

AGENDA

Thursday, March 9, 2023

CITY OF CITRUS HEIGHTS CITY COUNCIL

6:00 PM REGULAR MEETING

City Hall Council Chambers

6360 Fountain Square Drive, Citrus Heights, CA

HOW TO PARTICIPATE:

The City of Citrus Heights welcomes your interest and involvement in the City's legislative process. The Council may take up any agenda item at any time, regardless of the order listed. The City Council has established a procedure for addressing the Council. If you wish to address the Council during the meeting, please fill out a Speaker Identification Sheet and give it to the City Clerk, if participating via webcast you may use the Zoom hand raise function (or *9 if you join the webinar via telephone) and the host will unmute you when it is time to speak. When you are called upon to speak, step forward to the podium and state your name for the record. Normally speakers are limited to five minutes each with 30 minutes being allowed for all comments. Any public comments beyond the initial 30 minutes may be heard at the conclusion of the agenda. The Mayor has the discretion to lengthen or shorten the allotted times. Alternatively, you may submit your comment by 4:00 p.m. on the meeting day to by completion of an online Speaker Card at <https://www.citrusheights.net/FormCenter/City-Council-Meetings-Speaker-Card-30>. Written public comments shall be limited to 250 words or less. Each comment will be read aloud by the City Clerk.

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Regular Meeting 6:00 p.m. Zoom Meeting –Webinar link: <https://zoom.us/j/93854185581>

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March 9, 2023 City Council Meeting Agenda Packet

Documents:

[3-9-23 REGULAR COUNCIL AGENDA PACKET.PDF](#)

CALL REGULAR MEETING TO ORDER

1. Flag Salute

2. Roll Call: Council Members: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer

3. Video Statement

APPROVAL OF AGENDA

PUBLIC COMMENT

PRESENTATIONS

4. Proclamation Of The City Of Citrus Heights Proclaiming March 2023 As Women's History Month

5. Proclamation Of The City Of Citrus Heights Proclaiming March 2023 As Red Cross Month

COMMENTS BY COUNCIL MEMBERS AND REGIONAL BOARD UPDATES

CONSENT CALENDAR

It is recommended that all consent items be acted on simultaneously unless separate discussion and/or action are requested by a Council Member.

6. SUBJECT: Approval Of Minutes

RECOMMENDATION: Approve the Minutes of the Meeting of February 23, 2023

7. SUBJECT: Quarterly Treasurer's Report

STAFF REPORT: S. Talwar / A. Preciado

RECOMMENDATION: Staff recommends the City Council receive and file the Quarterly Treasurer's Report for the quarter ending December 31, 2022.

8. SUBJECT: Approval Of Investment Policy For Fiscal Year 2022-23

STAFF REPORT: S. Talwar

RECOMMENDATION: Adopt Resolution No. 2023-___ A Resolution of the City Council of the City of Citrus Heights Approving the Investment Policy and Delegating Authority to the Administrative Services Director to Invest Funds in Accordance with the Investment Policy

9. SUBJECT: Annual Comprehensive Financial Report

STAFF REPORT: S. Talwar / A. Preciado

RECOMMENDATION: Staff recommends the City Council accept and file the City of Citrus Heights Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022.

10. SUBJECT: 2022 General Plan Annual Progress Report

STAFF REPORT: C. Kempenaar / E. Singer

RECOMMENDATION: Adopt Resolution No. 2023-___ A Resolution of the City Council of the City of Citrus Heights, California, Accepting the 2022 General Plan Annual Progress Report

11. SUBJECT: Second Reading – Proposed Ordinance Prohibiting Commercial Vehicle

Parking On Public Streets In The City; And Resolution To Approve Fine
STAFF REPORT: A. Turcotte / R. Jones

RECOMMENDATION: the following is recommended:

- a. Adopt Ordinance No. 2023-001 An Ordinance of the City Council of the City of Citrus Heights Adding Section 94-281 to Article IV Division I of the Citrus Heights Municipal Code Relating to Prohibiting Commercial Vehicle Parking on Public Streets in the City
- b. Adopt Resolution No. 2023-___ A Resolution of the City Council of the City of Citrus Heights, California, Updating the Citrus Heights Parking Violation Fine Schedule

PUBLIC HEARINGS

12. SUBJECT: Zoning Code Updates

STAFF REPORT: C. Kempenaar / A. Bermudez / E. Singer

RECOMMENDATION: Continued to the March 23, 2023 City Council Meeting

REGULAR CALENDAR

13. SUBJECT: Fiscal Year 2022-23 Mid-Year Budget Adjustment And Financial Forecast Update

STAFF REPORT: S. Talwar / T. Nossardi

RECOMMENDATION: Adopt Resolution No. 2023-___ A Resolution of the City Council of the City of Citrus Heights Approving Amendments to the Fiscal Year 2022-23 Budget

DEPARTMENT REPORTS

CITY MANAGER ITEMS

ITEMS REQUESTED BY COUNCIL MEMBERS / FUTURE AGENDA ITEMS

ADJOURNMENT

**CITY OF CITRUS HEIGHTS
CITY COUNCIL
Regular Meeting of Thursday, March 9, 2023
City Hall Council Chambers, 6360 Fountain Square Dr., Citrus Heights, CA
Regular Meeting 6:00 p.m.**

HOW TO PARTICIPATE:

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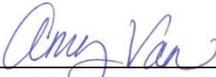
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March 3, 2023



Amy Van, City Clerk

REGULAR CITY COUNCIL MEETING
6:00 PM

CALL REGULAR MEETING TO ORDER

1. Flag Salute
2. Roll Call: Council Members: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
3. Video Statement

APPROVAL OF AGENDA

PUBLIC COMMENT

PRESENTATIONS:

4. Proclamation of the City of Citrus Heights Proclaiming March 2023 as Women's History Month
5. Proclamation of the City of Citrus Heights Proclaiming March 2023 as Red Cross Month

COMMENTS BY COUNCIL MEMBERS AND REGIONAL BOARD UPDATES

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STAFF REPORT: S. Talwar / A. Preciado
RECOMMENDATION: Staff recommends the City Council receive and file the Quarterly Treasurer's Report for the quarter ending December 31, 2022.
8. **SUBJECT:** Approval of Investment Policy for Fiscal Year 2022-23
STAFF REPORT: S. Talwar
RECOMMENDATION: Adopt Resolution No. 2023-___ A Resolution of the City Council of the City of Citrus Heights Approving the Investment Policy and Delegating Authority to the Administrative Services Director to Invest Funds in Accordance with the Investment Policy
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STAFF REPORT: S. Talwar / A. Preciado
RECOMMENDATION: Staff recommends the City Council accept and file the City of Citrus Heights Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022.

10. **SUBJECT:** 2022 General Plan Annual Progress Report
STAFF REPORT: C. Kempenaar / E. Singer
RECOMMENDATION: Adopt Resolution No. 2023-____ A Resolution of the City Council of the City of Citrus Heights, California, Accepting the 2022 General Plan Annual Progress Report
11. **SUBJECT:** Second Reading – Proposed Ordinance Prohibiting Commercial Vehicle Parking on Public Streets in the City; and Resolution to Approve Fine
STAFF REPORT: A. Turcotte / R. Jones
RECOMMENDATION: the following is recommended:
- a. Adopt Ordinance No. 2023-001 An Ordinance of the City Council of the City of Citrus Heights Adding Section 94-281 to Article IV Division I of the Citrus Heights Municipal Code Relating to Prohibiting Commercial Vehicle Parking on Public Streets in the City
 - b. Adopt Resolution No. 2023-____ A Resolution of the City Council of the City of Citrus Heights, California, Updating the Citrus Heights Parking Violation Fine Schedule

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STAFF REPORT: C. Kempenaar / A. Bermudez / E. Singer
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STAFF REPORT: S. Talwar / T. Nossardi
RECOMMENDATION: Adopt Resolution No. 2023-____ A Resolution of the City Council of the City of Citrus Heights Approving Amendments to the Fiscal Year 2022-23 Budget

DEPARTMENT REPORTS

CITY MANAGER ITEMS

ITEMS REQUESTED BY COUNCIL MEMBERS/ FUTURE AGENDA ITEMS

ADJOURNMENT

**CITY OF CITRUS HEIGHTS
CITY COUNCIL
MINUTES
Special / Regular Meeting of Thursday, February 23, 2023
City Hall Council Chambers
6360 Fountain Square Drive, Citrus Heights, CA**

CALL SPECIAL MEETING TO ORDER

The special meeting was called to order at 5:00 p.m. by Mayor Schaefer.

1. Roll Call: Council Members present: Karpinski-Costa, Lopez-Taff, Middleton, Schaefer
Council Members absent: Daniels
Staff present: Jones and Van

PUBLIC COMMENT

None

CLOSED SESSION

2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to California Government Code Section 54957
Title: City Manager

REPORT OUT OF CLOSED SESSION

There was no reportable action from closed session.

ADJOURNMENT

Mayor Schaefer adjourned the special meeting at 5:33 p.m.

CALL REGULAR MEETING TO ORDER

The regular meeting was called to order at 6:01 p.m. by Mayor Schaefer.

1. The Flag Salute was led by Mayor Schaefer.
2. Roll Call: Council Members present: Karpinski-Costa, Lopez-Taff, Schaefer
Council Members absent: Middleton, Daniels
Staff present: Bermudez, Feeney, Huber, Jones, Kempenaar, Nossardi,
Piva, Turcotte, Van and department directors.
3. The video statement was read by City Clerk Van.

APPROVAL OF AGENDA

ACTION: On a motion by Council Member Karpinski-Costa, seconded by Council Member Lopez-Taff, the City Council approved the agenda.

AYES: Karpinski-Costa, Lopez-Taff, Schaefer
NOES: None
ABSENT: Middleton, Daniels

PUBLIC COMMENT

Thomas Spencer addressed the Council to express his pleasure with the Council and the job they are doing.

Kristy Venrick-Mardon stated she runs a local non-profit animal rescue and expressed concerns regarding dumping of animals at the Crosswoods Community Park. She stated they have contacted Animal Control, Police Department, the park district, the neighboring apartment complex, and the library and they have not received any assistance. She stated we have a serious issue in the community.

Jackie Va stated she represents a volunteer community that works with rescues in the area. She stated they have been monitoring the situation at Crosswoods Community Park and they have been trying to work to get the rabbits into new homes. She stated something needs to be done about the rabbits in the park.

Elizabeth Ruppert stated she is a volunteer with the rabbit animal rescue and expressed concerns regarding the dumping of rabbits at the Crosswoods Community Park and the safety issues it brings.

