



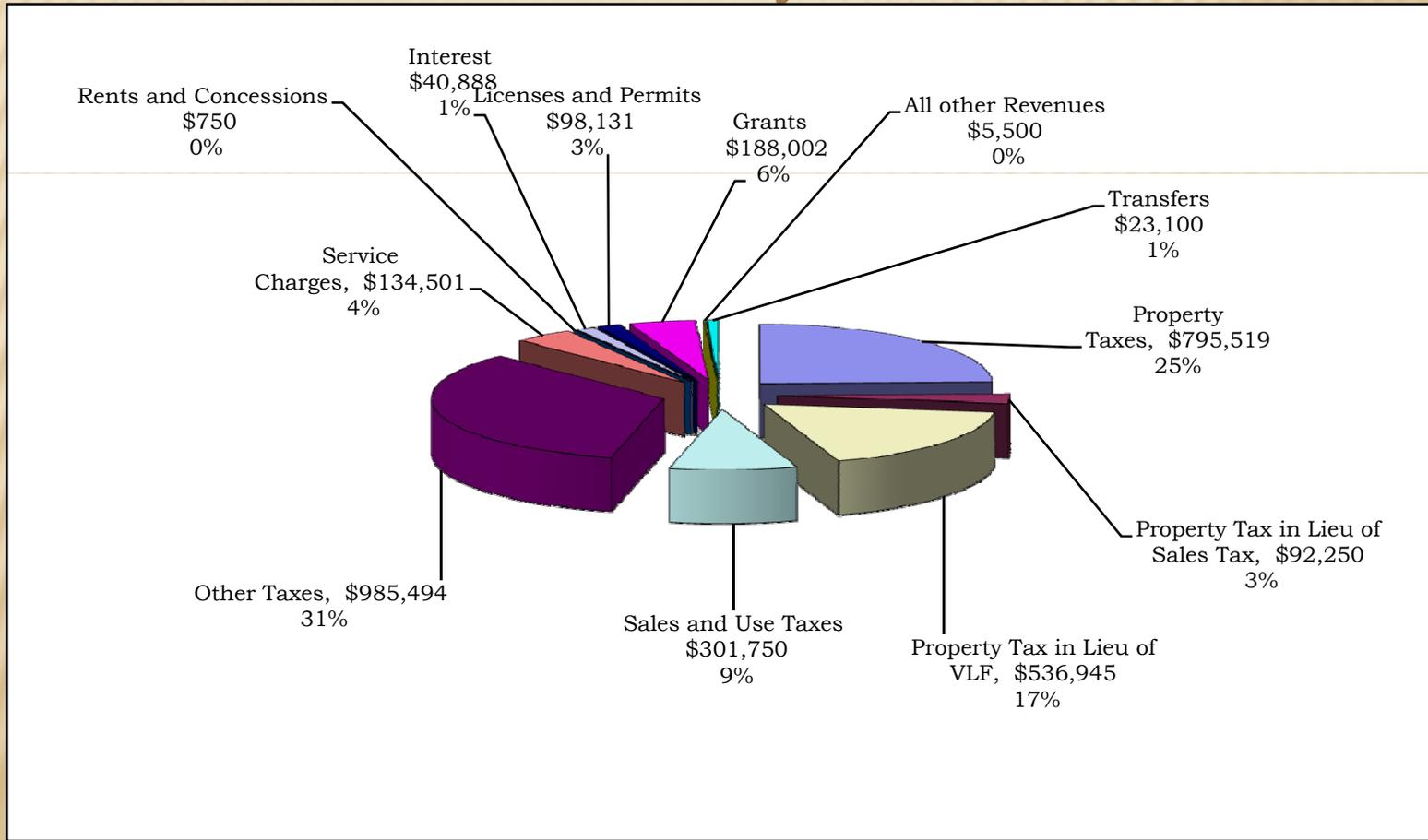
August 4, 2009

FISCAL SUSTAINABILITY



CITY OF WINTERS

california
Est. 1875





Top 15 Sales Tax Producers in 2008

Total sales tax in 2008 in the City of Winters was \$306,974.
 Approximately \$240,000 was produced by the top 15 businesses.

Aasim Enterprises	
A Teichert & Son	
Berryessa Sporting Goods	
Buckhorn	
Town & Country Market	Top five account for 59.02% of total sales tax in 2008
Bob Pisani & Sons	
Pacific Hardware	
Pisanis Service	
Round Table Pizza	
Winters True Value Hardware Store	Top 10 account for 73.38% of total sales tax in 2008
Eagle Drug	
Fast & Easy Mart	
Suisun Valley Fruit Growers	
Tienda Delicious	
Winters Food Mart	Top 15 account for 80.25% of total sales tax in 2008

Sales tax is charged on all tangible personal property sold in California.

