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

Dollars

Years

Expenses

Revenues
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

- Property Tax: 52%
- Sales Tax: 34%
- Other Taxes: 3%
- TOT: 4%
- Franchise Fees: 7%
# Sales Tax

<table>
<thead>
<tr>
<th>Percentage of Sales Tax Revenue</th>
<th>Number of retail outlets that supply the revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% - 20%</td>
<td>2</td>
</tr>
<tr>
<td>21% - 40%</td>
<td>10</td>
</tr>
<tr>
<td>41% - 60%</td>
<td>27</td>
</tr>
<tr>
<td>61% - 80%</td>
<td>46</td>
</tr>
<tr>
<td>81% - 100%</td>
<td>972</td>
</tr>
</tbody>
</table>
Property Tax Revenue per Capita


$ - $20 $40 $60 $80 $100 $120 $140 $160
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 Shirt 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

Disbursements
Receipts
## Cash Flow

<table>
<thead>
<tr>
<th>Fund</th>
<th>Balance @ 6-30-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDBG</td>
<td>$ (524,200)</td>
</tr>
<tr>
<td>Local Transportation Fund</td>
<td>(567,000)</td>
</tr>
<tr>
<td>Circulation Impact Fees Fund</td>
<td>(889,000)</td>
</tr>
<tr>
<td>Park Impact Fees</td>
<td>(568,000)</td>
</tr>
<tr>
<td>Prop 12 Funds</td>
<td>(298,890)</td>
</tr>
<tr>
<td>Youth Center</td>
<td>(4,372,000)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ (7,219,090)</strong></td>
</tr>
</tbody>
</table>
Natural Disasters and Emergencies

$2.95 million due from FEMA/OES

- Earthquakes
- Floods
- 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
Opportunities

Hay and Feed Building

Paloma Park
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?