City Clerk Van read the following written public comment from Olivia Ziter, "It is a shame that Citrus Heights has done nothing successful in the 30+ years that domestic rabbits have been dumped habitually and illegally at Crosswoods Community Center. Over all these years, multiple rabbit rescues have tried to step in and stop this problem, but they are scared away often due to harassment from the elderly people living in the nearby apartment complex, the staff at the library near by, and the unhoused people who live in the park. Imagine if this were dogs or cats? If someone was dumping dogs in the park, and the dogs were having babies upon babies, the city would instantly step in to help. Where are they for the rabbits? Where are the police that are supposed to be preventing people from committing crimes like this? Where is Animal Control and the local shelters? Why is the city so good at turning it's back on this issue?"

City Clerk Van read the following public comment from Cynthia Fagan, "California penal codes 597s and 597.1 state in a nutshell that abandoning pets and neglecting to give them appropriate care are crimes. The rabbits in Crosswoods Community Park are domestic rabbits that have been abandoned and are not receiving appropriate care. Park staff, law enforcement, and animal control are unable to address this issue effectively by themselves, therefore they should work together with each other and with local animal rescues to address the issue. One of many reasons aside from the California penal code for addressing this issue is the fact that residents have spotted coyotes in the area. With self preservation instincts being dulled by breeding for docility, domestic rabbits are easy to catch in comparison to wild rabbits. If coyotes repeatedly go to Crosswoods Community Park, they may acclimate to people and approach small children as prey or try to snatch food and bite in the process. For the health and safety of all: wildlife, domestic pets, and humans, the domestic rabbits should be rehomed by animal control shelters and rescues while park staff and law enforcement work to deter further abandonment through various forms of media, park signage, and cameras."

City Clerk Van read the following public comment from Bruce Hou, "The City needs to do their job and fix the myriad of issues at Crosswoods Community Park. It is a dumping ground for rabbits and all kinds of unwanted pets. It's time the City create a project in partnership with the shelter and animal control to deal with this matter. It's unfair to transfer the burden of caring for this issue into groups that are not based in Citrus Heights. Citrus Heights must use your own resources to deal with your own problems instead of forcing other groups to

step in. Stop denying your responsibilities and obligations as elected officials. This is an urgent issue that your community cares about and you are not addressing.”

City Clerk Van read the following public comment from Krystal Kwong, “I’ve witnessed the ongoing abuse and neglect of domestic rabbits at Crosswoods Community Center & Park. Many have shared that the abuse of these animals has been going on for over 30 years. Sunrise Parks & Rec and Citrus Heights Animal Services have continually passed the responsibility to other agencies while no one is being held accountable for the ongoing illegal dumping of pets. I have found far too many sick, injured, and deceased pets at this one park and it's appalling that anyone with a heart would allow this to continue. Last year Animal Services confirmed that it was illegal to abandon pets at the park, but they have shared no plan to hold people accountable. Almost every day the police are in the park watching the unhoused people, but we still have people dumping domestic rabbits and chickens. With Easter coming up we are anticipating an influx of dumped animals in the coming months. The summer of 2021 there were over a dozen rabbits abandoned within 48 hours. Over the years multiple animal rescues have tried to help at this park, but they eventually stopped when they were harassed and faced with violence from people in the park. Last year I discovered a breeder who was hoarding the rabbits in her bedroom and letting them run free in the park when she couldn't sell them. At one point she had over 20 rabbits in her bedroom. She was never held accountable for her abuse of rabbits.”

Omar Aicardi spoke regarding the unhoused rabbits at Crosswoods Community Park and near the Sylvan Library. He offered to serve as a liaison to figure out a solution.

PRESENTATIONS

4. Recognition of Retiring Employees

Council Member Lopez-Taff read the proclamation recognizing Information Technology Manager Brian Koski on the occasion of his retirement from the City. Brian Koski was unable to attend the meeting.

Council Member Karpinski-Costa read the proclamation recognizing Human Resources Manager Monica Alejandrez on the occasion of her retirement from the City. Monica Alejandrez was unable to attend the meeting.

Mayor Schaefer read and presented a proclamation to Chief Building Official Greg Anderson in recognition of his service to the City.

COMMENTS BY COUNCIL MEMBERS AND REGIONAL BOARD UPDATES

Council Member Karpinski-Costa provided a report from the Sacramento-Yolo Mosquito & Vector Control District Board meeting, the Sacramento Transportation Authority Board meeting, and the Sacramento Area Sewer District Board meeting.

Council Member Lopez-Taff attended the Soroptimist/Kiwanis Crab Feed and the Rotary Crab Feed. She attended the Sunrise MarketPlace Board meeting. She provided a report from the Sacramento Public Library Authority Board meeting. She also attended her neighborhood association meeting.

Mayor Schaefer provided a report from the Sacramento Area Council of Governments Board meeting. He announced Citrus Heights Arts is hosting their first Annual Black History Month A Taste of Soul event on February 25, 2023 from 1 to 4 p.m. at the Citrus Heights Community Center.

CONSENT CALENDAR

5. **SUBJECT:** Approval of Minutes
RECOMMENDATION: Approve the Minutes of the Meeting of February 9, 2023

ACTION: On a motion by Council Member Karpinski-Costa, seconded by Council Member Lopez-Taff, the City Council adopted Consent Calendar Item 5.

AYES: Karpinski-Costa, Lopez-Taff, Schaefer
 NOES: None
 ABSENT: Middleton, Daniels

PUBLIC HEARING

6. **SUBJECT:** Proposed Ordinance Prohibiting Commercial Vehicle Parking on Public Streets in the City
STAFF REPORT: A. Turcotte / R. Jones
RECOMMENDATION: Introduce for a First Reading, read by title only, and waive the full reading of Ordinance No. 2023-001 An Ordinance of the City Council of the City of Citrus Heights Adding Section 94-281 to Article IV Division I of the Citrus Heights Municipal Code Relating to Prohibiting Commercial Vehicle Parking on Public Streets in the City

Police Chief Turcotte provided an overview of the City' current Municipal Code regulations concerning commercial vehicle parking in residential districts. The proposed amendments would extend the parking prohibitions to non-residential districts. He stated the purpose of the ordinance is to promote public safety and walkability in the City by prohibiting the parking of commercial vehicles on public streets in the City. He explained fine amounts will be set by resolution of the City Council at a future meeting. A flyer was created and dispersed to commercial vehicle owners and drivers near problematic areas since January 23, 2023. He stated that following posting of the proposed ordinance, staff received feedback that the language may be too vague and said the following language could be inserted into the ordinance, "No person shall park any commercial vehicle for more than one hour on any highway in a residential district or move and repark such vehicle on any highway in a residential district within 300 feet of the original parking site within any 24-hour period except while loading or unloading property or in connection with and in the aid of the performance of a service to or on a property adjacent to the block in which such vehicle is parked and only for such time in addition to one hour that is reasonably necessary to complete such loading, unloading or service."

Council questions followed. City Attorney Jones and Chief Turcotte responded to questions.

Mayor Schaefer opened the public hearing at 6:54 p.m.

Scott Brown owns a commercial vehicle and expressed opposition to the ordinance and the ability to park his commercial vehicle.

City Clerk Van read the following written comment from Sunrise MarketPlace Executive Director Kathilynn Carpenter, "Last Fall, we were alerted by property owners along Sunrise Vista of an issue with large commercial vehicles parking on the street. This caused a few problems. The trucks blocked business signage and, more importantly, were difficult to see around when pulling out of Sunrise Rollerland, India Oven, and other business entrances. Officer Schouten noted that it was a hazard when cars had to pull into the oncoming

lane to see around the trucks. We requested the City review this and see if an ordinance could address the problem. We support this ordinance, which will benefit Sunrise Vista and other areas in the City experiencing similar issues. We greatly appreciate the City and CHPD responding quickly and effectively with this ordinance.”

Mayor Schaefer closed the public hearing at 6:58 p.m.

Council questions and comments followed.

ACTION: On a motion by Council Member Karpinski-Costa, seconded by Council Member Lopez-Taff, the City Council introduced for a First Reading, read by title only, and waived the full reading of Ordinance No. 2023-001 An Ordinance of the City Council of the City of Citrus Heights Adding Section 94-281 to Article IV Division I of the Citrus Heights Municipal Code Relating to Prohibiting Commercial Vehicle Parking on Public Streets in the City, as amended to add language from Citrus Heights Municipal Code Section 297(f) as noted in Staff’s presentation.

AYES: Karpinski-Costa, Lopez-Taff, Schaefer
 NOES: None
 ABSENT: Middleton, Daniels

7. **SUBJECT:** Addition and Amendments to Adopted Master Fee Schedule

STAFF REPORT: S. Talwar / T. Nossardi

RECOMMENDATION: Adopt Resolution No. 2023-015 A Resolution of the City Council of the City of Citrus Heights, California, Establishing a New Fee and Amending the City User Fees for Certain Services Provided

Finance Manager Nossardi stated the updates to the Master Fee Schedule include shopping cart retrieval fees pursuant to Ordinance No. 2022-012 adopted by City Council – \$25 shopping cart retrieval fee and \$50 excessive cart impound per occurrence. She also explained that the Rental Housing Inspection Fees that were approved by Council in 2018 are now included in the Master Fee Schedule. Staff recommends reducing the planning fee for Parcel Map-Urban Lot Split from \$5,000 to \$2,000 based on actual costs. Staff also recommends adding a section titled “City-Wide” and move the appeal fee to this section.

Mayor Schaefer opened the public hearing at 7:11 p.m., hearing no speakers he closed the public hearing.

Council questions and comments followed. City Attorney Jones and Community Development Director Kempenaar responded to questions.

ACTION: On a motion by Mayor Schaefer, seconded by Council Member Karpinski-Costa, the City Council adopted Resolution No. 2023-015 A Resolution of the City Council of the City of Citrus Heights, California, Establishing a New Fee and Amending the City User Fees for Certain Services Provided, as amended to keep the planning fee for Parcel Map-Urban Lot Split at \$5,000.

AYES: Karpinski-Costa, Lopez-Taff, Schaefer
 NOES: None
 ABSENT: Middleton, Daniels

REGULAR CALENDAR

8. **SUBJECT:** Resolution to Adopt Affordable Housing Ownership Program Guidelines
STAFF REPORT: C. Kempenaar / A. Bermudez / N. Piva
RECOMMENDATION: Adopt Resolution No. 2023-___ A Resolution of the City Council of the City of Citrus Heights, California, Adopting the Affordable Housing Ownership Program Guidelines and finding the Project is Categorically Exempt from Review under California Environmental Quality Act (CEQA) pursuant to CEQA guidelines section 15061(b)(3)

Senior Planner Bermudez explained the purposes of the guidelines is to address affordable home ownership with potential new development.

