

**CITRUS
HEIGHTS**
CALIFORNIA

Solid roots.
New growth.

2023

Popular Annual Financial Report

Citrus Heights, CA

For Year Ended
June 30, 2023

Prepared By :

**Finance,
A Division of the
Administrative Services
Department**

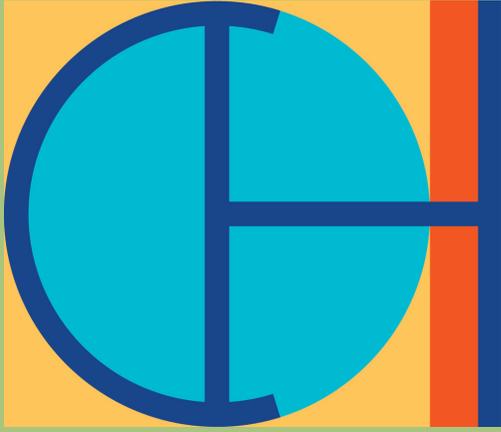


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Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**City of Citrus Heights
California**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrell
Executive Director/CEO

View the ACFR
on the City's
website



<http://www.citrusheights.net/213/Financial-Reporting-Budget-CIP>

Message from the Administrative Services Director

1

December 29, 2023

To the citizens of Citrus Heights:

Welcome to the City of Citrus Heights' third Popular Annual Financial Report (PAFR). The PAFR, also referred to as the "Citizen's Report", is intended to provide our citizens with an easy-to-read explanation of the City's finances. The PAFR provides an overview of the City's financial condition for the fiscal year ended June 30, 2023 (FY23), and a brief analysis of where the City's revenues are derived and where those dollars are spent.

The Finance Division of the Administrative Services Department is dedicated to promoting transparency and fiscal accountability within local government. This Citizen's Report serves an important function in that mission by providing our taxpayers and stakeholders with access to City financial information.

This report contains condensed and simplified financial information from the City's Annual Comprehensive Financial Report (ACFR).

The City is pleased to report that the 2022 PAFR was awarded a Certificate of Achievement in Popular Annual Financial Reporting from Government Finance Officers Association (GFOA) for the second year in a row.

I hope you enjoy reading the City's PAFR. If you have comments, questions, or suggestions please reach out to the City of Citrus Heights Administrative Services Department at finance@citrusheights.net or (916) 725-2448.

Susan K. Talwar
Administrative Services Director

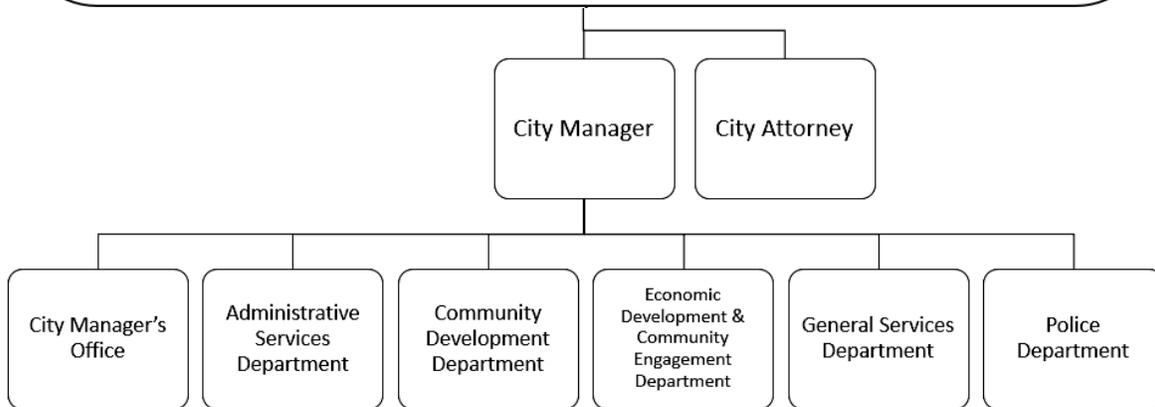


2 Meet the City Council

The Citrus Heights City Council consists of five members, elected to four-year overlapping terms in district-based elections. Council members must be residents of the City. The positions of Mayor and Vice Mayor are chosen by the City Council through policy direction determined by the City Council. The Mayor conducts the City Council meetings and represents the City on ceremonial occasions.

The City Council responsibilities include:

- Provides policy direction,
- Establishes goals,
- Sets priorities for the City government,
- Decides on land use within its borders, including the General Plan, and
- Appoints the City Manager, City Attorney, and all members of advisory boards and commissions.