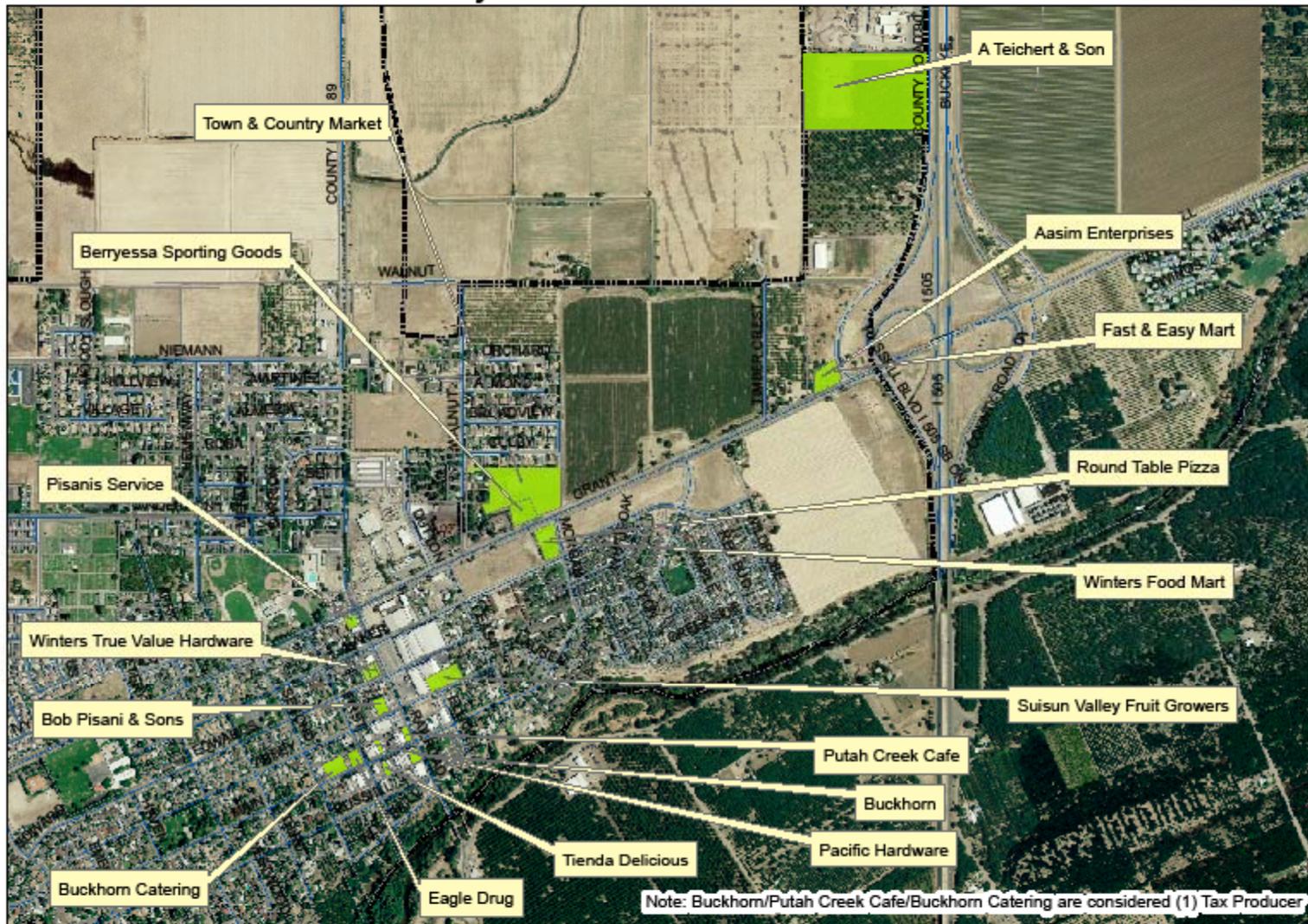
The City of Winters receives a 1% allocation of sales tax.

This means for every dollar of sales tax collected in Winters, the City receives one penny.

Some items are exempt from sales tax, including food sold for home consumption and preparation; gas, electricity and water; prescription medicines; seeds, plants and fertilizers used to raise food for human consumption, and some food items sold "To Go" in restaurants.

