

Eight Steps to Maintain Financial Health

1. Verify Federal Deposit Insurance Corporation (FDIC) & Public Deposit Protection Act (PDPA) coverage on deposits and custodian accounts.
2. Validate access to and liquidity of investments and assets.
3. Review short and long-term financial obligations (letters of credit, certificates of participation, bonds, etc.).
4. Review sales and property tax revenue forecasts (state-collected sales tax).
5. Validate expected intergovernmental transactions; both in-bound and out-bound (i.e. HUTF, Sales, Cigarette, Severance, Federal Mineral Lease, Forest Service, BLM PILT, etc.).
6. Review reserve requirements including TABOR's 3% emergency reserve and other restricted reserves and loan or bond covenants(reminder: under TABOR's definitions (2)(c) "Emergency" excludes economic conditions, revenue shortfalls, or district salary or fringe benefit increases).
7. Keep a close watch on the things that can quietly erode your financial stability - defined benefit pensions, retiree health care, and self-funded risk & insurance programs.
8. Develop a public communication plan that describes the local government's current financial condition and strategic steps being taken.

There are many **remedies** and **safeguards** available; however, they depend on your local government taking the action steps above.

Frequently Asked Questions in a Financial Downturn

1. Where do I get information on deposits and Public Deposit Protection Act (PDPA) covered institutions?

Answer: Check with the Division of Banking.
<http://www.dora.state.co.us/banking/index.htm>

2. When do I receive Federal Mineral Lease payments? (FML)

Answer: FML payments are now distributed annually and you should receive your payment the end of August of each year.

3. How and when do I expect property tax revenues to change?

Answer: In the near-term tax collections may decline due to non payment. After the next reassessment for collections in the 2010 budget year, the local government's property tax base (total assessed value) may decline.

4. Can I access my TABOR reserves address revenue shortfall?

Answer: TABOR by definition excludes economic conditions and revenue shortfalls as emergencies by which a local government by declaration may access the emergency reserves.

5. What sources of information are available to help me develop financial strategies?

Answer:

- Colorado City and County Management Association (CCCMA)
<http://www.cml.org/resources/ccma.html>

- Association of Colorado County Administrators (ACCA)
<http://coadmin.homestead.com/>

- Colorado Government Finance Officers Association (CGFOA)
<http://www.cgfoa.org/>

-Colorado Division of Banking
<http://www.dora.state.co.us/banking/index.htm>

-Division of Local Government
<http://www.dola.colorado.gov/dlg/index.html>