Ashley Feeny
City Manager

Susan Talwar
Administrative Services
Director

Casey Kempenaar
Community Development
Director

Meghan Huber
Economic Development &
Community Engagement Director

Regina Cave
General Services Director

Alexander Turcotte
Chief of Police

Ryan R. Jones
City Attorney

About Citrus Heights 3



Citrus Heights is located 15 miles northeast of California's capital of Sacramento. It neighbors the City of Roseville to the North, Orangevale to the East, Fair Oaks and Carmichael to the South, and Antelope to the west. Interstate 80 runs through Citrus Heights attracting both Sacramento/San Francisco and Tahoe bound travelers. It occupies approximately 14.2 square miles and is 98% developed with two large commercial corridors and a well established residential community.



The city is rooted back to the 1800's but didn't grow significantly until gold was discovered in the foothills of the Sierra Mountains. The construction of the Transcontinental Railroad and Lincoln Highway brought a new wave of travelers into the area. Citrus Heights remained predominantly rural until the 1960's when it began its emergence as a regionally important retail destination with the development of the Sunrise Mall and Birdcage Walk shopping centers.



Measure R supporters Doug Ose, left, and Patti Hintz mount a vic-
Bee photograph/Kim D. Johnson

The path to incorporation started in 1984 when citizen-members of the chamber of commerce circulated petitions and received signatures forming the Citrus Heights Incorporation Project (CHIP). During the next several years, CHIP fought a long battle with the County of Sacramento to place the City's incorporation on the ballot.



Historic first council session



The first Citrus Heights City Council members meet (from left): Alma Kenyon, Roberta MacGlashan, Bill Hughes, James Shelby and Tim Raney. The session was unofficial, however, members will not take office until Jan. 2.

Finances, staffing Citrus Heights' first concerns

It wasn't until 1994 when an agreement was reached with the County. It was the first agreement for cityhood to include terms from a 1992 Senate bill, SB 1559, which requires communities to share tax dollars with county governments. The agreement states that the City of Citrus Heights property tax revenues will be given to the County of Sacramento for the first 25 years of its incorporation.

Voters approved the measure to incorporate on November 5, 1996 and Citrus Heights became a City effective January 1, 1997. Fiscal year ending June 30, 2023 marks the first year in Citrus Heights history to receive the full allocation of property taxes.

4 City Demographics & Statistics



Total Population
87,521



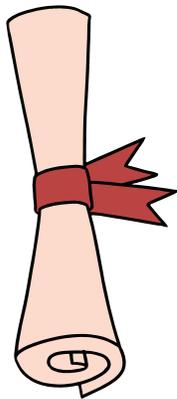
Population 18-35
22,005



Population 55+
25,982

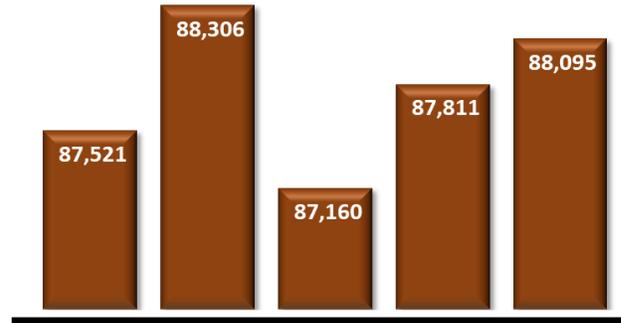


Median Age of Citizens
37.9



High School Degree
90.4%

Bachelor's Degree
22.4%



Population Growth Over Time

Median House Value
\$349,500



Total Regional Employment
19,793



Median Household Income
\$68,457



Unemployment Rate
3.8%



Avg. Earnings Per Job
\$67.9K



Police Fleet

City Council approves the use of ARPA funds to replace and upgrade a portion of PD's vehicle fleet and critical Communication Center Technology.

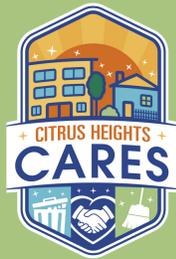


National Night Out

This annual event promotes police-community partnerships & neighborhood camaraderie to make our neighborhoods safer and more caring places to live.

Citrus Heights Cares

The City launched a new Beautification Crew to actively maintain the public right-of-ways and keep it free and clear of debris and obstructions.



Sunday Funday

Sunday Funday returns to Citrus Heights with food trucks and free access to inflatables, exhibit booths, children's activities, and more!