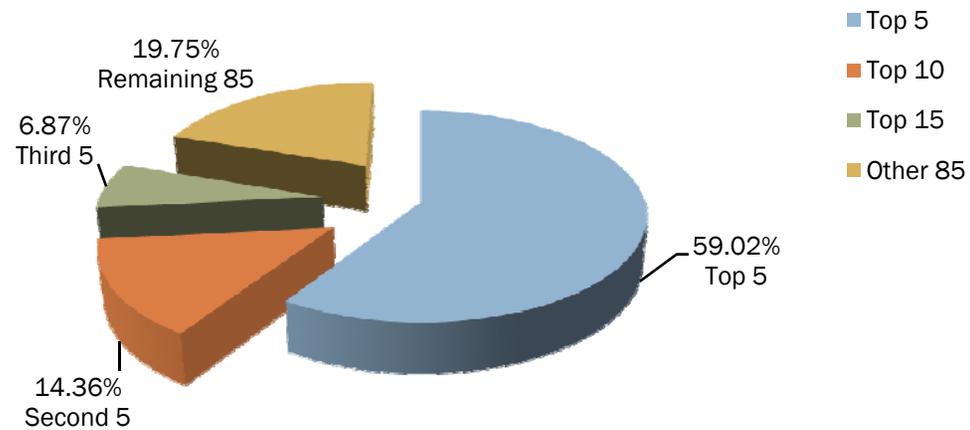
Source: The HdL Companies

Top 15 Sales Tax Producers City of Winters - 2008 Data



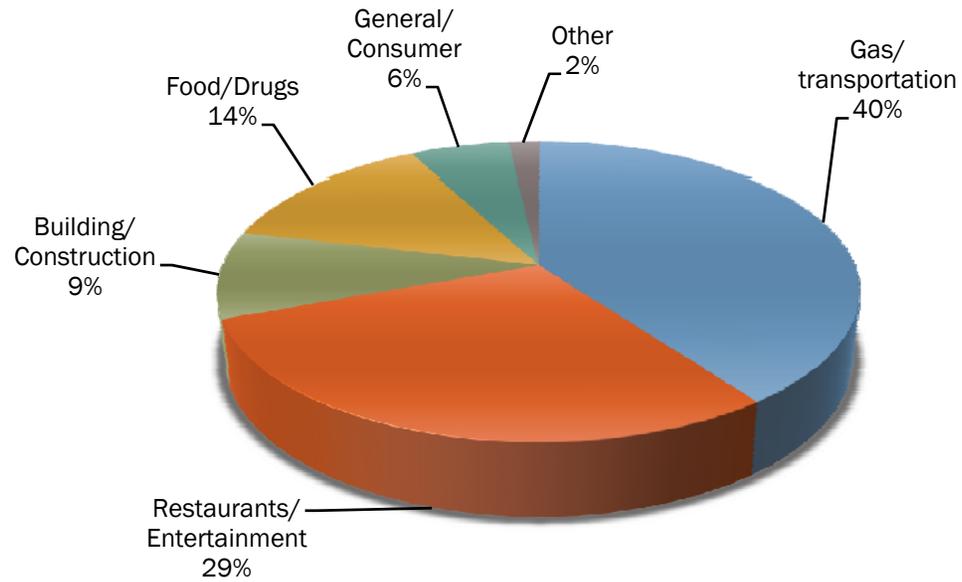


Top Sales Tax Producers



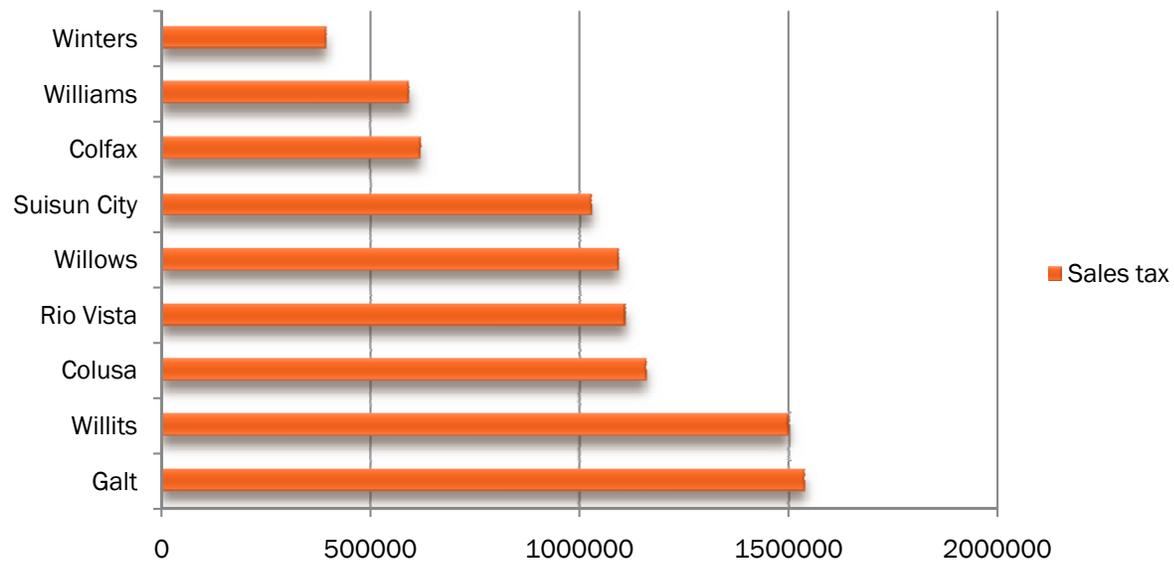


