

City of Atascadero

Financial Reserve Policy

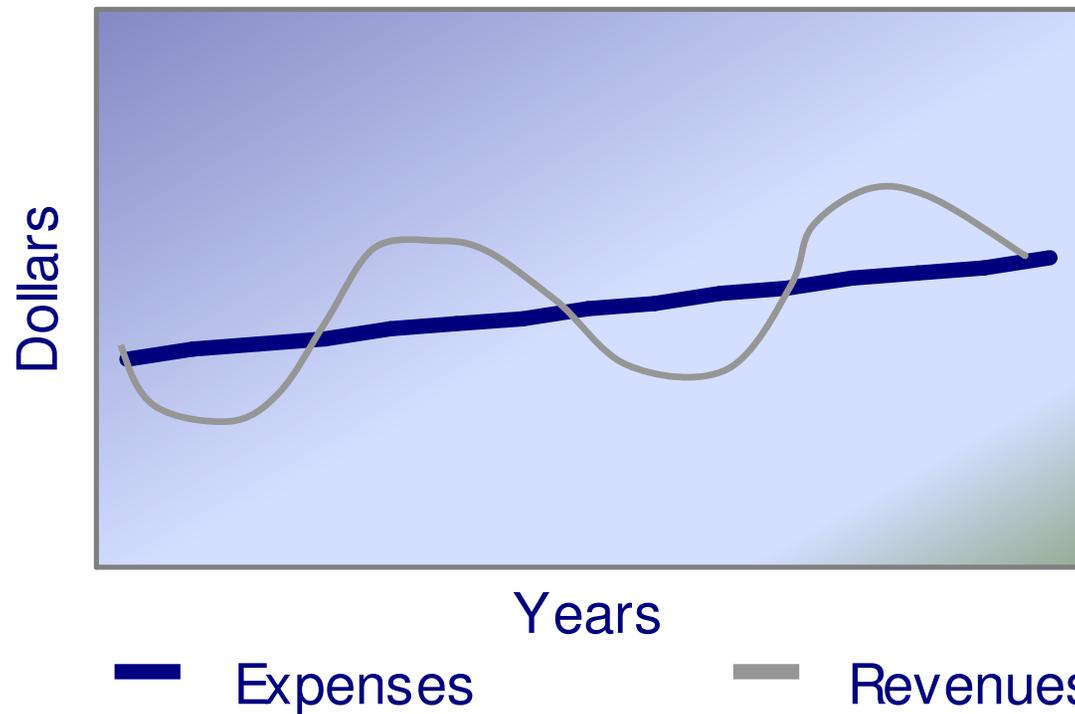
What are reserves?

- Can be thought of as a cushion or a savings account
- One-time money



Current Strategy

Financial Strategy



Reserved General Fund Balance

1995

-\$790,360

or -11% of expenditures

2006

\$7,200,000

or 44% of expenditures

Plan today for the future

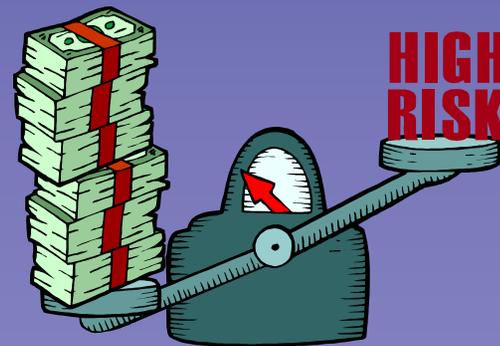
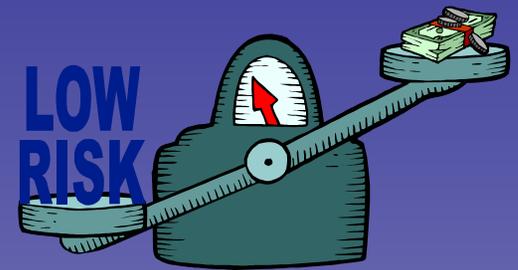
- Each City is different
- Susceptibility of the City to risk factors