Block Party Trailer

The trailer is now available to reserve for neighborhood events and comes with everything needed to host a gathering.

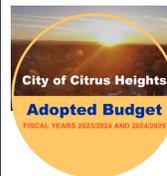


Arcade Cripple Creek Trail

Construction started on a 2.9 mile long multi-use trail between Sunrise Boulevard & Wachtel Way.

Residential Resurfacing

The 2022 Residential Resurfacing Project launches to improve pavement conditions and traffic striping on 17 local streets.



Adopted Budget

The city adopted a two-year budget that included significant allocations for street repairs for the first time in the city's history.

6 Explanation of Accounting Terms



Net investment in Capital Assets:

Represents the difference between the amount paid for capital assets (such as equipment and buildings), the accumulated depreciation of those assets, and any outstanding debt used to pay for them.

Fund balance:

Governmental fund equity (assets minus liabilities) is classified as Fund Balance and displayed as Nonspendable, Restricted, Committed, Assigned, or Unassigned.

Governmental activities:

The City's basic services that are supported by general City revenues are considered governmental activities, including general government, community development, economic development, public safety, public improvements, etc.

Business-type activities:

City services that are supported by charges paid by users based on the amount of the service they use.

Nonspendable:

Amounts that are not in a spendable form or are required to be maintained intact.



Restricted:

Funds that are not available for City use because they must be used for a specific purpose or project as required by law or regulation.

Unrestricted:

The remaining balance available for use that is not invested capital assets or restricted.

Unassigned:

Includes all spendable amounts not contained in the other classifications

Deferred Outflows:

Represents a consumption of net assets by the City that is applicable to a future reporting period.

Deferred Inflows:

Represents an acquisition of net assets by the City that is applicable to a future reporting period.

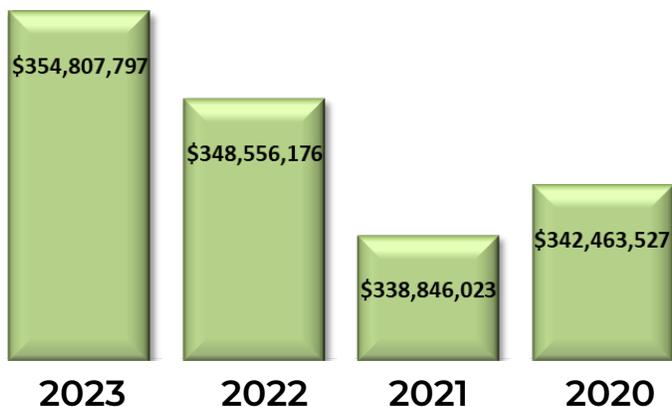


Net Position Statement 7

The Statement of Net Position provides information about the financial position of the City as a whole; much like a balance sheet does for a corporation. It represents the difference between all of its assets (everything the City owns) and its liabilities (everything the City owes) on an accrual basis. It is an indication of the City's financial health at the end of each fiscal year.

Totals				
Assets/Deferred Outflows	2023	2022	2021	2020
Current and other assets	\$ 75,497,628	\$ 65,279,479	\$ 53,555,723	\$ 36,338,113
Capital assets	316,324,034	317,842,720	319,843,497	328,960,349
Total Assets	391,821,662	383,122,199	373,399,220	365,298,462
Total Deferred Outflows	16,392,076	7,271,254	7,070,630	7,477,588
Liabilities/ Deferred Inflows				
Long-term liabilities	26,684,819	8,367,682	24,211,436	21,274,457
Other liabilities	20,149,494	22,813,780	16,289,280	7,881,392
Total Liabilities	46,834,313	31,181,462	40,500,716	29,155,849
Total Deferred Inflows	6,571,628	10,655,735	1,123,111	1,156,674
Net position				
Net investment in capital assets	315,340,920	317,238,068	319,572,398	328,960,349
Restricted	23,418,902	25,868,240	25,779,873	20,775,754
Unrestricted	16,047,975	5,449,868	(6,506,248)	(7,272,576)
Total Net Position	\$ 354,807,797	\$ 348,556,176	\$ 338,846,023	\$ 342,463,527

Net Position Over Time



Restricted net position decreased by \$2,449,338 due to an increase in the use of restricted funds in a number of special revenue funds for road maintenance, general capital improvement, transit services and various development activities. Unrestricted net position can be used to finance day to day operations without constraints established by debt covenants or other legal requirements. The City had \$16,047,975 of unrestricted net position as of June 30, 2023, which is an increase of \$10,598,107. While unrestricted net position is technically unrestricted, much of the amount is committed for a specific use.

