed for FY 23-24.

Revenue

Due to ongoing expenses anticipated for the MSR updates, the standard contribution amount by funding agencies is recommended.

Fund Balance Reserves

At the end of FY 21-22 (June 30, 2022), Mono County LAFCO's fund balance was \$21,134.20. Mono LAFCO followed best financial practices in maintaining this reserve for major projects like the updates of the MSRs, and the funding is being spent in FY 22-23 and FY 23-24. A separate agenda item at this June 2, 2023, meeting is set for the Commissioners to workshop a potential fund balance reserve policy.

If the amendment proposed earlier in the meeting is approved, \$6,329.07 is available in the fund balance reserve. The FY 23-24 budget proposes to draw down the fund balance reserve to \$1,609.42. The fund balance reserve is anticipated to be built up over time again through annual unspent funds after this round of MSR updates is completed and will be subject to the policy that the Commission will eventually adopt. Future MSR updates are anticipated to be distributed across multiple years so that the cost is more manageable within the annual budget, rather than incurring formidable expenditures over a short period of time as occurred with this update.

Finding

The Budget for fiscal year (FY) 2023-24 must be at least equal to the budget adopted for the previous fiscal year unless the Commission finds that reducing staffing or program costs will still allow the LAFCO to fulfill the purposes and requirements of the Act.

If the FY 22-23 proposed budget amendment is approved earlier in the meeting, the FY 23-24 budget represents a \$10,000 budget reduction, which results from allocating less funding from the fund balance reserve to the MSR updates project. A substantial portion of the MSR updates will be completed in FY 22-23 and therefore the same level of funding is not required for FY 23-24, resulting in a corresponding decrease. Mono County LAFCO finds that reducing staffing or program costs in the FY 23-24 budget will still allow the LAFCO to fulfill the purposes and requirements of the Act.

Please contact Wendy Sugimura at 760-924-1814 or wsugimura@mono.ca.gov with any questions.

Attachments:

1. Proposed FY 23-24 budget
2. Public hearing notice

Mono County Local Agency Formation Commission (LAFCO)
FY 23-24 Final Budget - June 1, 2023

| Revenue | FY 22-23 YTD Actual | FY 22-23 Budget | FY 22-23 Amendment | FY 23-24 Proposed Budget |
|------------------------------|---------------------|---------------------|---------------------|--------------------------|
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| Mono Co Contribution | \$ - | \$ 3,714.67 | \$ 3,714.67 | \$ 3,714.67 |
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| Publications & Legal Notices | \$ 145.00 | \$ 300.00 | \$ 300.00 | \$ 300.00 |
| Travel and Training | \$ 905.67 | \$ 2,000.00 | \$ 2,000.00 | \$ 3,000.00 |
| Contract Services | | \$ 2,644.00 | \$ 17,644.00 | \$ 6,544.00 |
| - Applications | | | | |
| - MSRs | \$ 11,958.00 | | | |
| Contribution to Reserve | \$ - | \$ - | \$ - | \$ - |
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|---------------------------|---------------------|---------------------|--------------------|--------------------------|
| Beginning Balance | \$ 21,134.20 | \$ 21,134.20 | \$ 21,134.20 | \$ 6,459.42 |
| Contributions to Reserves | \$ - | \$ - | \$ - | \$ - |
| Interest earned | \$ 325.22 | \$ 194.87 | \$ 194.87 | \$ 150.00 |
| Withdrawal from Reserve | \$ (11,958.00) | \$ - | \$ (15,000.00) | \$ (5,000.00) |
| Ending Balance | \$ 9,501.42 | \$ 21,329.07 | \$ 6,329.07 | \$ 1,609.42 |

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May 2, 2023

To: The Sheet

From: Heidi Willson

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Staff Report

June 1, 2023

To: Mono County LAFCO
From: Brent Calloway, LAFCO staff

RE: Reserve/Fund Balance Policy Workshop

RECOMMENDATION

Discuss a potential reserve policy and provide any modifications and directions to staff.

BACKGROUND

After a brief web survey of approximately 20 randomly selected LAFCOs, including a mix of large and small population counties, it appears nearly all LAFCOs have a reserve or contingency budget policy. The terms and formality of the policies vary widely, however. LAFCOs with larger populations tend to have more formal and complex policies. The most formal and complex policy reviewed included 4 separate contingency funds for general contingency, legal, unfunded mandates and operating. Smaller county LAFCOs typically allocate any annual fund balance to a general reserve fund and often include a target and, occasionally, a not-to-exceed amount or percentage of operating costs as terms of the fund. Target percentage of operating costs is typically between 10-30% and the not-to-exceed amount is typically 30-50%, however many counties have no formal not-to-exceed amount. Several small county LAFCO's surveyed, including Mono, currently have a reserve fund that exceeds their annual operating budget. Many LAFCOs, large and small, maintain separate legal & unfunded mandate reserves in addition to general/operating reserves.

Mono LAFCO currently has no formal reserve policy but has historically followed an informal practice of placing unspent funds into an informal fund balance reserve. As of 4/11/23, the Mono LAFCO fund balance reserve was \$21,134, or 177% of the annual operating budget. No formal policy is in place to govern this fund balance. At the April 24, 2023, meeting, Mono LAFCO directed staff to use a portion of this reserve in the FY 23/24 budget to fund part of the cost of required updates to the Municipal Service Reviews (MSRs) utilizing outside consultants and LAFCO staff.

Moving forward, it is recommended that Mono LAFCO adopt a formal, but simple, budget reserve policy. Due to the unpredictable and sporadic need of LAFCO staff resources, a target minimum percentage of operating costs is recommended to cover unexpected staff resource needs. As LAFCO staff hours are already allocated at a minimal level, and minor fluctuations in resource needs will have significant impacts on the budget, staff recommends a target of at least 30% of operating costs, which is on the high end of surveyed policies. A 30% target of the FY 23/24 operating

budget would equal a reserve of \$3,643. Utilizing a target percentage rather than a fixed number also eliminates the need for periodic increases of the reserve target due to inflation.

If Mono LAFCO anticipates utilizing reserve funds in the future for periodic but not entirely unanticipated costs such as MSR updates, staff recommends either not including a 'not to exceed' amount or including a relatively high 'not to exceed' amount, either as a percentage (e.g., 200% of the annual budget) or a flat amount (e.g., \$20,000). The reserve fund balance will be reported in annual budget documents and, after being partially utilized in FY 23/24 to fund a portion of MSR updates, is not projected to increase significantly on an annual basis. Alternatively, a separate reserve fund for unfunded mandates and special projects could be established.

Proposed policy for discussion and inclusion in the Mono LAFCO handbook and bylaws:

Mono LAFCO shall maintain an operating reserve fund with a target minimum amount equal to 30% of annual operating costs. The fund is intended to cover unexpected and unbudgeted expenses. The fund may also be utilized for special projects including unfunded mandates and regulatory requirements. The executive officer shall include a reserve fund analysis in the annual budget.

At the end of each fiscal year, any unspent funds will be placed into the reserve fund.

Any use of the reserve fund shall be approved by the Commission and subject to the following findings: 1) no other revenue source is available, and 2) the Commission deems the expenditure necessary to meet LAFCO's responsibilities.

The maximum balance of the reserve fund shall be 200% of annual operating costs. If the reserve fund is at maximum balance at the end of the fiscal year, any unspent funds will be proportionally credited to the funding members.

This staff report has been reviewed by the LAFCO Executive Officer.