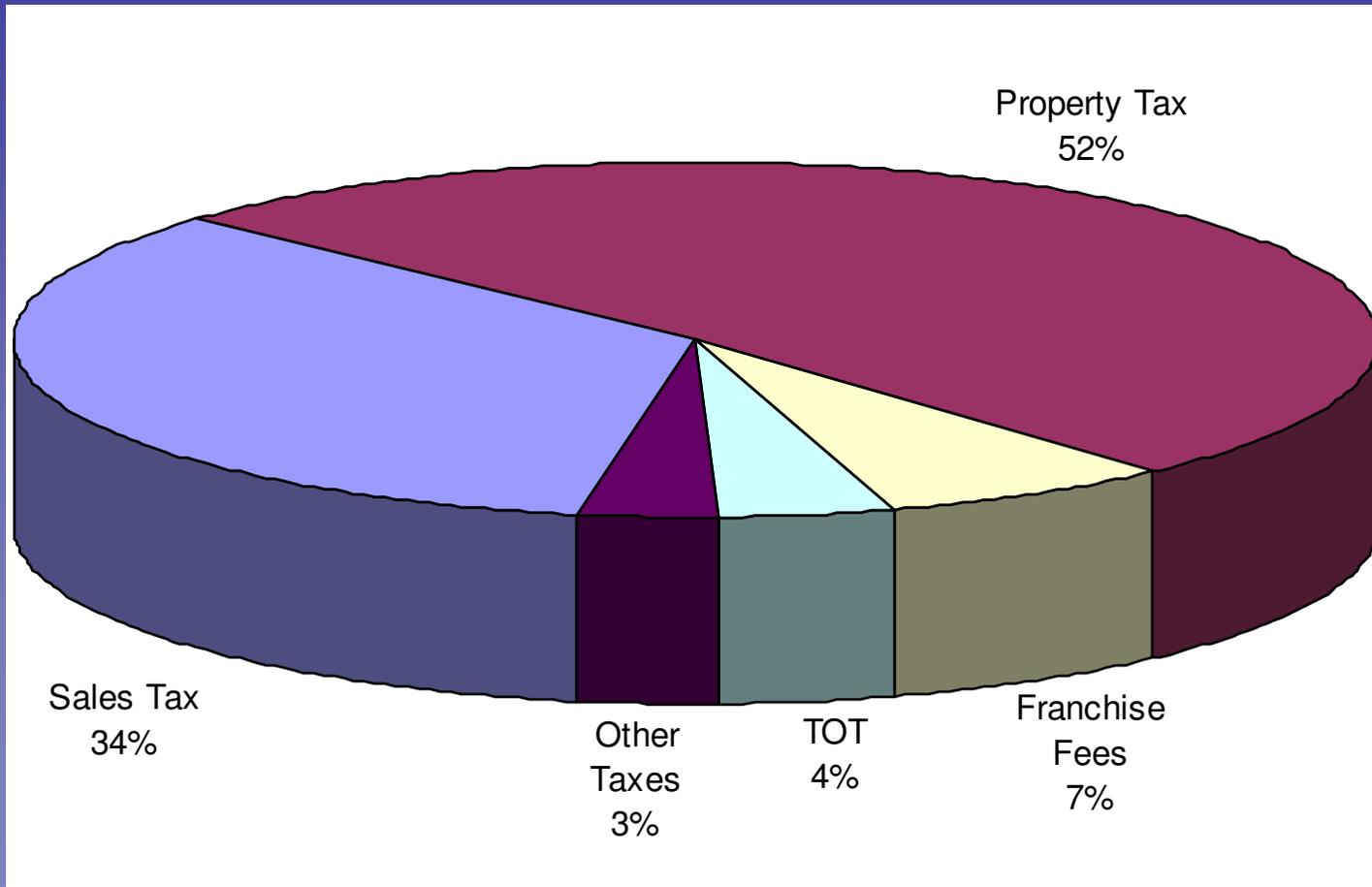
- Community's level of risk tolerance
- Two-year budget cycle commencing
- Plan is critical