8 Statement of Activities

The Statement of Activities reflects the City's fiscal year revenues and costs for governmental activities and business-type activities. The net revenues are broken out by program revenue (i.e. charges for services, operating and capital contributions, and grants) and general revenues (i.e. various tax revenue and shared intergovernmental revenues). The net costs reflect the financial burden that was placed on the City's taxpayers by each of the programs. A summary of activities were as follows:

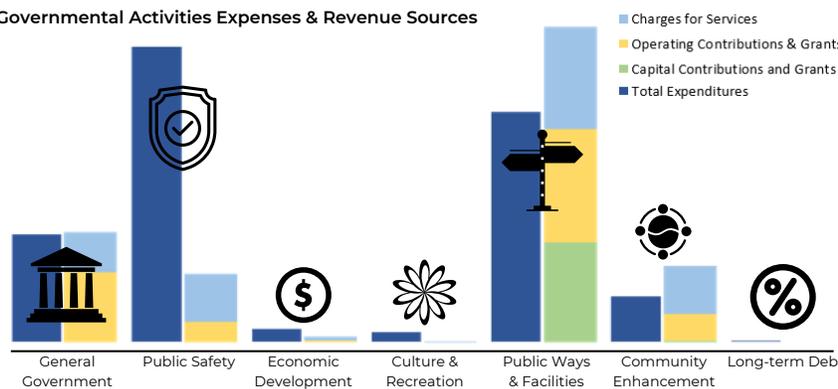
	FY 2020	FY 2021	% change	FY 2022	% change	FY 2023	% change
Revenues							
Governmental Activities Revenues							
Program Revenue:	\$ 20,756,517	\$ 26,132,366	26%	\$ 28,827,220	10%	\$ 28,130,605	-2%
General Revenues	26,406,989	27,193,665	3%	29,335,529	8%	38,894,143	33%
Business-type Activities Revenues							
Solid Waste	895,798	966,398	8%	1,136,503	18%	1,335,091	17%
Total Revenues	48,059,304	54,292,429	13%	59,299,252	9%	68,359,839	15%
Expenses							
Government Activities							
General Government	7,360,783	10,210,576	39%	7,729,201	-24%	9,404,296	22%
Public safety	24,443,611	23,338,398	-5%	15,877,629	-32%	25,813,011	63%
Public ways and facilities	19,019,629	18,149,133	-5%	17,660,038	-3%	20,077,331	14%
Culture and recreation	830,572	540,427	-35%	906,037	68%	839,028	-7%
Economic development	950,409	916,027	-4%	55,751	-94%	1,123,525	1915%
Community enhancements	3,928,848	3,877,993	-1%	4,085,740	5%	3,937,025	-4%
Interest on long-term debt	151,957	144,455	-5%	131,908	-9%	16,108	-88%
Business-type activities expenses							
Solid waste	675,849	732,927	8%	788,023	8%	897,894	14%
Total primary government expenses	57,361,658	57,909,936	1%	47,234,327	-18%	62,108,218	31%
Change in Net Position							
Governmental activities	(10,607,634)	(3,850,978)	-64%	11,716,445	-404%	5,814,424	-50%
Business-type activities	219,949	233,471	6%	348,480	49%	437,197	25%
Total primary government	\$ (10,387,685)	\$ (3,617,507)	-65%	\$ 12,064,925	-434%	\$ 6,251,621	-48%

The large variances from FY22 to FY23 are:

General revenues - The City received the full property tax distributions following the expiration of the Revenue Neutrality agreement with the County of Sacramento.

Public Safety - increased staffing in the Police Department increased spending.