Robyn van Ekelenburg and Teresa Martinez Gonzales with Housing INC provided an overview of the program guidelines: a framework for a successful, equitable and compliant affordable housing program; establishes processes and procedures; outlines roles, responsibilities and covenants for stakeholders and participants; and a roadmap for long-term monitoring and reporting activities and practices. The program guidelines apply to new home development projects and create future homeownership opportunities for people who live and work in Citrus Heights.

Council questions and comments followed.

City Manager Feeney stated the Council could continue this item to a future meeting when all Council Members are present and have a wider discussion.

Item 8 was continued to a future City Council meeting.

9. **SUBJECT:** Citrus Heights Business Attraction Incentive Program Approval
STAFF REPORT: M. Huber
RECOMMENDATION: Adopt Resolution No. 2023-___ A Resolution of the City Council of the City of Citrus Heights, California, Approving the Citrus Heights Business Attraction Incentive Program Guidelines and Allocated \$500,000 in American Rescue Plan Act Funds to Administer the Program Through June 30, 2024

Mayor Schaefer recommended moving Item 9 to a future meeting when all Council Members are present.

Item 9 was continued to a future City Council meeting.

10. **SUBJECT:** Budget Allocation for "Citrus Heights Cares" Community Pride and Cleanliness Campaign
STAFF REPORT: M. Huber
RECOMMENDATION: Adopt Resolution No. 2023-018 A Resolution of the City Council of the City of Citrus Heights, California, Allocating \$47,000 in American Rescue Plan Act Funding to Create and Implement the Citrus Heights Cares Community Beautification Campaign

Economic Development and Community Engagement Director Huber stated the item is to consider implementation and budget allocation for the Citrus Heights Care Campaign. Staff is recommended a budget allocation of \$47,000 for light pole and commercial center signage, as well as advertising and branded

promotional items to continue the City's efforts in educating the community about the City's Beautification Program.

ACTION: On a motion by Council Member Karpinski-Costa, seconded by Lopez-Taff, the City Council adopted Resolution No. 2023-018 A Resolution of the City Council of the City of Citrus Heights, California, Allocating \$47,000 in American Rescue Plan Act Funding to Create and Implement the Citrus Heights Cares Community Beautification Campaign.

AYES: Karpinski-Costa, Lopez-Taff, Schaefer
NOES: None
ABSENT: Middleton, Daniels

DEPARTMENT REPORTS

None

CITY MANAGER ITEMS

City Manager Feeney highlighted some newly installed garbage receptacles and benches at four locations along the Old Auburn Trail as a Neighborhood Improvement Project partnership with CHASEN. He noted repairs have been made to the center median bricks on Sunrise Boulevard. Lastly, he announced the Block Party Trailer is open for reservations.

ITEMS REQUESTED BY COUNCIL MEMBERS/ FUTURE AGENDA ITEMS

Council Member Karpinski-Costa requested a future agenda item regarding proposed legislation AB 742 which would prohibit the use of police K-9's in certain circumstances. Council Member Lopez-Taff and Mayor Schaefer supported the request.

ADJOURNMENT

Mayor Schaefer adjourned the regular meeting at 8:08 p.m.

Respectfully submitted,

Amy Van, City Clerk



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: March 9, 2023

TO: Mayor and City Council Members
Ashley J. Feeney, City Manager

FROM: Susan Talwar, Administrative Services Director
Alberto Preciado, Accounting Manager

SUBJECT: **Quarterly Treasurer's Report**

Summary and Recommendation

Staff recommends the City Council receive and file the Quarterly Treasurer's Report for the quarter ending December 31, 2022. This report is a standard quarterly report submitted in accordance with the provisions of California Government Code Section 53646(b) whereas it states the treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency.

Fiscal Impact

There is no fiscal impact associated with this action. The attached report is for informational purposes on the effects of current market conditions to the City's investment portfolio.

Background and Analysis

The market value of cash and investments for all City funds on December 31, 2022 was \$40,795,559 down from \$41,531,752 on September 30, 2022. The reduction is mainly due to the withdrawal of cash and investments to cover expenditures during the second quarter due to the delay in revenue payments received. This is consistent with prior fiscal years for the same quarter period and displays the need for adequate surplus of funds in reserves.

The breakdown of the City's investment portfolio and current rate of return is as follows:

	Market Value as of 12/31/22	Rate of Return as of 12/31/22
Local Agency Investment Funds (LAIF)	\$37,431,944	2.070%
US Bank – General Account	\$3,363,584	0.00%
Treasuries/CD/Charles Schwab	\$31	0.00%

Subject: Quarterly Treasurer's Report**Date: March 9, 2022****Page 2 of 3**

Significant deposits for FY22-23 second quarter included:

Sales Tax received through December 31, 2022	\$3,789,164
CalTrans Grant Reimbursements received through December 31, 2022	\$1,175,140

Included in the City's investment portfolio are the uncommitted American Rescue Plan Act (ARPA) funds at \$5,800,632 through December 31, 2022. The amount committed by Council through the same date is \$9,876,340.

Amount received from US Treasury in May 2021 & 2022	\$15,676,972
Expended Amount through December 31, 2022	\$3,058,702
Committed Amount through December 31, 2022	\$6,817,638
Remaining Uncommitted Amount through December 31, 2022	\$5,800,632
<i>Committed and proposed allocation through March 23, 2023*</i>	<i>\$1,127,000</i>
<i>Tentative Remaining Uncommitted Amount through March 9, 2023</i>	<i>\$4,673,632</i>

*\$80,000 allocated for Patriotic Event at the January 26, 2023 City Council meeting; and \$47,000 allocated for the Citrus Heights Cares Campaign at the February 23, 2023 City Council meeting; and \$1,000,000 for the Business Attraction Grant Program proposed but not yet approved, to be deliberated on by City Council at the March 23, 2023 meeting.

The breakdown of Council approved committed ARPA funds:

Date of Council Approval	Project Name	Adopted ARPA Funds
6/24/21	Rehire Public Safety staff to pre-pandemic levels FY 21/22	\$1,570,104
6/24/21	Rehire Public Safety staff to pre-pandemic levels FY 22/23	\$2,811,775
1/13/22	Small Business COVID Recovery Grant	\$281,111
6/23/22	Beautification Crew Pilot Program	\$875,000
6/23/22	Police Fleet Vehicles & Equipment	\$1,400,000
6/23/22	Public Safety Communications Center Critical Needs	\$600,000
6/23/22	Block Party Trailer – Economic Development	\$50,000
9/22/22	Community Projects Grant Program	\$50,000
10/27/22	ERP System and Technology	\$1,198,350
12/08/22	Infrastructure Financing Strategies	\$40,000
12/08/22	REAP 2.0 (if grant approved)	\$1,000,000
	Committed Amount through December 31, 2022	\$9,876,340

Subject: Quarterly Treasurer's Report
Date: March 9, 2022
Page 3 of 3

Attachments

1. Treasurer's Report as of December 31, 2022.



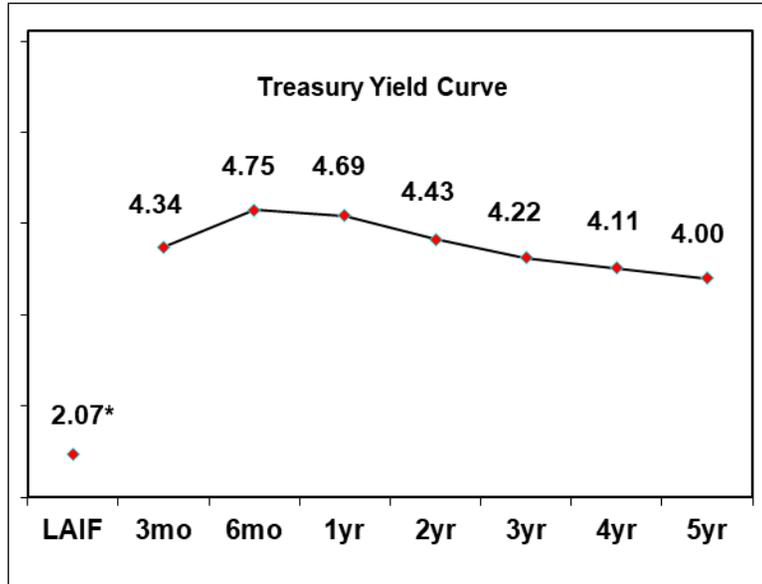
RCM Robinson Capital Management LLC

27 Reed Boulevard
Mill Valley, CA 94941
Phone: 415-771-9421
Fax: 415-762-1980

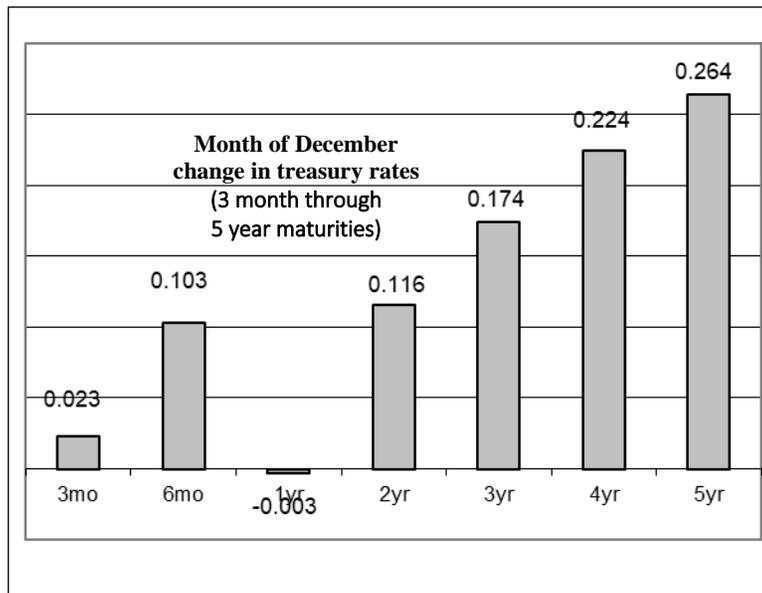
City of Citrus Heights

Report period December 1, 2022 – December 31, 2022

The Treasurer's investment portfolio is in compliance with the California Government Code Section 53601.



*LAIF apportionment rate.



Source: Bloomberg; rates as of market close 12/30/22

Inflation

The consumer price index (CPI) eased in November by more than forecast, to a 7.1 percent rate and up 0.2 percent from October. The core rate (less food and energy) was up 0.1 in November, and 6 percent over the year. Lower energy, used car and truck prices were the major contributors to the better-than-expected inflation data. The Federal Reserve’s favorite inflation indicator, Core PCE, rose slightly above expectations in November, up 4.7 percent over the year, but in-line for the month, up 0.2 percent.