Top Sales Tax Categories in Winters 2008





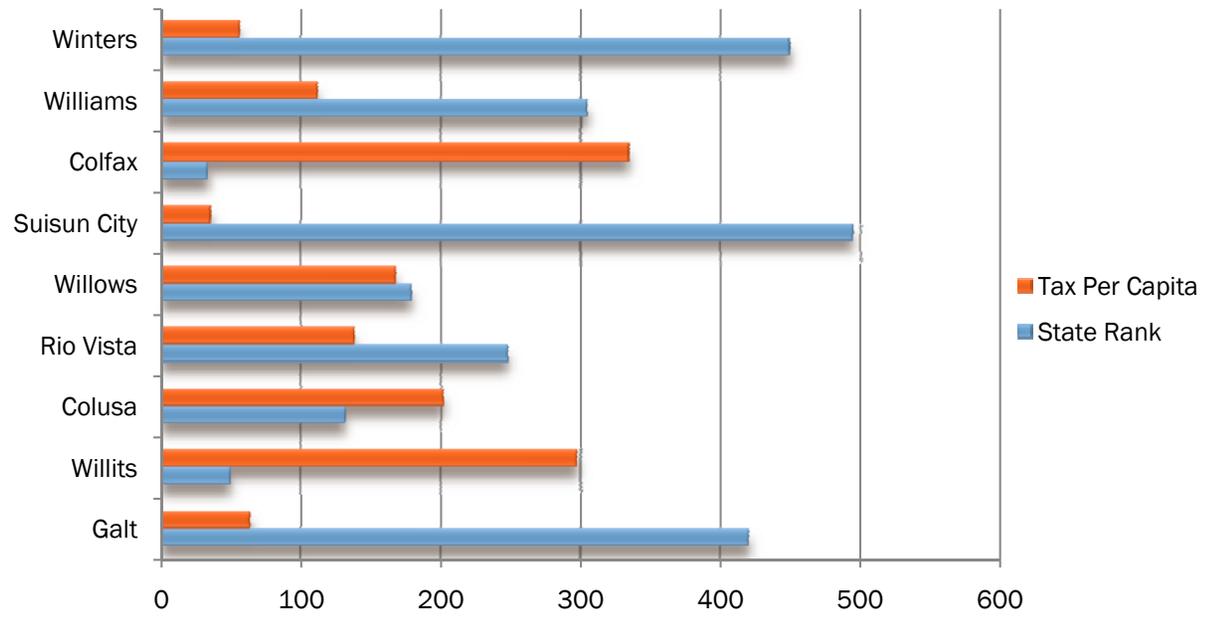
Winters sales tax in 2008 compared to CA cities.



Source:
The HdL Companies



Winters tax per capita and state rank in 2008 compared to CA cities.

