

# **POWER POINTS**

## **FAC SPECIAL MEETING**

**DECEMBER 14, 2022**

**Financial Advisory Commission  
Special Meeting  
12/14/2022**



1



2

# Financial Advisory Commission Special Meeting 12/14/2022

## Study Session Item No. 1

### DISCUSS RESERVE ANALYSIS REVIEW AND DRAFT REPORT



3

## Current Reserves

<i>As of 6/30/2022</i>		
Category	Target	Funding
<b>Committed Reserves</b>		
Natural Disaster	\$ 10,000,000	\$ 10,000,000
Economic Downturn	\$ 11,000,000	\$ 11,000,000
Cash Flow	\$ 5,000,000	\$ 5,000,000
Capital Replacement	\$ 10,000,000	\$ 10,000,000
Sub Total	\$ 36,000,000	\$ 36,000,000
<b>Restricted</b>		
Pension Trust	\$ 10,000,000	\$ 10,137,888
Unassigned	\$ 8,000,000	
Measure G Unassigned	\$ -	\$ 15,355,043
<b>Grand Total</b>	<b>\$ 54,000,000</b>	<b>\$ 61,492,931</b>

4

## Emergency Reserves- Natural Disaster

- Capital Assets -What do we own and what is it worth
- Risk- How much insurance coverage
- Natural Disaster Funding- How much does the State or Federal Gov't contribute
- Still being reviewed by subcommittee, no firm recommendation at this time

5

## Emergency Reserves-Economic Downturn

- City has mitigated previous downturns by adjusting expenditures or with budget surpluses/reserves
- Using the current \$11.0 million and applying an annual CPI adjustment to years since policy inception, the subcommittee recommends a \$2.0 million increase to \$13.0 million

6

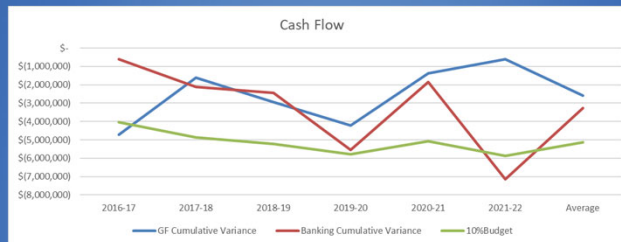
# Cash Flow Reserves

- Previously utilized revenue to expenditure analysis to review cumulative deficits
- Percentage of budget method reduces fluctuations in the number
- Subcommittee recommends keeping the \$5.0 million target for this category

7

# Cash Flow Reserve

Fiscal Year	GF Cumulative Variance	Banking Cumulative Variance	GF Operating Budget	10% Budget
2016-17	\$ (4,713,356)	\$ (604,128)	\$ 40,408,600	\$ 4,040,860
2017-18	\$ (1,598,103)	\$ (2,111,473)	\$ 48,551,600	\$ 4,855,160
2018-19	\$ (2,944,006)	\$ (2,447,211)	\$ 52,297,400	\$ 5,229,740
2019-20	\$ (4,220,719)	\$ (5,547,465)	\$ 57,847,200	\$ 5,784,720
2020-21	\$ (1,377,612)	\$ (1,843,638)	\$ 50,726,100	\$ 5,072,610
2021-22	\$ (608,009)	\$ (7,131,228)	\$ 58,804,210	\$ 5,880,421
Average	\$ (2,576,967)	\$ (3,280,857)	\$ 51,439,185	\$ 5,143,919



8

## Capital Replacement Reserves

- Used to fund capital projects
- Using the current \$10.0 million and applying an annual CPI adjustment to years since policy inception, the subcommittee recommends a \$2.0 million increase to \$12.0 million

9

## Unfunded Pension Liability

- FAC pension subcommittee recommendation to pay off the City's UAL with a combination of unassigned reserves and pension trust
- This subcommittee supports those findings and recommends a minimum target of \$5 million for the pension trust
- Review the unfunded liability annually and adjust pension trust as needed

10

## Unassigned Reserves

- Set initially at \$8 million minimum
- Recommend minimum be based on GFOA guidelines of 2 months of operating budget, which for 22/23 would be \$10.8 million

11



12

**Financial Advisory Commission Special Meeting  
12/14/2022**

**Business Session Item No. 1**

**Receive and File the Measure G Sales Tax  
Oversight Compliance Report for Fiscal Year  
2021/22**



13

## **Overview of Measure G**

- Transaction and use sales tax
- Voter approved on November 2016
- Effective on April 1, 2017
- No sunset
- Protected from State takeaways
- Oversight by Financial Advisory Commission

14



# Summary Since Inception

## REVENUES

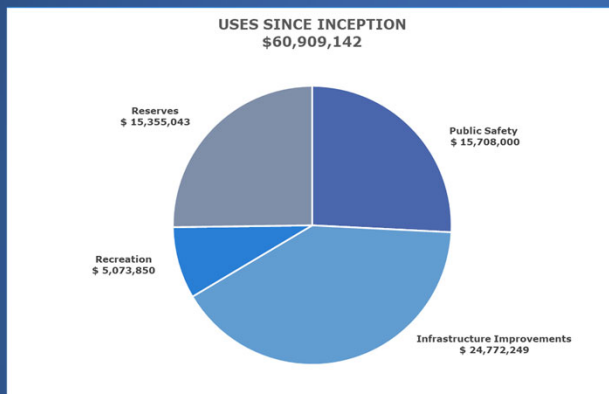
Fiscal Year	Revenues
2016/17	\$ 1,462,650
2017/18	\$ 9,967,657
2018/19	\$ 10,958,118
2019/20	\$ 10,310,526
2020/21	\$ 12,594,389
2021/22	\$15,615,802
<b>Total</b>	<b>\$ 60,909,142</b>

## USES

Use	Allocation
Public Safety	\$15,708,000
Landscape Improvements	\$ 9,318,914
Parks	\$ 5,073,850
Drainage	\$ 3,352,103
Road Improvements/Bridges	\$ 9,440,219
Highway 111	\$ 2,250,000
City Facilities	\$ 411,013
Reserves	\$ 15,355,043
<b>Total</b>	<b>\$ 60,909,142</b>

15

# Uses Since Inception



16

**Discussion  
and  
Questions**



17

**The Financial Advisory Commission's  
Next Regular Quarterly Meeting is on  
February 8, 2023**



18