Q3 GDP

The third estimate Q3 GDP shows the US economy grew at an annual pace of 3.2 percent, higher than the previous 2.9 percent estimate. Personal consumption, the main contributor, advancing 2.3 percent compared to 1.7 percent in the previous estimate, reflecting stronger services spending.

Confident consumer

US consumer confidence rose in December by more than forecast to the highest level since April as inflation eased and gasoline prices dropped. The index increased to 108.3 this month from an upwardly revised 101.4 reading in November. Consumers were slightly more upbeat about current and future labor-market conditions and an easing in inflation expectations.

Fed watch

Federal Reserve members voted to raise the Fed Funds rate 0.75 percent to target 4.25-4.50 at the December 14th FOMC meeting. Fed members also increased their median 2023 Funds forecast to 5.125, while 7 of the 17 members expect Fed Funds to end 2023 at over 5.40 percent.

**CITY OF CITRUS HEIGHTS
SUMMARY OF INVESTMENTS
INVESTMENT PORTFOLIO DECEMBER 31, 2022**

	<i>COST</i>	<i>FACE</i>	<i>MARKET</i>	<i>PERCENT</i>	<i>DAYS TO MATURITY</i>	<i>YIELD TO MATURITY</i>	<i>WEIGHTED YIELD</i>
STATE-LOCAL AGENCY INVESTMENT FUNDS	37,431,944.17	37,431,944.17	37,431,944.17	91.8%	1	2.070%	1.899%
GENERAL ACCOUNT/US BANK	3,363,584.36	3,363,584.36	3,363,584.36	8.2%	1	0.000%	0.000%
FEDERAL AGENCIES/TREASURIES/CD'S/SCHWAB	30.58	30.58	30.58	0.0%			
GRAND TOTAL INVESTMENT PORTFOLIO	40,795,559.11	40,795,559.11	40,795,559.11	100%	1	2.042%	1.899%

LOCAL AGENCY INVESTMENT FUND (LAIF) RATE OF RETURN	2.070%
CITY WEIGHTED AVERAGE RATE OF RETURN (including non-interest bearing checking)	1.899%
CITY EFFECTIVE RATE OF RETURN DECEMBER 2022	2.070%
CITY EFFECTIVE RATE OF RETURN FISCAL YEAR TO DATE	1.700%
CITY INTEREST EARNINGS FISCAL YEAR TO DATE	346,601.75

In accordance with California Government Code Section 53646 as amended, the following certification accompanies this report:

The Finance Director of the City of Citrus Heights hereby certifies that sufficient investment liquidity exists and anticipated revenues are available to meet the City's budgeted expenditure requirements for the next six months. In addition, it is hereby certified that investments in the City's portfolio comply with the requirements of the City of Citrus Height's adopted investment policy.

Respectfully submitted,

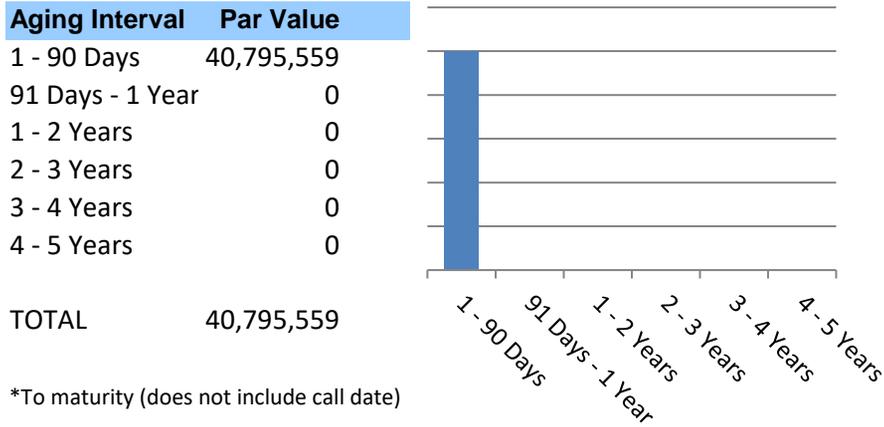
Susan Talwar
Administrative Services Director

CITY OF CITRUS HEIGHTS DETAIL OF PORTFOLIO INVESTMENTS
DECEMBER
2022

	<i>SymPro</i>	<i>Cusip Number</i>	<i>Moody's Rating</i>	<i>S & P Rating</i>	<i>Book Value</i>	<i>Face Value</i>	<i>Market Value</i>	<i>Rate</i>	<i>YTM</i>	<i>Purchase Date</i>	<i>Maturity Date</i>	<i>Maturity/Call Days</i>
LOCAL AGENCY INVESTMENT FUND												
Local Agency Investment Fund					37,431,944.17	37,431,944.17	37,431,944.17	2.070%	2.070%			1
					TOTAL	37,431,944.17	37,431,944.17					1
GENERAL ACCOUNT/US BANK												
US Bank Corporate Checking					3,363,584.36	3,363,584.36	3,363,584.36	0.000%	0.000%			1
					TOTAL	3,363,584.36	3,363,584.36					1
CUSTODY ACCOUNT/SCHWAB												
Schwab Bank Sweep (FDIC)					30.58	30.58	30.58	0.440%	0.440%			1
					TOTAL	30.58	30.58					1
MEDIUM TERM NOTES/FEDERAL AGENCY/CERTIFICATES OF DEPOSIT/ TREASURY COUPON SECURITIES												
					TOTAL	0.00	0.00					0.00
TOTAL INVESTMENT PORTFOLIO					40,795,559.11	40,795,559.11	40,795,559.11					

**City of Citrus Heights
Portfolio Management
Portfolio Statistics and Performance
December 31, 2022**

Portfolio Liquidity

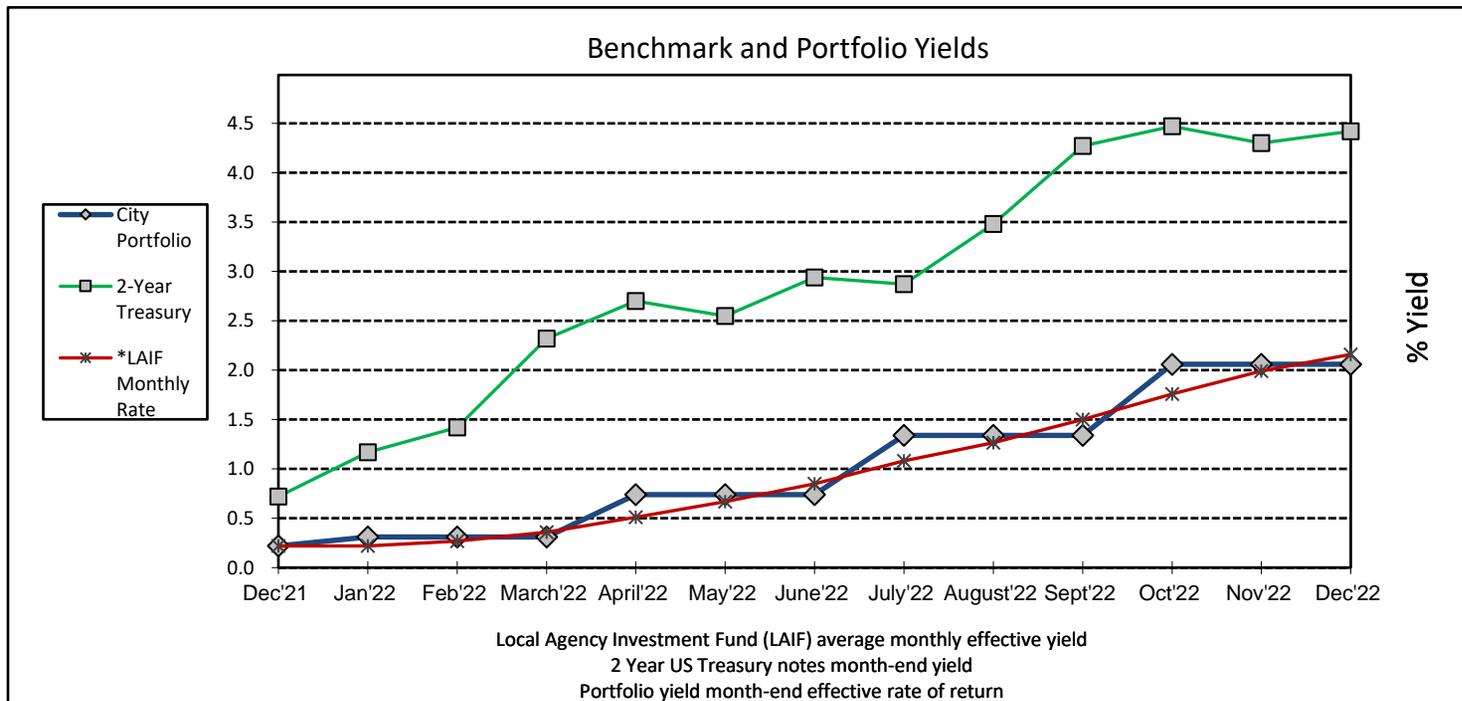


Portfolio Composition

Investment Type	Market Value
Managed Pools/Checking	40,795,559
Federal Agency Issues	0
U.S. Treasuries	0
Corporate Notes	0
Certificates of Deposit	0



*To maturity (does not include call date)



Disclosures:

Advisory services offered through RCM Robinson Capital Management LLC, SEC Registered Investment Advisor. Securities offered through Securities America, Inc., Member FINRA/SIPC. Douglas C. Robinson, Registered Representative. RCM Robinson Capital Management LLC and Securities America, Inc. are separate entities.

Information contained herein is based on sources and data believed to be reliable but is not guaranteed. This is not an offer to buy or sell securities. This data is for informational purposes and is not intended to replace statements, confirms, or 1099 Forms distributed by the custodian(s) of your assets. Past performance does not guarantee future results. This report is a combination of multiple account registrations and/or positions from various product sponsors and entities and may include assets not held by Securities America. Values for “held away assets” have not been verified. These assets may not be covered by SIPC coverage. Securities America’s SIPC coverage extends only to assets held at our firm. For assets held away from Securities America, contact your financial representative at those entities with questions regarding their SIPC membership and coverage, and/or the accuracy of positions, share prices and share amounts.



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: March 09, 2023

TO: Mayor and City Council Members
Ashley Feeney, City Manager

FROM: Susan Talwar, Administrative Services Director

SUBJECT: **Approval of Investment Policy for Fiscal Year 2022-23**

Summary and Recommendation

Staff recommends that the City Council adopt Resolution No. 2023-___, a Resolution of the City Council of the City of Citrus Heights approving the Investment Policy and delegating authority to the Administrative Services Director to invest funds in accordance with the Investment Policy.