Assessing Risk

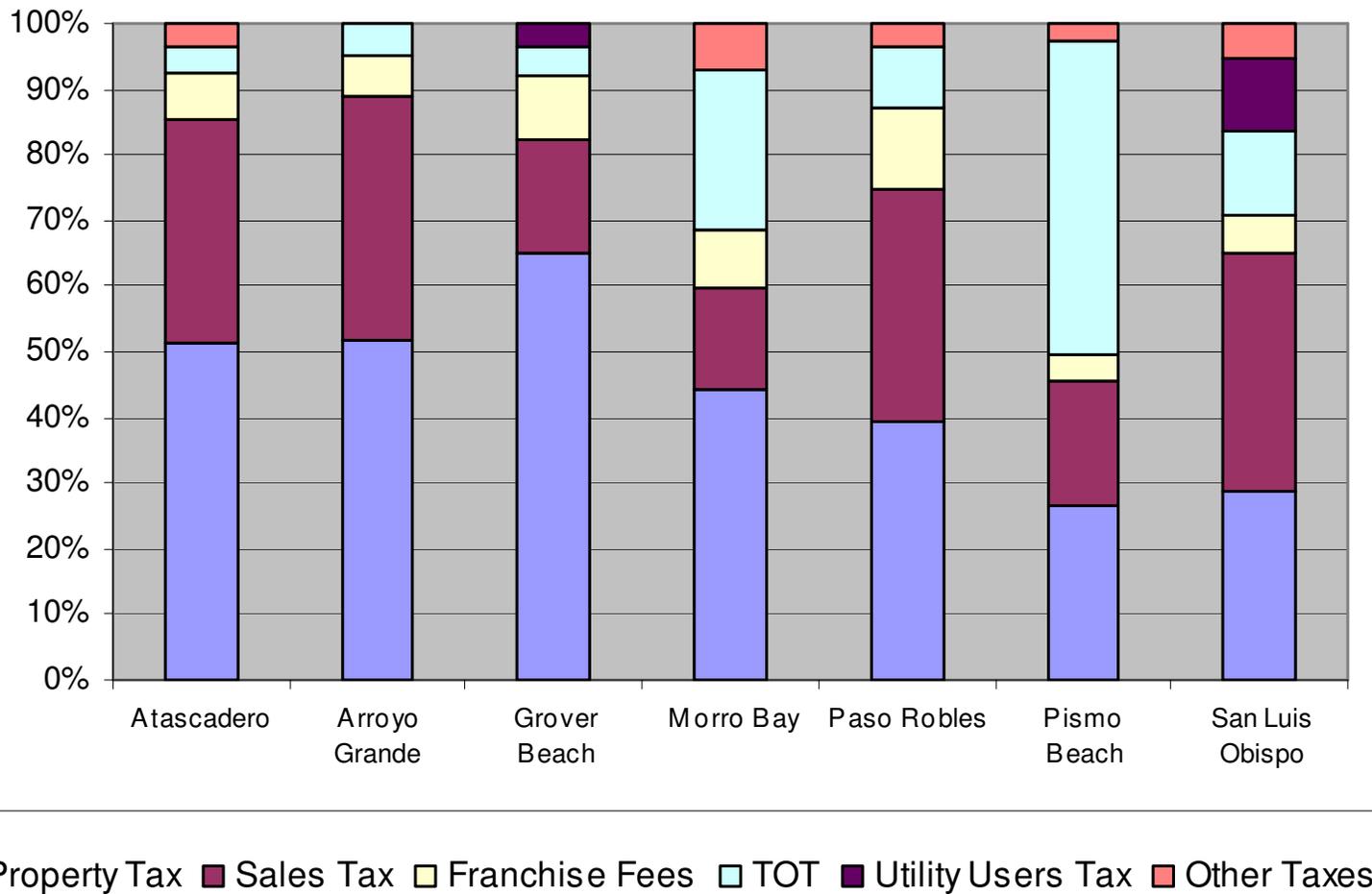
1. Breadth of General Fund Revenue
2. Tax Base Stability
3. State and Federal Action
4. Cash Flows
5. Natural Disasters or Emergencies
6. Asset Replacement
7. Service Level Consistency
8. Opportunities
9. Future Commitments