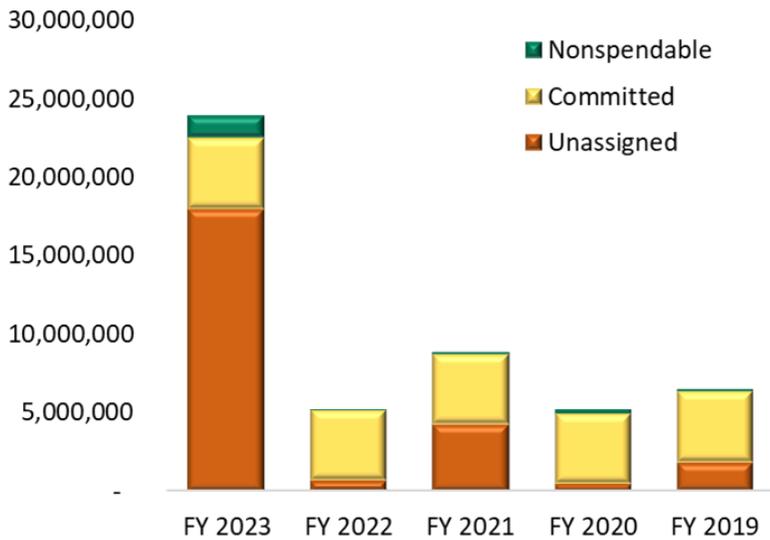
Governmental Activities Expenses & Revenue Sources



Economic development - FY23 is the first full year of expenditures for the new Economic Development & Community Engagement Department created in FY22.

Interest on long-term debt - decreases this year are due to the City paying off the majority of its debt in FY22.

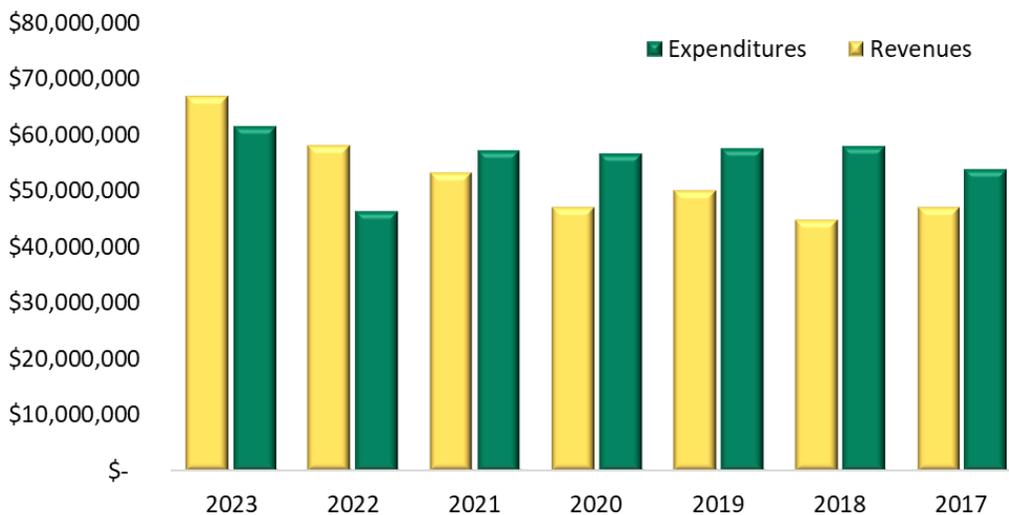
The General Fund is the chief operating fund of the City. It is used to account for all revenues and expenditures that are not required to be reported in another fund and is the City's primary fund. The activities being paid for through the general fund constitute the core administrative and operational tasks of the government entity.



The fund balance is used to measure the financial resources available. As such it is a good measure of the financial health of the City. At the fiscal year end on June 30, 2023, the General Fund's fund balance totaled \$23,857,896, of which \$4,486,978 was committed for reserves and revenue stabilization. Fund balance in the General Fund increased by \$11,925,505 largely due to the City's receipt of property tax revenues that had been previously retained by the County, increased federal grant reimbursements, and decreased

spending on capital debt from paying off the City's line of credit in the prior fiscal year.

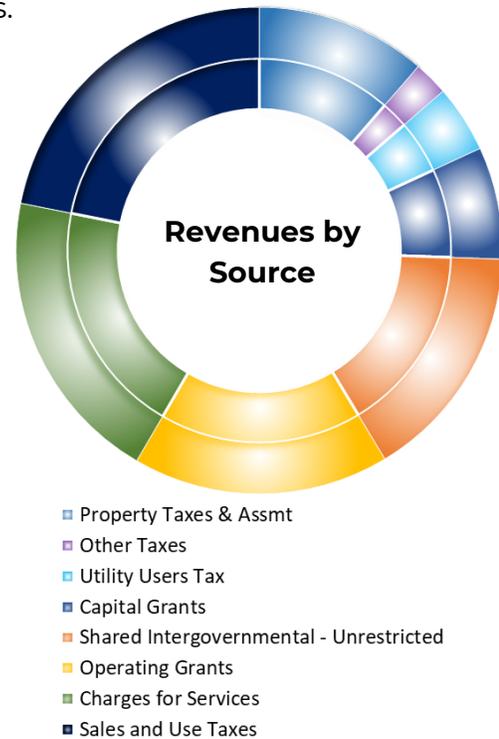
The actual total revenues were approximately \$3,793,999 less than the final budgeted amount. Intergovernmental revenue, taxes, and fines and forfeitures ended below budget; all other revenue categories exceeded the budget estimate. The actual total expenditures were approximately \$7,154,845 less than the final budgeted amount due mainly to salary savings from vacant positions, lower than anticipated participation in community programs, and delays in some capital projects.