Fiscal Impact

There is no fiscal impact associated with this action.

Background and Analysis

The investment of City funds is governed by California Government Code sections 53600-53610 and 53646. The City Council periodically reviews the City's Investment Policy to ensure compliance with the provisions of the Government Code. The City's Investment Policy was last updated by the City Council on June 10, 2021. Staff, City Attorney Ryan Jones, and City Investment Services Firm Chandler completed an annual review of the City's Investment Policy and is recommending the following modifications:

The main changes to the investment policy with a focus on best practice and legal updates are:

- **Policy:** Updated language to acknowledge sources used for industry best practices and recommendations. (BEST PRACTICE)
- **Scope:** Added language referencing Code to provide a reference to California Code addressing the scope of the Authority's investment program. (BEST PRACTICE)
- **General Objectives - Safety:** Moved the discussion of credit risk and market risk to its own section towards the end of the policy to allow for further elaboration on those items (Titled Risk Management and Diversification). (BEST PRACTICE)
- **Ethics and Conflicts of Interest:** Incorporated language to elaborate on the role of all participants in this process. (BEST PRACTICE)
- **Delegation of Authority:** Added in language addressing the City of Citrus Heights ability to engage external investment advisers. (BEST PRACTICE)

Subject: Approval of Investment Policy for Fiscal Year 2022-23

Date: March 9, 2023

Page 2 of 3

- Internal Controls: Concluded the section with a statement regarding the importance of a periodic independent analysis by an external auditor. (BEST PRACTICE)
- Authorized Financial Dealers and Institutions: Augmented existing language to include Code requirements and require competitive transactions. (LEGAL)
- Safekeeping & Custody: Specified the expectations of a third-party custodian. (BEST PRACTICE)
- Suitable and Authorized Investments:
 - Updated language describing requirements for the following asset types:
 - US Treasury Bills, Notes & Bonds: Combined the descriptions for Bills, Notes and Bonds in to one concise description. (BEST PRACTICE)
 - US Agency: Updated language to include a max on callable agency securities within the investment portfolio and moved descriptions of possible issues to the glossary. (BEST PRACTICE)
 - Non-Negotiable Certificate of Deposit (CD): Refined the language surrounding Non-Negotiable Certificates of Deposit (aka Federally Insured Time Deposits). (BEST PRACTICE)
 - Commercial Paper: Aligned language currently permitting commercial paper closer to the language used in Code. (LEGAL)
 - Repurchase Agreements: Included language regarding a Master Repurchase Agreement (LEGAL)
 - Municipal Securities (CA & Local Agencies): Completed the description by noting the maximum maturity of five years. (LEGAL)
 - Mutual Funds & Money Market Mutual Funds: Noted a 20% max for investing in mutual funds and money market mutual funds within the total portfolio. Increased the max from 10% to 20% to be invested in Money Market Mutual Funds within the total portfolio. (LEGAL)
 - Added the following asset classes to the policy to allow for more diversification opportunities: (LEGAL)
 - Municipal Securities (CA and other 49 states)
 - Collateralized Bank Deposits
 - Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations
 - Supranationals – organization made up of two or more governments to promote economic development, for example bonds issued by the European Investment Bank
- Collateralization: Broadened the section to better describe collateralization requirements (LEGAL)
- Investments Not Approved: Expanded the section to include investments prohibited by Code Section 53601.6, as well as prohibiting speculation, trading on margin, purchasing foreign currency denominated securities, and purchasing

Subject: Approval of Investment Policy for Fiscal Year 2022-23

Date: March 9, 2023

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private placement securities unless the City is deemed a Qualified Institutional Buyer (QIB). (LEGAL)

- Diversification: Moved this section to be included in one above titled "Risk Management and Diversification". (BEST PRACTICE)
- Performance Evaluation: Inserted a new paragraph describing the approach to evaluate investment performance. (BEST PRACTICE)
- Performance Standards: Revised the section to summarize the use of market benchmark(s) and the design of the investment portfolio. (BEST PRACTICE)
- Legislative Changes: Removed as the language is now included in the "Risk Management and Diversification" section. (BEST PRACTICE)
- Glossary: Added descriptions in for each Agency we may be inclined to purchase on behalf of the City to fall under the Agency portion. (BEST PRACTICE)

The Investment Policy was reviewed with the Finance and Administration Committee on March 2, 2023.

Attachments

1. Resolution Approving the Investment Policy
2. Proposed Investment Policy (final version)
3. Proposed Investment Policy (redline version)

RESOLUTION NO. 2023 - ____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS APPROVING THE INVESTMENT POLICY AND DELEGATING AUTHORITY TO THE ADMINISTRATIVE SERVICES DIRECTOR TO INVEST FUNDS IN ACCORDANCE WITH THE INVESTMENT POLICY

WHEREAS, consistent with legal compliance to the California Government Code;

WHEREAS, the policy has been updated to reflect industry best practices and.

NOW, THEREFORE, BE IT RESOLVED, the City Council finds that the City’s Investment Policy complies with California Government Code Sections 53600 et seq., which governs investment practices of local governments; and

BE IT FURTHER RESOLVED the City Council of the City of Citrus Heights adopts the attached City of Citrus Heights Investment Policy.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights, California, this 9th day of March, 2023, by the following vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

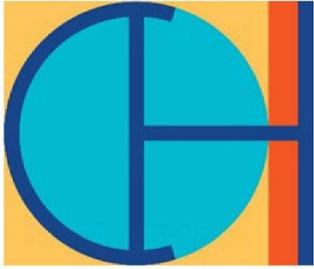
Tim Schaefer, Mayor

ATTEST:

Amy Van, City Clerk

Exhibit:

- A. Investment policy



City of Citrus Heights

Investment Policy

March 9, 2023

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I. PURPOSE

The purpose of this Investment Policy is to provide guidance and direction for the prudent investment of the City of Citrus Heights (“City”) funds and to foster the creation of a systematic and controlled investment process. The ultimate goal of this Investment Policy is to maximize the efficiency of the City's cash management system and to enhance the economic status of the City while protecting its invested funds.

II. POLICY

It is the policy of the City to invest public funds in a prudent manner that will provide maximum security, adequate liquidity and sufficient yield, while meeting the daily cash flow demands of the City and conforming to all statutes and regulations governing the investment of public funds. This policy is written to incorporate industry best practices and recommendations from sources such as the Government Finance Officers Association (GFOA), California Municipal Treasurers Association (CMTA), California Debt and Investment Advisory Commission (CDIAC) and the Association of Public Treasurers (APT).

III. SCOPE

This investment policy applies to all funds and investment activities under the direct authority of the City, as set forth in the State Government Code, Sections 53600 et seq., These funds are accounted for in the City's Annual Comprehensive Financial Report and include: General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Fund, Internal Service Funds and Fiduciary Funds. The following are not governed by this policy:

- Funds excluded from this policy include the City's Retiree Healthcare Plan which is administered and managed separately by the California Employers' Retiree Benefit Trust (CERBT) Fund under the California Government Code Section 53620-53622 and bond proceeds which are subject to the conditions and restrictions of bond documents and are not governed by this policy.
- Any other funds specifically exempted by the City Council.

Pooling of Funds

Except for cash in certain restricted and special funds, the City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

IV. GENERAL OBJECTIVES

The primary objectives, in priority order, of the City's investment activities are safety, liquidity and yield.

A. Safety

Preservation of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective shall be to mitigate credit risk and market risk. To attain this objective, the City shall diversify its investments by investing funds among several financial institutions and a variety of securities offering independent returns.

B. Liquidity

The City's investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated without requiring a sale of securities. Since all possible cash demands cannot be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets. A portion of the portfolio also may be placed in money market mutual funds or LAIF, which offer same-day liquidity for short-term funds.

C. Yield (Return on Investment)

The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the liquidity characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

V. STANDARDS OF CARE**A. Prudence**

The standard of prudence to be used by City investment officials in the management of City moneys shall be the Prudent Investor Standard as authorized under Section 53600.3 of the California Government Code, which shall be applied in the context of managing all aspects of the overall portfolio. Investments shall be made with the care, skill, prudence, and diligence, under circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims to safeguard the principal and maintain the liquidity needs of the City. This standard shall be applied in the context of managing the overall portfolio.

City investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

B. Ethics and Conflicts of Interest

All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. Officers and employees involved in the City investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or that could impair their ability to make impartial investment decisions. City employees and investment officials shall disclose any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any personal financial/investment positions that could be related to the performance of the City immediately to the Citrus Heights City Manager and annually to the Fair Political Practices Commission. City employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

C. Delegation of Authority

Authority to manage the City's investment program is derived from California Government Code, Sections 41006 and 53600 *et seq.* The City Council is responsible for the management of the City's funds, including the administration of this investment policy, and delegates to the Administrative Services Director the authority to invest or to reinvest funds, or to sell or exchange securities. The Administrative Services Director shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires. The Finance Manager and Accounting Manager are authorized to conduct investment related activities, under the supervision of the Administrative Services Director, on behalf of the City.

The City may engage the services of one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of the City's investment portfolio in a manner consistent with the City's objectives. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy. The City's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The City recognizes that in a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of the City.

D. Internal Controls

The Administrative Services Director is responsible for establishing and maintaining a system of written internal controls. The internal controls shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent action by City employees and officers. The internal structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls shall address the following points:

- Segregation of Duties
- Custodial Safekeeping
- Delivery versus Payment (DVP)
- Delegation of Authority
- Documentation of Transactions

Periodically, as deemed appropriate by the City and/or the City Council, an independent analysis by an external auditor shall be conducted to review internal controls, account activity and compliance with policies and procedures.

E. Review of Investment Portfolio

The securities held by the City must be in compliance with Section VIII (Suitable and Authorized Investments) at the time of purchase. Because some securities may not comply with Section VIII subsequent to the date of purchase, the Administrative Services Director shall at least quarterly review the portfolio to identify those securities that do not comply.

The Administrative Services Director shall establish procedures to report to the City Council, major and critical incidences of noncompliance identified through the review of the portfolio.

VI. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Administrative Services Director shall endeavor to complete investment transactions using a competitive bid process whenever possible. The City's Administrative Services Director will determine which financial institutions are authorized to provide investment services to the City. It shall be the City's policy to purchase securities only from authorized institutions and firms.

The Administrative Services Director shall maintain procedures for establishing a list of authorized broker/dealers and financial institutions which are approved for investment purposes that are selected through a process of due diligence as determined by the City. Due inquiry shall determine whether such authorized broker/dealers, and the individuals covering the City are reputable and trustworthy, knowledgeable and experienced in Public City investing and able to meet all of their financial obligations. These institutions may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule).