General Fund Taxes



General Fund Tax Revenue

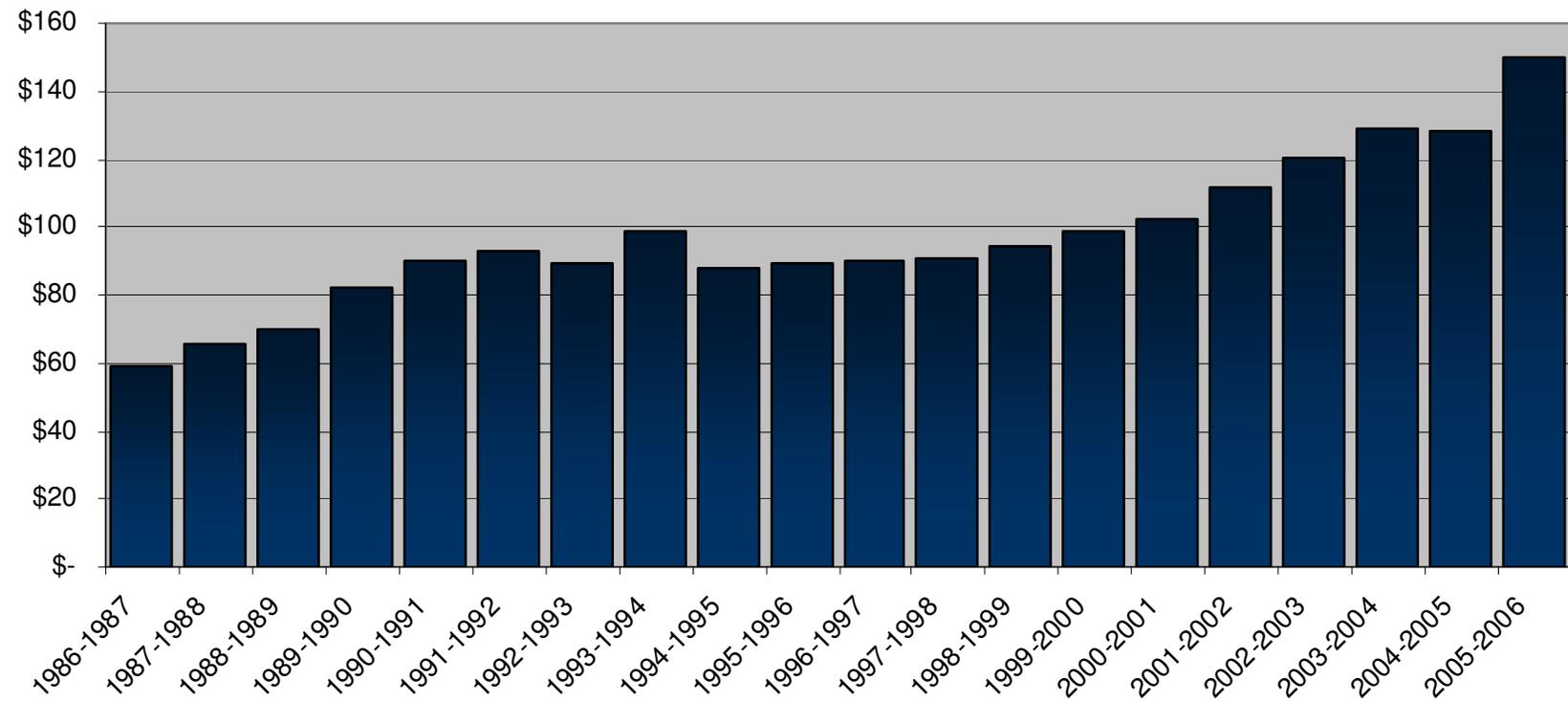


Sales Tax

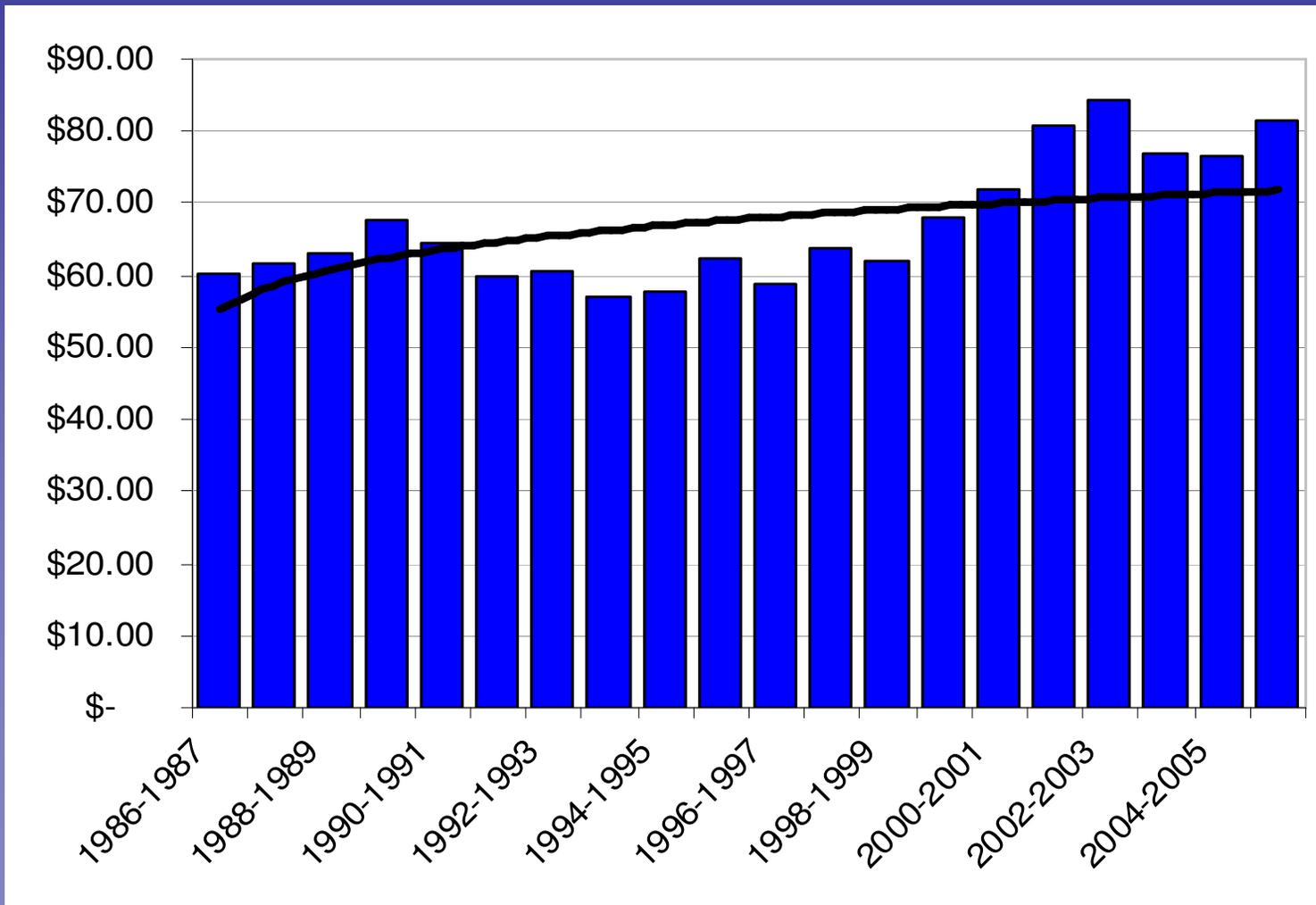
Percentage of Sales Tax Revenue	Number of retail outlets that supply the revenue
0% - 20%	2
21% - 40%	10
41% - 60%	27
61% - 80%	46
81% - 100%	972