10 Revenues

The City's total revenues for governmental and business-type activities were \$67,024,748 for the fiscal year ended June 30, 2023. Approximately 72.9% of the City's key revenues are generated from four major sources.

Program Revenue	Governmental Activities	Business-type Activities	Totals
Charges for services	\$ 11,843,479	\$ 1,266,201	\$ 13,109,680
Operating Grant	11,327,442		11,327,442
Capital Grant	4,959,684		4,959,684
General Revenue			
Property taxes and assmt	7,538,744		7,538,744
Sales and use taxes	14,544,553		14,544,553
Utility user taxes	2,974,871		2,974,871
Other taxes	1,522,937		1,522,937
Shared intergovernmental - unrestricted	10,510,268		10,510,268
Investment earnings (loss)	1,773,829	27,185	1,801,014
Other revenue	28,941	41,705	70,646
Total Revenue	\$ 67,024,748	\$ 1,335,091	\$ 68,359,839



Four Major Sources of Revenues:



Sales Tax - Annual receipts for the fiscal year ended June 30, 2023 increased by \$132,544 from the prior year as the economy stabilized following the contraction and recovery caused by the COVID-19 pandemic



Shared Intergovernmental Revenues - Annual receipts for the fiscal year ended June 30, 2023 increased by \$827,113 from the prior year. This amount represents the state motor vehicle in-lieu tax.



Grants and Contributions - Governmental Activities Operating & Capital - Governmental Activities operating grants and contributions were mainly from public safety street, road, and community enhancement grants that were for maintenance and operations as well as CARES Act allocations for CDBG Supplemental and DOJ for public safety. The decrease in capital revenues reflects fewer projects with active construction, leading to fewer capital project expenditures being reimbursed during the fiscal year.



Property Tax - Annual receipts for the fiscal year ended June 30, 2023 increased by \$6,900,561 from the prior year. This amount represents the City's receipt of the full property tax distribution, following the expiration of the Revenue Neutrality agreement with the County of Sacramento.