In accordance with Section 53601.5, institutions eligible to transact investment business with the City include:

- Institutions licensed by the state as a broker-dealer.
- Institutions that are members of a federally regulated securities exchange.
- Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
- Nationally or state-chartered banks.
- The Federal Reserve Bank.
- Direct issuers of securities eligible for purchase.

Selection of financial institutions and broker/dealers authorized to engage in transactions will be at the sole discretion of the City, except where the City utilizes an external investment adviser in which case the City may rely on the adviser for selection.

All financial institutions which desire to become qualified bidders for investment transactions (and which are not dealing only with the investment adviser) must supply the Administrative Services Director with audited financials and a statement certifying that the institution has reviewed the California Government Code, Section 53600 *et seq.* and the City's investment policy. The Administrative Services Director will conduct an annual review of the financial condition and registrations of such qualified bidders.

Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

Selection of broker/dealers used by an external investment adviser retained by the City will be at the sole discretion of the adviser. Where possible, transactions with broker/dealers shall be

selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

VII. SAFEKEEPING AND CUSTODY

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis, which will ensure that securities are deposited in an eligible financial institution prior to the release of funds. To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities shall be held in safekeeping in the City's name by a third-party custodian designated by the Administrative Services Director, acting for the City under the terms of a custody agreement executed by the bank and the City. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by the City from the custodian listing all securities held in safekeeping with current market data and other information. The only exception to the foregoing shall be depository accounts and securities purchases made with: State of California Local Agency Investment Fund (LAIF), time certificates of deposit, and mutual funds and money market mutual funds, since the purchased securities are not deliverable. The Administrative Services Director shall be bonded to protect the public against possible embezzlement and malfeasance.

VIII. SUITABLE AND AUTHORIZED INVESTMENTS

The City's investments are governed by California Government Code, Sections 53600 et seq. Within the investments permitted by the Code, the City seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy. Percentage limitations of surplus funds invested are noted for the various investment instruments. Where there is a specified percentage limitation or minimum credit quality requirement for a particular category of investments, these requirements are applicable only at the date of purchase. A later increase or decrease in a percentage resulting from a change in values or assets shall not constitute a violation of that restriction. The City's funds may not be invested in those prohibited funds described in California Government Code 53601.6, but must only be invested in any of the following instruments as permitted by law (California Government Code Section 53601):

The City is empowered by statute to invest in the following types of securities:

A. Investment Types

1. **U.S. TREASURY BILLS, NOTES & BONDS.** Allowable along with other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage that the City may invest in U.S. Treasuries, provided that the

maximum maturity is five (5) years.

2. **U.S. GOVERNMENT AGENCY ISSUES AND GOVERNMENT SPONSORED ENTERPRISES.** This includes obligations, participations, or other instruments of, or issued by, a federal government agency or a United States government-sponsored enterprise. No more than 30% of the portfolio may be invested in any single Agency/Government Sponsored Enterprise and there shall be no more than 20% of agency callable securities in the portfolio. The maximum maturity shall not exceed five (5) years.
3. **LOCAL AGENCY INVESTMENT FUND (LAIF).** As authorized in Government Code Section 16429.1, local agencies may invest in the Local Agency Investment Fund (LAIF), a pooled investment money market fund established by the State of California, and overseen by the State Treasurer, which allows local agencies to pool their investment resources. Principal may be withdrawn on a one-day notice. Interest earned is paid quarterly. The fees charged are limited to one-quarter of one percent of the earnings of the fund. Current policies of LAIF set minimum and maximum amounts of monies that may be invested as well as maximum numbers of transactions that are allowed per month. The City may invest up to the maximum amount permitted by LAIF. LAIF is in trust in the custody of the State Treasurer. The City's right to withdraw its deposited monies from LAIF is not contingent upon the State's ability to adopt a State Budget by July 1st of each new fiscal year.
4. **BANKER'S ACCEPTANCE.** Otherwise known as bills of exchange or time drafts, are negotiable instruments with a maturity of six months or less drawn on and accepted by a commercial bank. These instruments must be rated "A-1" or its equivalent or better by at least one Nationally Recognized Statistical Rating Organization (NRSRO); or long-term debt obligations which are rated in a category of "A" or its equivalent or better by at least one NRSRO. Banker's Acceptances are usually created to finance the import or export of goods, or the shipment of goods within the United States. No more than 40% of the portfolio may be invested in Banker's Acceptances. No more than 5% of the portfolio may be invested in any single issuer. The maximum maturity may not exceed 180 days.
5. **NON-NEGOTIABLE CERTIFICATE OF DEPOSIT (CD).** As authorized in Government Code Section 53601.8, local agencies may invest in Certificates of Deposit. These instruments must comply with Government Code Sections 16500 or 16600. This is a receipt for funds deposited in a Bank or Savings and Loan Association for a specified period at a specified rate of interest. No more than 20% of the portfolio may be invested in certificates of deposit. Maturities may not exceed five (5) years.
6. **NEGOTIABLE CERTIFICATE OF DEPOSIT (NCD).** Allowable certificates of deposits must be issued by a nationally or state-chartered bank or a state or federal association, a state or federal credit union, or by a federally licensed or state licensed branch of a foreign bank. The amount of the NCD insured up to the FDIC limit does not require any credit ratings. Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term obligations rated in a rating category of

"A" or its equivalent or better by at least one NRSRO. The maturity period for this investment vehicle may not exceed five (5) years unless approved by the Council. No more than 30% of the total portfolio may be invested in these securities. No more than 5% of the portfolio may be invested in any single issuer.

7. **COMMERCIAL PAPER.** As authorized in Government Code Section 53601(h), provided that the securities are issued by an entity that meets all of the following conditions in either paragraph (a) or (b) and other requirements specified below:
- Securities issued by corporations:
 - A corporation organized and operating in the United States with assets more than \$500 million.
 - The securities are rated "A-1" or its equivalent or better by at least one NRSRO.
 - If the issuer has other debt obligations, they must be rated in a rating category of "A" or its equivalent or better by at least one NRSRO.
 - Securities issued by other entities:
 - The issuer is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - The securities must have program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
 - The securities are rated "A-1" or its equivalent or better by at least one NRSRO.
 - No more than 10% of the outstanding commercial paper of any single issuer.
 - No more than 25% of the City's investment assets under management may be invested in Commercial Paper.
 - No more than 5% of the portfolio may be invested in any single issuer.
 - The maximum maturity does not exceed 270 days.
8. **REPURCHASE AGREEMENTS.** As authorized in Government Code Section 53601G), repurchase agreements are agreements between the local agency and seller for the purchase of government securities to be resold at a specific date and for a specific amount. Repurchase agreements are generally used for short-term investments for the City's daily automatic sweep account and will generally not exceed 30 days. Repurchase Agreements are subject to a Master Repurchase Agreement between the City and the provider of the repurchase agreement. The Master Repurchase Agreement will be substantially in the form developed by the Securities Industry and Financial Markets Association (SIFMA). The legal limitation on the maturity period for a repurchase agreement is for one year with the required market value underlying the agreement at 102% of the funds borrowed with the value adjusted quarterly.
9. **MUNICIPAL SECURITIES OF THE CITY, STATE OF CALIFORNIA, OR LOCAL AGENCIES.** As authorized in Government Code Section 53601(e), local agencies may invest in Bonds of the State of California and any local government in the State of California, which are rated in the "A" category or better by one NRSRO at the time of investment. In no event shall this classification of investment exceed 30% of the value of the portfolio. No more than 5% of the portfolio may be invested in any single issuer and the maximum maturity does not exceed five (5) years.

10. **MUNICIPAL SECURITIES (REGISTERED TREASURY NOTES OR BONDS).** Any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. In no event shall this classification of investment exceed 30% of the value of the portfolio. No more than 5% of the portfolio may be invested in any single issuer and the maximum maturity does not exceed five (5) years.
11. **COLLATERALIZED BANK DEPOSITS.** The City's deposits with financial institutions will be collateralized with pledged securities per California Government Code, Section 53651. There are no limits on the dollar amount or percentage that the City may invest in collateralized bank deposits.
12. **MUTUAL FUNDS AND MONEY MARKET MUTUAL FUNDS.** Mutual Funds are referred to in California Government Code Section 53601(1), as "shares of beneficial interest issued by diversified management companies." Mutual Funds and Money Market Mutual Funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940 are authorized investments for funds subject to the following provisions:
- **Mutual Funds** that invest in the securities and obligations as authorized under California Government Code Section 53601(a) to (k) and (m) to (q) inclusive and that meet either of the following criteria:
 - Attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
 - Have retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code Section 53601 and with assets under management in excess of \$500 million.
 - No more than 10% of the total portfolio may be invested in Mutual Funds.
 - **Money Market Mutual Funds** registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria:
 - Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
 - Have retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.
 - No more than 20% of the total portfolio may be invested in Money Market Mutual Funds.
 - No more than 20% of the total portfolio may be invested in mutual funds and money market mutual funds combined.
13. **CORPORATE MEDIUM TERM NOTES.** As authorized in Government Code Section 53601(k), local agencies may invest in corporate medium term notes issued by

corporations organized and operating in the United States or by depository institutions licensed by the United States or any state and operating within the United States that are rated in the rating category of "A" or its equivalent or higher rating for the issuer's debt as provided by one NRSRO and having a maximum remaining maturity period of five years or less in an amount not to exceed 30% of the City's portfolio. Furthermore, the maximum principal amount in any one issuer will not exceed 5% of the City's portfolio.

14. **ASSET-BACKED, MORTGAGE-BACKED, MORTGAGE PASS-THROUGH SECURITIES, AND COLLATERALIZED MORTGAGE OBLIGATION FROM ISSUERS NOT DEFINED IN SECTIONS 1 AND 2 OF THE SUITABLE AND AUTHORIZED INVESTMENTS SECTION OF THIS POLICY.** The securities must be rated in a rating category of "AA" or its equivalent or better by a NRSRO. No more than 20% of the total portfolio may be invested in these securities with no more than 5% of the portfolio may be invested in any single Asset-Backed or commercial Mortgage security issuer. The maximum legal final maturity does not exceed five (5) years.
15. **SURPANATIONALS.** Allowable, provided that Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO. No more than 30% of the total portfolio may be invested in these securities and no more than 10% of the portfolio may be invested in any single issuer. The maximum maturity does not exceed five (5) years.
16. **GOVERNMENT INVESTMENT POOLS.** Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in securities and obligations authorized in subdivisions (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment advisor that meets all of the following criteria:
- The advisor is registered or exempt from registration with the Securities and Exchange Commission.
 - The advisor has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.
 - The advisor has assets under management in excess of five hundred million dollars (\$500,000,000).