Property Tax Revenue per Capita



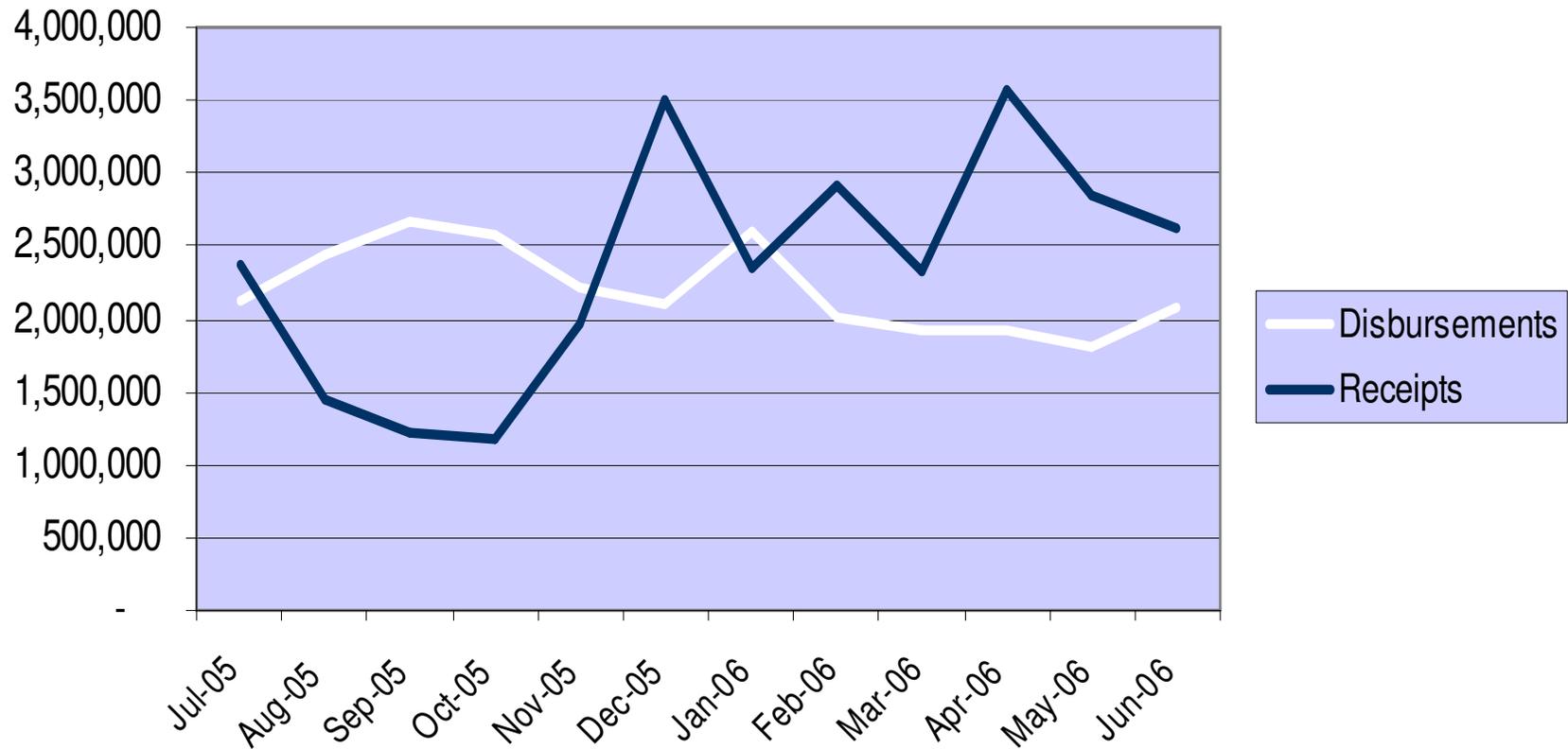
Sales Tax per Capita Constant Dollar



State and Federal Action

- Vehicle License Fees and other subventions
- Property Tax in Lieu of VLF
- VLF Backfill Gap
- Booking Fees
- Property Tax Administrative Charges SB154/AB8 Bailout
- Liquor License Fees
- Highway Carriers Uniform Business Tax
- Financial Aid to Local Agencies
- Extra VLF for no and low-property tax cities
- Local Agency Relief Fund
- Business Inventory Exemption Reimbursements
- Supplemental Property Tax Roll (SB794)
- Property Tax for no and low-property tax cities (SB709)
- Cigarette Tax Subventions
- ERAF Property Tax Shift Phase I
- ERAF Property Tax Shift Phase II
- ERAF Property Tax Shift Phase III Agreement
- Redevelopment Agencies ERAF
- Unfunded Mandates
- Trailer Coach /mobile Home Fees
- Half Cent Sales Tax for Public Safety (Prop 172)
- COPs Public Safety Funding
- Discretionary Local Assistance (AB 1661, AB 1396)
- Booking Fee Relief (AB 1662)
- Police Technology Grants (CLEEP)
- Traffic Congestion Relief (sales tax on gasoline)
- Vehicle code Fines
- OSHA
- NIOSH
- NPDES

Cash Flow



Cash Flow

<u>Balance</u>	<u>General Fund</u>
June 30, 2006	\$ 7,828,000
November 30, 2006	<u>4,045,000</u>
Cash Flow Fluctuation	<u><u>\$ 3,783,000</u></u>

<u>Fund</u>	<u>Budgeted Cash Balance @ 6-30-07</u>
CDBG	\$ (524,200)
Local Transportation Fund	(567,000)
Circulation Impact Fees Fund	(889,000)
Park Impact Fees	(568,000)
Prop 12 Funds	(298,890)
Youth Center	<u>(4,372,000)</u>
	<u><u>\$ (7,219,090)</u></u>

Natural Disasters and Emergencies

\$2.95 million due
from FEMA/OES



Floods



Earthquakes



Wildfires

Asset Replacement



Service Level Consistency

- Police protection
- Response to fire and medical emergencies
- Traffic monitoring
- Road maintenance
- Sports and classes
- Community events
- Permit processing
- Employee retention

Future Commitments

- Youth/Community Center
- Pavilion Improvements
- Police Station Improvements
- Downtown Streetscape Maintenance
- Creek Trails
- Neighborhood Park Maintenance
- Affordable Housing Management

Interest Earnings

Works as an 'endowment'



\$324,600 interest earnings in
2005-2006

Strategy

- Conservative strategy over the last decade
- Level of risk now
 - Increase?
 - Decrease?
 - Keep consistent?
- Flexibility level
 - Spend reserves?
 - Maintain reserves?