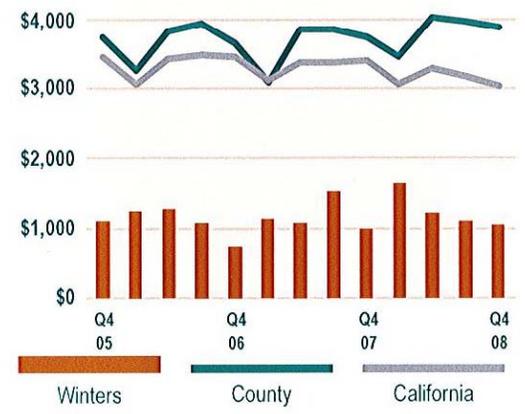


Source: The HdL Companies



Winters sales per capita 2008 compared to County, State

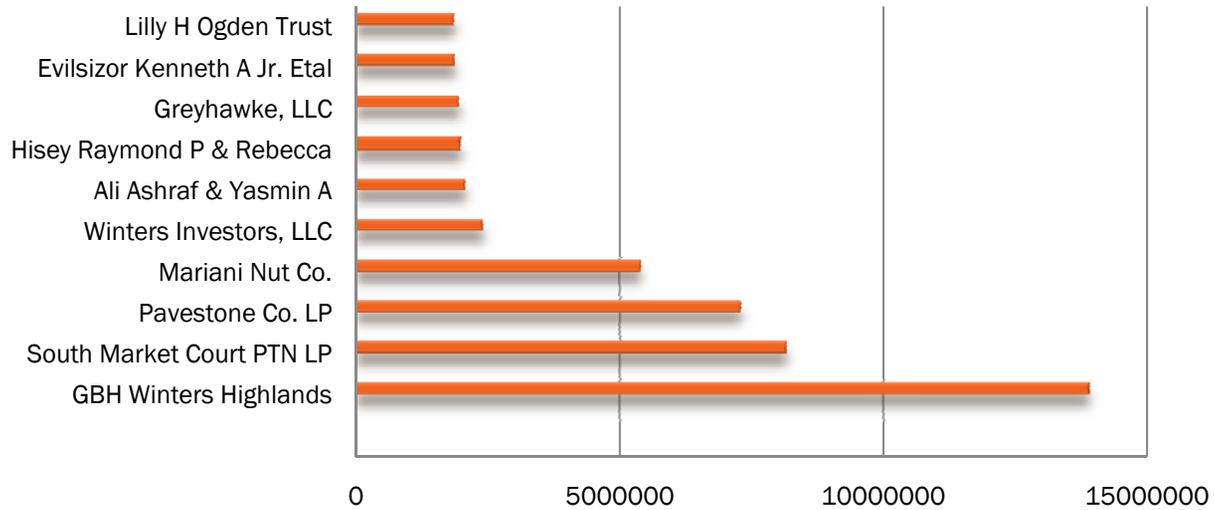
SALES PER CAPITA



Source: The HdL Companies



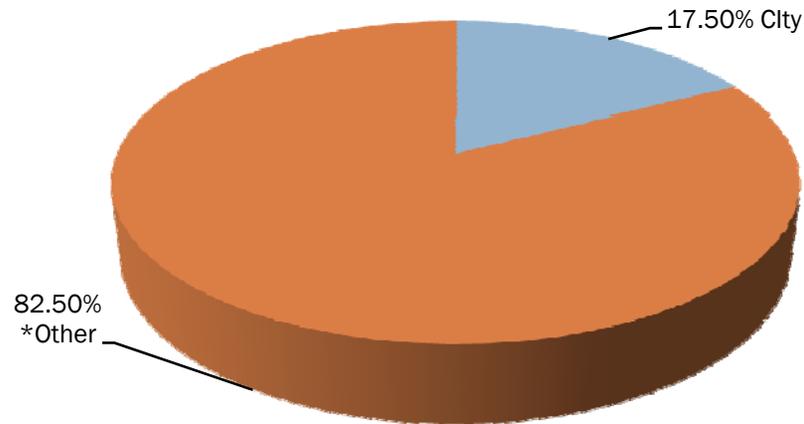
Principal property tax payers in Winters 2008



Assessed valuation is the total assessed value of every property located in the City of Winters. In 2008, the total assessed valuation of the City of Winters was \$282,985,853.



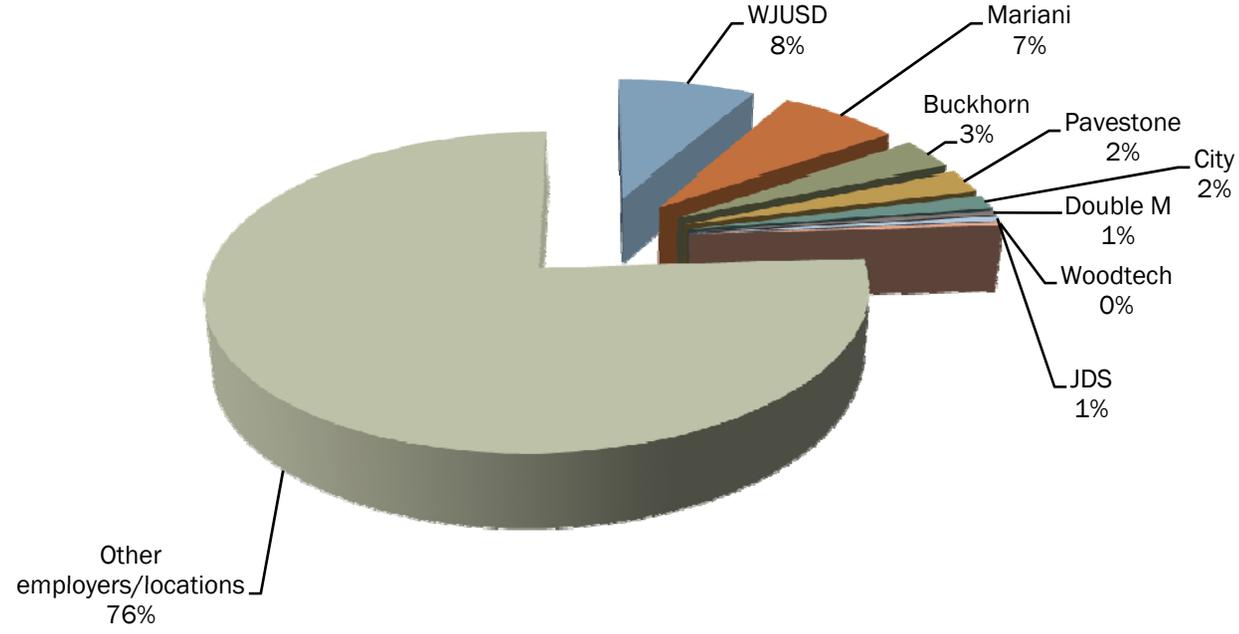
Share of property tax to City of Winters



*In addition to the City of Winters, property tax goes to Yolo County, the Winters Cemetery District, Solano Community College, Winters Joint Unified School District, Sacramento-Yolo Mosquito Vector District and Yolo County Flood Control.