While local government investment pools generally provide significant safety and liquidity, the Administrative Services Director shall complete a thorough investigation prior to making any such investment. Due diligence in investigations shall generally include a review of written statements of investment policies, objectives, fees schedules, and reporting schedules, as well as issues related to (1) eligible investors and securities, (2) the permitted frequencies and sizes of deposits and withdrawals, (3) security safeguards, including settlement processes, (4) the frequency with which

securities are priced and the program audited, (5) the treatment of gains and losses, including interest calculations and distribution, (6) whether and, if so, how reserves, retained earnings, and similar funds are utilized by the investment pool, and (7) whether the investment pool is eligible for and, if so, accepts bond proceeds. In addition, only local government investment pools with at least five years' experience providing similar services to other California municipalities may be utilized.

B. Collateralization

Certificates of Deposit (CDs). The City shall require any commercial bank or savings and loan association to deposit eligible securities with an City of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

Collateralization of Bank Deposits. This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. The City shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

Repurchase Agreements. The City requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

- The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
 - The City shall receive monthly statements of collateral.

C. Investments Not Approved

Any security type or structure not specifically approved by this policy is hereby prohibited. In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited. Investment in any security that could result in a zero interest accrual if held to maturity is prohibited. Under a provision sunseting on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited. Purchasing or selling securities on margin is prohibited. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited. The purchase of foreign currency denominated securities is prohibited.

D. Risk Management and Diversification **Mitigating Credit Risk in the Portfolio**

Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. The City will mitigate

credit risk by adopting the following strategies:

- The diversification requirements included in the “Authorized Investments” section of this policy are designed to mitigate credit risk in the portfolio.
- No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single issuer unless otherwise specified in this policy.
- The City may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity or yield of the portfolio in response to market conditions or City’s risk preferences.
- If a security owned by the City is downgraded to a level below the requirements of this policy, making the security ineligible for additional purchases, the following steps will be taken:
 - Any actions taken related to the downgrade by the investment manager will be communicated to the Administrative Services Director in a timely manner.
 - If a decision is made to retain the security, the credit situation will be monitored and reported to the City Council.

Mitigating Market Risk in the Portfolio

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The City recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The City will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

The City further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The City, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- The City will maintain a minimum of six months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements.
- The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.
- The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the City based on the City’s investment objectives, constraints and risk tolerances.

IX. INVESTING PARAMETERS

Maximum Maturities

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Where there is no specified maturity limitation on an investment, no investment shall be made in any security, which, at the time of the investment, has a term remaining to maturity in excess of five (5) years, unless the City Council has granted express authority to make that investment no less than three months prior to the investment.

X. REPORTING

The Administrative Services Director shall submit investment reports to the City Council that provide a clear picture of the status of the current investment portfolio and shall contain sufficient information to permit an independent organization to evaluate the performance of the investment program.

Reporting to City Council

In accordance with California Government Code Sections 53607 and 53646, the Administrative Services Director shall submit to the City Council a monthly report of portfolio transactions and a quarterly investment report, which summarizes all securities in the portfolio. The quarterly report shall include:

- Investment type
- Issuer
- Purchase date
- Maturity date
- Credit quality
- Coupon and yield
- Book value
- Market value
- Interest Earnings
- Average days to maturity
- Discussion of the current economic climate
- Statement that the portfolio is in compliance with this Investment Policy or the manner in which the portfolio is not in compliance.
- Statement of the City's ability to meet anticipated expenditure requirements for the next six months, or an explanation as to why sufficient money may not be available.

XI. PERFORMANCE EVALUATION

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the City's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Treasurer shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Treasurer's quarterly report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark.

XII. PERFORMANCE STANDARDS

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the City's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Administrative Services Director shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Administrative Services Director's quarterly report. The Administrative Services Director shall select an appropriate, readily available index to use as a market benchmark.

XIII. INVESTMENT POLICY COMPLIANCE AND ADOPTION**A. Policy Compliance and Changes**

Any deviation from the policy shall be reported to City Council at the next scheduled meeting. The Administrative Services Director shall promptly notify the City Council of any material change in the policy, and any modifications to the policy must be approved by the City Council.

B. Annual Statement of Investment Policy

The Administrative Services Director shall render a written Investment Policy that shall be reviewed at least annually by the City Council to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends. The City Council shall consider the annual Investment Policy and any changes therein at a public meeting. The Investment Policy shall be adopted by resolution of the City Council.

**APPENDIX
GLOSSARY OF INVESTMENT TERMS**

AGENCY: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government (i.e. Government National Mortgage Association). Federally sponsored agencies (FSA's) are backed by each particular agency with a market perception that there is an implicit government guarantee (i.e. Federal National Mortgage Association).

- **FEDERAL FARM CREDIT BANK (FFCB):** Provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.
- **FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored wholesale banks (currently 12 regional banks) that lend funds and provide correspondent banks services to member commercial banks, thrift institutions, credit unions and insurance companies.
- **FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC):** Like FHLB, provides credit and liquidity in the housing market. FHLMC, also called "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.
- **FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages.
- **GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA, or FMHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.
- **PRIVATE EXPORT FUNING CORPORATION (PEFCO):** Assists exporters; obligations of PEFCO are not guaranteed by the full faith and credit of the US government.
- **TENNESSEE VALLEY AUTHORITY (TVA):** Provides flood control and power and promotes development in portions of the Tennessee, Ohio, Mississippi River valleys. TVA currently issues discount notes and bonds.

BOOK VALUE: The value at which a debt security is shown on the holder's balance sheet. Book value is often acquisition cost plus/minus amortization and accretion, which may differ significantly from the security's current value in the market.

BROKER: Someone who brings buyers and sellers together and is compensated for his/her service.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

CREDIT QUALITY: The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by a Nationally Recognized Statistical-Rating Organization.

CREDIT RISK: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, by buying and selling for his/her own account.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

FAIR VALUE: The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits currently up to \$250,000 per deposit.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., twelve Regional Banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB): A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

GOVERNMENT SECURITIES: An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

INTERNAL CONTROLS: An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

- **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
- **Separation of transaction authority from accounting and record keeping** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
- **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
- **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
- **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
- **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
- **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between

bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): Chapter 730, Statutes of 1976 of the State of California, established the Local Agency Investment Fund. This fund enables local governmental agencies to remit money not required for immediate needs to the State Treasurer for the purpose of investment. In order to derive the maximum rate of return possible, the State Treasurer has elected to invest these monies with State monies as a part of the Pooled Money Investment Account (PMIA). Each local governmental unit has the exclusive determination of the length of time its money will be on deposit with the State Treasurer. At the end of each calendar quarter, all earnings derived from investments are distributed by the State Controller to the participating government agencies in proportion to each agency's respective amounts deposited in the Fund and the length of time such amounts remained therein. Prior to the distribution, the State's costs of administering the program are deducted from the earnings.

MARK-TO-MARKET: The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

MARKET VALUE: The current price at which a security is trading and could presumably be purchased or sold at that particular point in time.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of a financial obligation is due and payable.

MONEY MARKET MUTUAL FUND: Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

MUTUAL FUND: An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by Securities and Exchange Commission (SEC) disclosure guidelines.

NATIONALLY RECOGNIZED STATISTICAL-RATING ORGANIZATION (NRSRO): Standard and Poor's, Moody's, and Fitch Financial Services are examples of such organizations.

PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

PORTFOLIO: Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

PRINCIPAL: The face value or par value of a debt instrument, or the amount of capital invested in a given security.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker/dealers, banks and a few unregulated firms.

PRINCIPAL: (1) The face amount or par value of a debt instrument. (2) One who acts as a dealer buying and selling for his own account.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate the buyer for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is increasing bank reserves.

RISK: Degree of uncertainty of return on an asset.

RULE 2A-7 OF THE INVESTMENT COMPANY ACT: Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

TREASURY BILLS: Short-term U.S. government non-interest bearing discounted debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

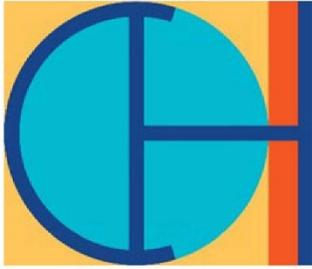
TREASURY BOND: A long-term coupon-bearing U.S. Treasury security issued as a direct obligation of the U.S. Government and having an initial maturity of more than 10 years and issued in minimum denominations of \$1,000.

TREASURY NOTE: A medium-term coupon-bearing U.S. Treasury security issued as a direct obligation of the U.S. Government and having an initial maturity of from one to ten years and issued in denominations ranging from \$1,000 to \$1 million or more.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission (SEC) Rule 15C3- 1 outlining requirements that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

VOLATILITY: A degree of fluctuation in the price and valuation of securities.

YIELD: The current rate of return on an investment security generally expressed as a percentage of the security's current price. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.



City of Citrus Heights

Investment Policy

March~~June~~ 21~~10~~, 2023~~1~~

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I. PURPOSE

The purpose of this Investment Policy is to provide guidance and direction for the prudent investment of the City of Citrus Heights ("City") funds and to foster the creation of a systematic and controlled investment process. The ultimate goal of this Investment Policy is to maximize the efficiency of the City's cash management system and to enhance the economic status of the City while protecting its invested funds.

II. POLICY

It is the policy of the City ~~of Citrus Heights ("City")~~ to invest public funds in a prudent manner that will provide maximum security, adequate liquidity and sufficient yield, while meeting the daily cash flow demands of the City and conforming to all statutes and regulations governing the investment of public funds. This policy is written to incorporate industry best practices and recommendations from sources such as the Government Finance Officers Association (GFOA), California Municipal Treasurers Association (CMTA), California Debt and Investment Advisory Commission (CDIAC) and the Association of Public Treasurers (APT).

III. SCOPE

This investment policy applies to all ~~short-term operating~~ funds and investment activities under the direct authority of the City ~~of Citrus Heights, as set forth in the State Government Code, Sections 53600 et seq.,~~ These funds are accounted for in the City's Annual Comprehensive ~~Annual~~ Financial Report and include: General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Fund, Internal Service Funds and Fiduciary Funds. The following are not governed by this policy:

- Funds excluded from this policy include the City's Retiree Healthcare Plan which is administered and managed separately by the California Employers' Retiree Benefit Trust (CERBT) Fund under the California Government Code Section 53620-53622 and bond proceeds which are subject to the conditions and restrictions of bond documents and are not governed by this policy.
- Any other funds specifically exempted by the City Council.