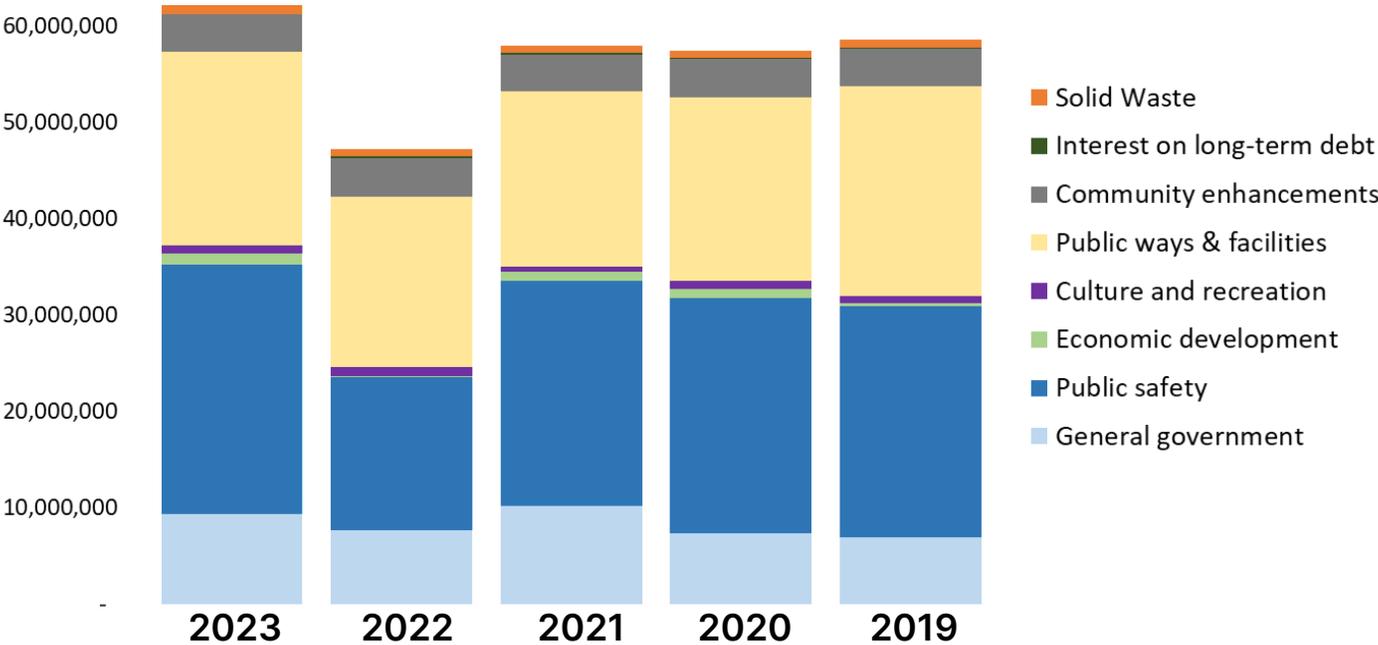
Expenditures 11

Governmental and business-type activity expenses of the City for the year totaled \$62,108,218. Governmental activity expenses totaled \$61,210,324 or 98.55% of total expenses. Business-type activities expenses totaled \$897,894 during the fiscal year. Public safety costs represented 42.17% of total governmental activities expenses and represented the largest single expense for governmental activities.

2023 Expenses by Function



Historical Trends of Expenditures



12 Budget in Brief

FY 2023/24



Message from the City Manager

I am pleased to present year one of the Biennial Budget for Fiscal Years 2023-2025 and the Capital Improvement Plan for the City of Citrus Heights. A budget should serve as a statement of community values and priorities. City staff collaborated on preparing a budget focused on providing high-levels of service while setting our organization up to make advancements on key City Council priorities. For the first time in the city's history, this budget provides significant General Fund expenditures for street repairs. The core pillar of fiscal prudence is well represented as revenues are forecasted to exceed expenditures and a healthy reserve balance is being established as part of long-term forecasting.

- **Ash Feeney, City Manager**

City Council Priorities

- Maintain and Enhance Fiscal Stability
- Maintain Public Infrastructure and Enhance Alternative Modes of Transportation
- Diversify for a Resilient Economy
- Preserve and Enhance Public Safety
- Enhance Community Vibrancy and Engagement

4 Focus areas with 48 initiative recommendations to create progress:

- Community Image (14)
- Economic Development (12)
- Community Connection (10)
- Infrastructure (12)

www.citrusheights.net/159/City-Strategic-Plan

FY 2023-24 Department Initiatives

The City's Departments have various initiatives for FY 2023-24 using the City Council's strategic priorities as a guide. Here are some of the highlights:

Administrative Services:

- Enhancements to the City's Backup & Recovery System
- Implement Enterprise Resource Planning system

City Manager's Office:

- Complete digital archival of contracts & agreements
- Form plan to increase vibrancy near Sylvan Oaks Library

Community Development:

- Develop Sayonara Drive Affordable Housing project
- Extend the City's trail network to City borders

Economic Development and Customer Engagement:

- Implement comprehensive grants strategy for the City
- Citrus Heights Business Attraction Incentive Program

General Services:

- Begin construction for Auburn Blvd Complete Streets Project
- Pavement maintenance throughout City

Police:

- Complete upgrade to Communications Center
- Provide Opioid education and prevention to community

Citrus Heights



Population
88,306



14.2 Square
Miles

QUICK
FACTS



Average Home
Price \$494,077



Miles of Streets
242

City Council

To contact the City Council, please send your email to citycouncil@citrusheights.net. You can also find contact information for each councilmember on the City website at www.citrusheights.net

Tim Shaefer, Mayor

Bret Daniels, Vice Mayor

Jayna Karpinski-Costa, Council Member

MariJane Lopez-Taff, Council Member

Porsche Middleton, Council Member

To contact staff, text "Hello" to 844-95-HELLO to ask us your questions and sign up for alerts via text.

Budget in Brief 13

FY 2023/24

General Fund

The General Fund acts as the main operating fund for the City. The General Fund Budget for Fiscal Year 2023-24 reflects a balanced operating budget where estimated operating revenues of \$43.1 million exceed operating expenditures of \$39.8 million by \$3.3 million.