Where Winters residents work





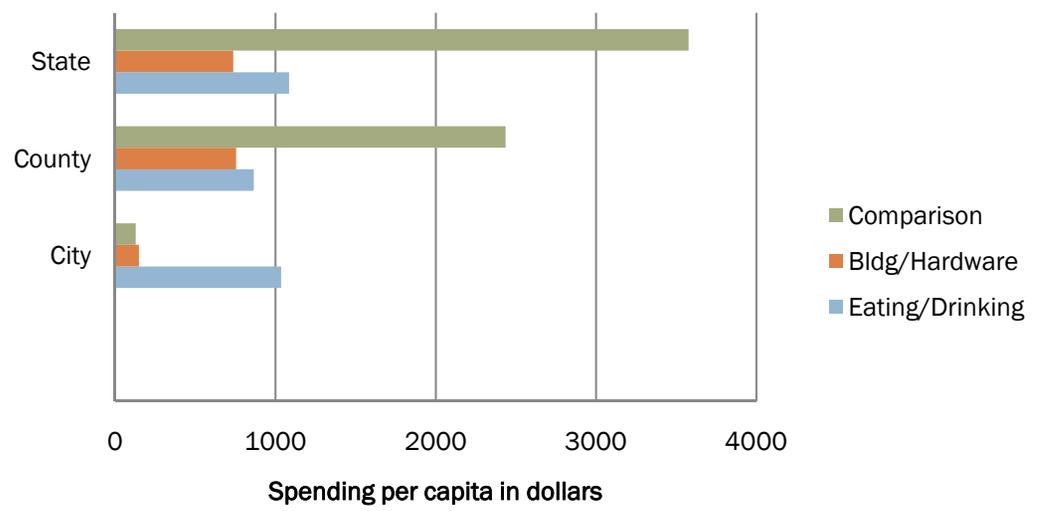
Projections as discussed March 7, 2005

	projected	projected	projected	projected	projected
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Revenues without Development	2,355,248	2,398,700	2,442,830	2,487,656	2,533,193
Expenditures with General Plan Compliance	4,559,093	4,639,385	5,095,580	5,143,895	5,232,753
	(1,415,382)	(1,414,948)	(1,787,224)	(1,747,730)	(1,745,131)

- Slowest Growth Rate Explored
 - 50 market units per year
 - 8 affordable units per year
- General Plan Compliance beginning 2006-2007

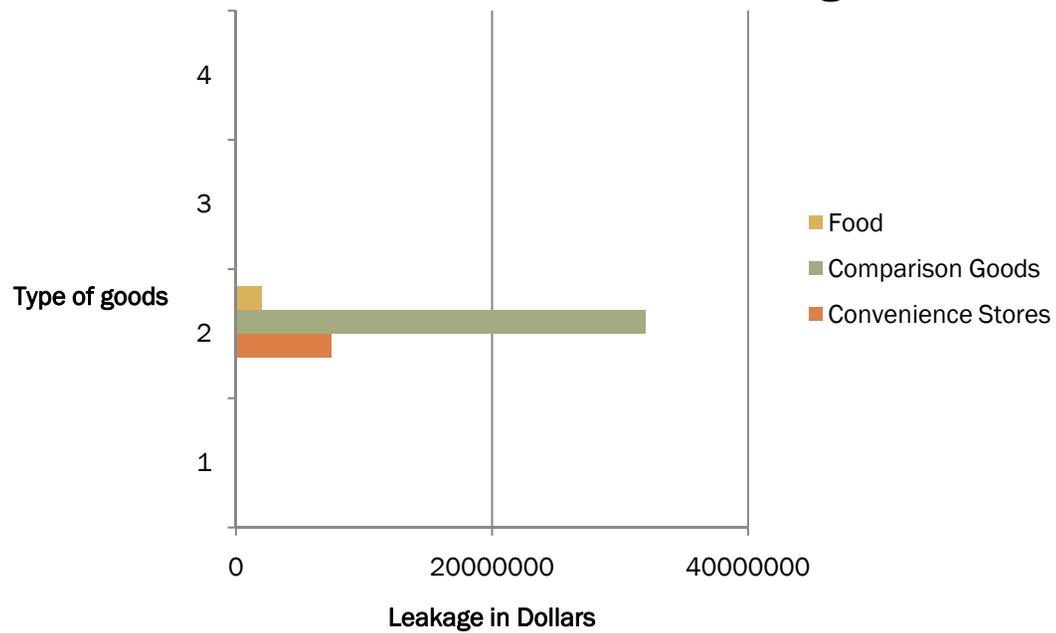


Spending Trends



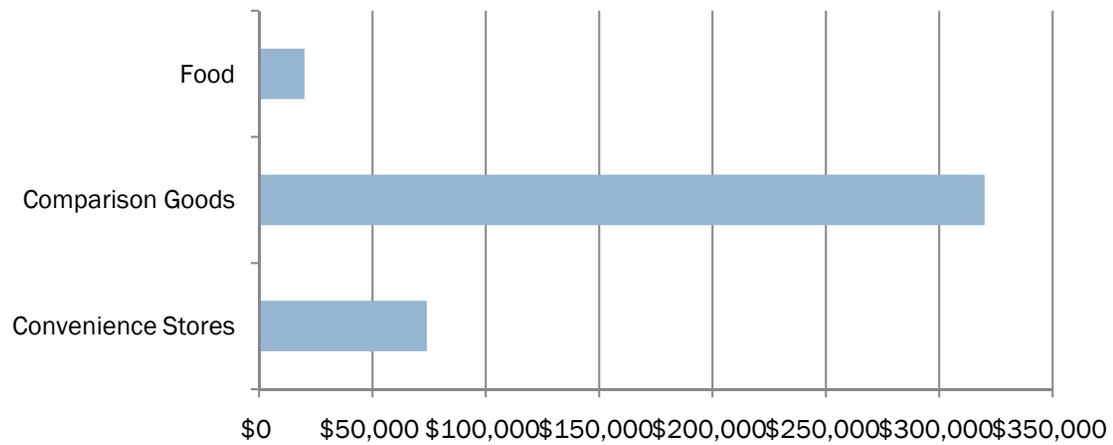


Winters sales tax leakage





Winters sales tax lost to leakage



Sales tax revenues lost to leakage shown in dollars



Projections included in 2009-2010 Budget

	Budgeted 2009-2010	forecast 2010-2011	forecast 2011-2012	forecast 2012-2013	forecast 2013-2014	forecast 2014-2015	forecast 2015-2016	forecast 2016-2017	forecast 2017-2018	forecast 2018-2019
Projected Revenues	\$ 3,008,767	\$3,336,433	\$ 3,623,854	\$ 4,025,825	\$ 4,445,575	\$ 4,665,915	\$ 4,919,817	\$ 4,990,629	\$ 5,153,488	\$ 5,299,549
Projected Expenditures	3,370,701	3,775,535	4,258,721	4,769,542	4,885,814	5,198,074	5,551,164	5,747,105	5,954,680	7,044,083
Expenditures)	\$ (361,935)	\$ (439,102)	\$ (634,867)	\$ (743,717)	\$ (440,240)	\$ (532,159)	\$ (631,347)	\$ (756,476)	\$ (801,193)	\$ (1,744,534)

These projections are more optimistic than those prepared 5 years ago.



Why the difference?

- Reduced expenditures due to no general plan compliance with regards to:
 - Police Staffing (We haven't hired the additional police officers included in the projections in 2005)
 - Fire Services (We haven't developed a city fire department at this time)
 - Parks (we haven't added any additional parks since 2005)
- Increased Revenues from:
 - Housing price bubble (Assessed value of homes sold during last 4 years increased at a higher rate than in 2005 projections)
 - Increase sales tax revenues mostly due to the substantial increase in gasoline prices in 2007 and 2008.



Difference between Good Budget Years and Tough Budget Years

Building permits for new construction provide 2 revenues, first it provides the revenue to the general fund to support building department expenditures through the issuance of the building permit and collection of building permit fees (a one time revenue source) and second it provides an ongoing revenue source in property taxes from the increased assessed value of the property that was improved. Below is a chart showing the number of building permits issued since July 1, 2002.