The General Fund Budget projects an increase in revenue of 6% when compared to the initial FY 2022-23 budget, primarily due to receiving its full Property Tax distribution, and increases in Sales Tax and the Motor Vehicle in Lieu tax.



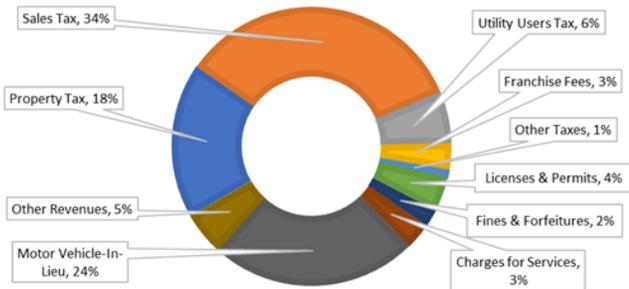
CAPITAL IMPROVEMENT PROJECTS

Recognizing the need for preventative maintenance and repairs to preserve City facilities and infrastructure, the City Council continues to fund multiple capital projects. The Capital Improvement Program (CIP) is a long-range fiscal forecast, which identifies major public improvements to the City's infrastructure over the next five years.

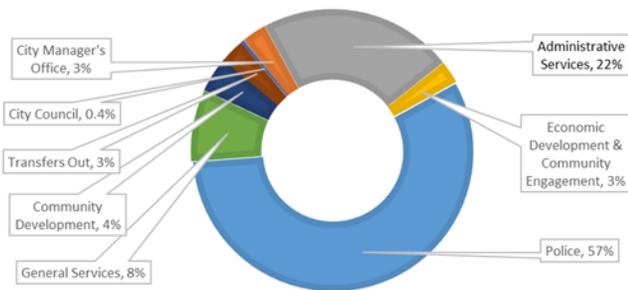
The City's CIP encompasses street and roadway improvements, park projects, information technology upgrades, facilities infrastructure improvements and other large-scale capital projects. The five-year CIP plan has been developed in accordance with the recommendations set forth in the master plans completed over the last year that include bridge maintenance, complete streets, trails, storm drain, Americans with Disabilities Act (ADA) and other traffic and pedestrian safety enhancements.

For FY 2023-24 \$17.3 million in continuing projects and new funding is being requested.

GENERAL FUND REVENUES FY 2023-24



GENERAL FUND EXPENDITURES FY 2023-24



Project Type	FY 2023-24
Bridges	325,000
Complete Streets	4,747,000
Pavement Restoration	5,180,000
Storm Water	275,000
Traffic/Pedestrian Safety	395,000
Trails	6,400,210
Total	17,322,210

Sales Tax Distribution

For every dollar you spend, you are taxed 7.75 cents

State (5.97 ¢)



Citrus Heights (1.01 ¢)



Measure A Transportation (0.54 ¢)



Sacramento County (0.23 ¢)



Property Tax Distribution: Sacramento County



Citrus Heights	Sacramento County	SIUSD	Sac Metro Fire	Sunrise Park	Other
8.4	32.0	26.7	18.7	4.4	4.4
					Los Rios CC District
					5.4

Contact Us

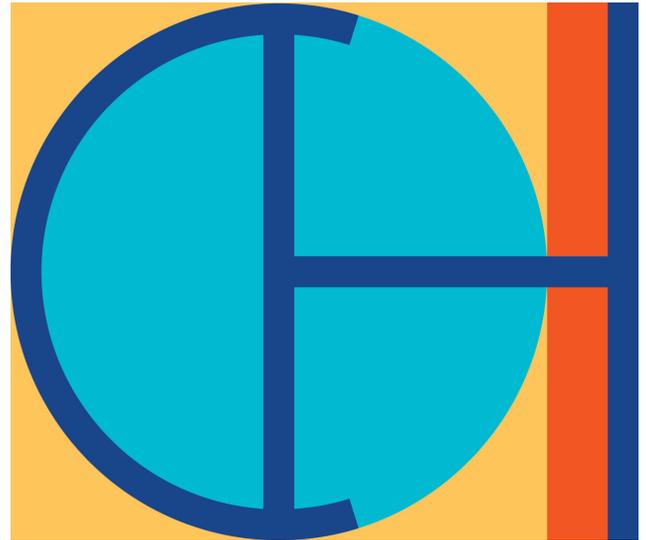
6360 Fountain Square Drive
Citrus Heights, CA 95621

Phone: 916-725-2448

TTY/DD: CA Relay Service 7-1-1

Fax: 916-725-5799

<http://www.citrusheights.net/>



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