2002-03	issued	34
2003-04	issued	60
2004-05	issued	20
2005-06	issued	2
2006-07	issued	1
2007-08	issued	1
2008-09	issued	0
2009-10	projected	3



Difference between Good Budget Years and Tough Budget Years

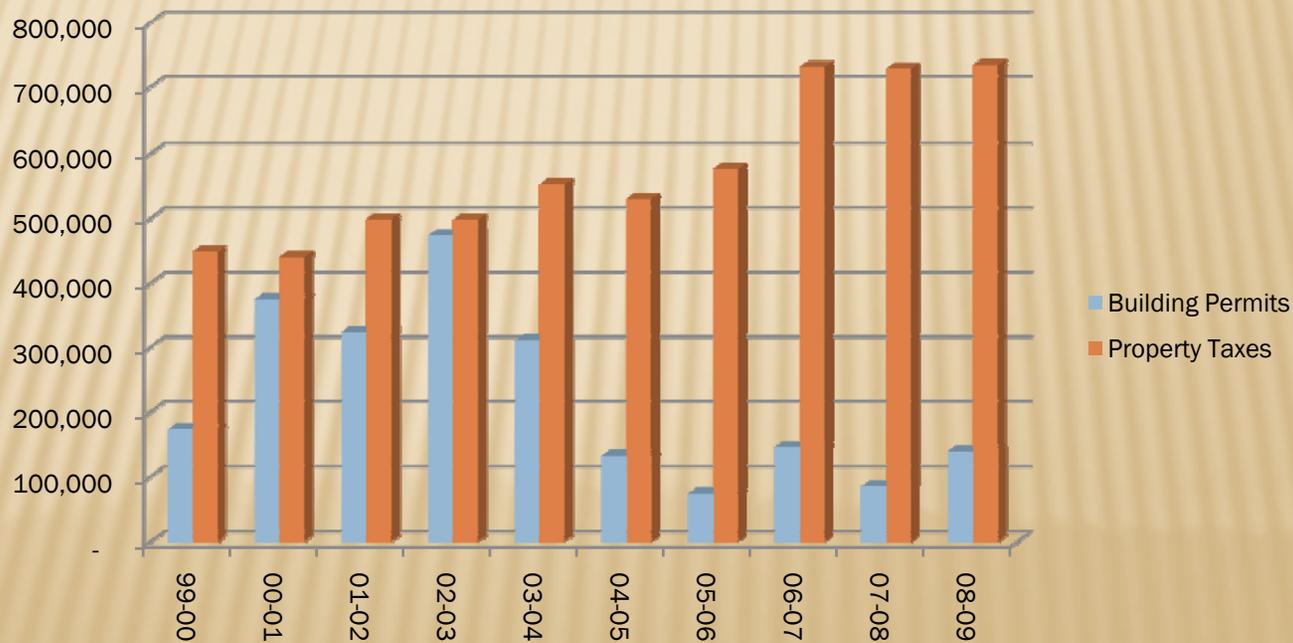
In good budget years, we have some amount of development going on and we have an above normal increase in assessed valuation of real property. Although we haven't had in real building since 2004-2005, the incredible increase in market value of real property occurred so that as homes were sold within the city, we experienced tremendous growth in assessed value and therefore property tax within the last several years. Below is a chart showing property tax growth since July 1, 2002 (this does not include the newly adopted "loan" to the State of California).

Property Tax

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Increase (Decrease)</u>
02/03 Actual	\$ 498,128	-0.20%
03/04 Actual	\$ 553,104	11.04%
04/05 Actual	\$ 530,507	-4.09%
05/06 Actual	\$ 576,772	8.72%
06/07 Actual	\$ 731,220	26.78%
07/08 Actual	\$ 728,428	-0.38%
08/09 Estimate	\$ 734,193	0.79%
09/10 Budget	\$ 734,486	0.04%



The graph below show the growth in property tax compared to the building permit fees issued. Please note, the property tax increases have slowed as building permits issued have declined.





Difference between Good Budget Years and Tough Budget Years

In good budget years, the State of California develops a budget that does not require the Cities, and Counties to provide additional funding to run state programs.

In good budget years, new businesses are starting up and adding to the employment and sales tax base of the city.

In good budget years, funds investing in savings accounts, local agency investment funds and other investments have a rate of return higher than 2%



Difference between Good Budget Years and Tough Budget Years

In tough budget years we face the following problems:

- a. little to no development, which means a few if any building permits and therefore no increase in assessed value of the property within the city beyond the maximum allowed under proposition 13.
- b. a “popping” of the housing bubble, in which a high amount of homes are in foreclosure and selling for less than the current owner’s purchase price, therefore reducing the assessed value of those properties.
- c. the State of California “borrows” local property tax, local gas taxes, and redevelopment tax increment.
- d. businesses are closing down instead of starting up, therefore reducing employment and sales taxes.
- e. decreased spending and depressed gas prices reduce an already low level of sales tax received by the city.
- d. any other issue that causes revenues to increase by an amount less than the cost of provided services to our residents.



Difference between Good Budget Years and Tough Budget Years

We are currently in a tough budget year, we have made many adjustments to the budget and have been as realistic as possible about the projections included in the budget. We have voluntarily frozen our wages, we have reduced our O&M budgets, we have become even more frugal than in the past and still our revenues are not keeping up with the expenditures required to provide the level of services to our residents.