Pooling of Funds

Except for cash in certain restricted and special funds, the City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

IV. GENERAL OBJECTIVES

The primary objectives, in priority order, of the City's investment activities are safety, liquidity and yield.

A. Safety

Preservation of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective shall be to mitigate credit risk and interest rate market risk. To attain this objective, the City shall diversify its investments by investing funds among several financial institutions and a variety of securities offering independent

returns.

~~Credit Risk~~

~~The City shall minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:~~

~~Limiting investments to the most creditworthy types of securities.~~

~~Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business.~~

~~Diversifying the investment portfolio so that the potential failure of any one issue or issuer will not place an undue financial burden on the City.~~

~~Interest Rate Risk
To minimize the negative impact of material changes in the market value of securities in the portfolio, the City shall:~~

~~Structure the investment portfolio so that securities mature concurrent with cash needs to meet anticipated demands, thereby avoiding the need to sell securities on the open market prior to maturity.~~

~~Invest operating funds primarily in shorter term securities, money market mutual funds, and the State of California's Local Agency Investment Fund ("LAIF").~~

B. Liquidity

The City's investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated without requiring a sale of securities. Since all possible cash demands cannot be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets. A portion of the portfolio also may be placed in money market mutual funds or LAIF, which offer same-day liquidity for short-term funds.

C. Yield (Return on Investment)

The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the liquidity characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

V. STANDARDS OF CARE

A. Prudence

The standard of prudence to be used by City investment officials in the management of City moneys shall be the Prudent Investor Standard as authorized under Section 53600.3 of the California Government Code, which shall be applied in the context of managing all aspects of the overall portfolio. Investments shall be made with the care, skill, prudence, and diligence, under circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims to safeguard the principal and maintain the liquidity needs of the City. This standard shall be applied in the context of managing the overall portfolio.

City investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from

expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

B. Ethics and Conflicts of Interest

All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. Officers and employees involved in the City investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or that could impair their ability to make impartial investment decisions. City employees and investment officials shall disclose any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any personal financial/investment positions that could be related to the performance of the City immediately to the Citrus Heights City Manager and annually to the Fair Political Practices Commission. City employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

C. Delegation of Authority

Authority to manage the City's investment program is derived from California Government Code, Sections 41006 and 53600 et seq. The City Council is responsible for the management of the City's funds, including the administration of this investment policy, and delegates to the Administrative Services Director the authority to invest or to reinvest funds, or to sell or exchange securities. The Administrative Services Director shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires. The Finance Manager and Accounting Manager are authorized to conduct investment related activities, under the supervision of the Administrative Services Director, on behalf of the City.

The City may engage the services of one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of the City's investment portfolio in a manner consistent with the City's objectives. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy. The City's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The City recognizes that in a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of the City.

D. Internal Controls

The Administrative Services Director is responsible for establishing and maintaining a system of written internal controls. The internal controls shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent action by City employees and officers. The internal structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls shall address the following points:

- Segregation of Duties
- Custodial Safekeeping
- Delivery versus Payment (DVP)
- Delegation of Authority
- Documentation of Transactions

Periodically, as deemed appropriate by the City and/or the City Council, an independent analysis by an external auditor shall be conducted to review internal controls, account activity and compliance with policies and procedures.

E. Review of Investment Portfolio

The securities held by the City must be in compliance with Section VIII (Suitable and Authorized Investments) at the time of purchase. Because some securities may not comply with Section VIII subsequent to the date of purchase, the Administrative Services Director shall at least quarterly review the portfolio to identify those securities that do not comply. The Administrative Services Director shall establish procedures to report to the City Council, major and critical incidences of noncompliance identified through the review of the portfolio.

VI. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Administrative Services Director shall establish selection criteria for pre-approval of financial institutions and security broker/dealers to do business with the City. The Administrative Services Director shall maintain a list of City approved financial institutions, registered investment advisors and security broker/dealers who are authorized to provide investment services to the City. These may include primary dealers, or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). If a third party investment advisor is authorized to conduct investment transactions on the City's behalf, the investment advisor may use their own list of broker/dealers and financial institutions. The investment advisor's list must be available to the City upon request. The Administrative Services Director shall endeavor to complete investment transactions using a competitive bid process whenever possible. The City's Administrative Services Director will determine which financial institutions are authorized to provide investment services to the City. It shall be the City's policy to purchase securities only from authorized institutions and firms.

The Administrative Services Director shall maintain procedures for establishing a list of authorized broker/dealers and financial institutions which are approved for investment purposes that are selected through a process of due diligence as determined by the City. Due inquiry shall determine whether such authorized broker/dealers, and the individuals covering the City are reputable and trustworthy, knowledgeable and experienced in Public City investing and able to meet all of their financial obligations. These institutions may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule).

In accordance with Section 53601.5, institutions eligible to transact investment business with the City include:

- Institutions licensed by the state as a broker-dealer.
- Institutions that are members of a federally regulated securities exchange.
- Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
- Nationally or state-chartered banks.
- The Federal Reserve Bank.
- Direct issuers of securities eligible for purchase.

Selection of financial institutions and broker/dealers authorized to engage in transactions will be at the sole discretion of the City, except where the City utilizes an external investment adviser in which case the City may rely on the adviser for selection.

All financial institutions which desire to become qualified bidders for investment transactions (and which are not dealing only with the investment adviser) must supply the Administrative Services Director with audited financials and a statement certifying that the institution has reviewed the California Government Code, Section 53600 *et seq.* and the City's investment policy. The Administrative Services Director will conduct an annual review of the financial condition and registrations of such qualified bidders.

Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

Selection of broker/dealers used by an external investment adviser retained by the City will be at the sole discretion of the adviser. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

VII. SAFEKEEPING AND CUSTODY

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis, which will ensure that securities are deposited in an eligible financial institution prior to the release of funds. To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities shall be held in safekeeping in the City's name by a third-party custodian ~~or broker/dealer~~ designated by the Administrative Services Director, acting for the City under the terms of a custody agreement executed by the bank and the City. ~~to protect against potential losses due to failure of individual securities.~~ All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by the City from the custodian listing all securities held in safekeeping with current market data and other information. The only exception to the foregoing shall be depository accounts and securities purchases made with: State of California Local Agency Investment Fund (LAIF), time certificates of deposit, and mutual funds and money market mutual funds, since the purchased securities are not deliverable. The Administrative Services Director shall be bonded to protect the public against possible embezzlement and malfeasance.

VIII. SUITABLE AND AUTHORIZED INVESTMENTS

The City's investments are governed by California Government Code, Sections 53600 et seq. Within the investments permitted by the Code, the City seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy. The City shall be governed by the California Government Code, Sections 53600 et seq. If the Code is amended to allow additional investments or is changed regarding the limits on certain categories of investments, the City is authorized to conform to the changes in the revised Code, provided that the changes are not specifically prohibited by the City's policy. The City shall be required to present those changes in the annual review of the policy and to incorporate the new legislation within the policy. For purposes of compliance with the California Government Code and the City's Investment Policy, the credit rating requirement for invested funds shall be based on the quality ratings at the time of purchase. If the quality rating of the issuer is downgraded, subsequent to purchase, by any of the Nationally Recognized Statistical Rating Organizations below "A", or its equivalent, it shall be reported to the City Council with a recommendation, and ongoing information shall be provided if the bond is not sold. Percentage limitations of surplus funds invested are noted for the various investment instruments. Where there is a specified percentage limitation or minimum credit quality requirement for a particular category of investments, that percentage these requirements is are applicable only at the date of purchase. A later increase or decrease in a percentage resulting from a change in values or assets shall not constitute a violation of that restriction. The City's funds may not be invested in those prohibited funds described in California Government Code 53601.6, but must only be invested in any of the following instruments as permitted by law (California Government Code Section 53601):

The City is empowered by statute to invest in the following types of securities:

A. Investment Types

1.—U.S. TREASURY BILLS, NOTES & BONDS. Allowable along with other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage that the City may invest in U.S. Treasuries, provided that the maximum maturity is five (5) years. Commonly referred to as T-Bills, these are short-term marketable securities sold as obligations of the U.S. Government. They are offered in three-month, six-month, and one-year maturities. T-Bills do not accrue interest but are sold at a discount to pay face value at maturity. There are no limits on the dollar amount or percentage that the City may invest in U.S. Treasury Bills.

1.

U.S. TREASURY NOTES. These are marketable, interest-bearing securities sold as obligations of the U.S. Government with original maturities of one to ten years at issuance. Interest is paid semiannually. Purchases of these assets are limited to a remaining maturity of 5 years or less. There are no limits on the dollar amount or percentage that the City may invest in U.S. Treasury Notes.

~~U.S. TREASURY BONDS. These are the same as U.S. Treasury Notes except they have original maturities of ten years or longer at issuance. Purchases of these assets are limited to a remaining maturity of 5 years or less, unless specifically approved by the City Council in accordance with California Government Code section 53601. There are no limits on the dollar amount or percentage that the City may invest in U.S. Treasury Bonds.~~

- ~~2. U.S. GOVERNMENT AGENCY ISSUES AND GOVERNMENT SPONSORED ENTERPRISES. This includes obligations, participations, or other instruments of, or issued by, a federal government agency or a United States government-sponsored enterprise. Purchase of U.S. Government Agency securities may not exceed 50% of the City's portfolio. No more than 30% of the portfolio may be invested in any single Agency/Government Sponsored Enterprise and there shall be no more than 20% of agency callable securities in the portfolio. The maximum maturity shall not exceed five (5) years.~~

~~The allowable securities fall into two categories: 1) Issues which are backed by the full faith and credit of the United States, 2) Issues which are implicitly backed by the full faith and credit of the United States and/or are in conservatorship.~~

~~These Issues include, but are not limited to:~~

~~Issues, which are unconditionally backed by the full faith and credit of the United States, including: Government National Mortgage Association (GNMA), Small Business Administration (SBA) and General Services Administration (GSA).~~

~~Issues, which are not backed by the full faith and credit of the United States including but are not limited to: Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), Farm Credit System, Banks for Cooperation (Co-ops), Federal Lands Banks (FLB), Federal Intermediate Credit Banks (FICB), and Tennessee Valley Authority (TVA).~~

- ~~4. LOCAL AGENCY INVESTMENT FUND (LAIF). As authorized in~~

- ~~3. Government Code Section 16429.1, local agencies may invest in the Local Agency Investment Fund (LAIF), a pooled investment money market fund established by the State of California, and overseen by the State Treasurer, which allows local agencies to pool their investment resources. Principal may be withdrawn on a one-day notice. Interest earned is paid quarterly. The fees charged are limited to one-quarter of one percent of the earnings of the fund. Current policies of LAIF set minimum and maximum amounts of monies that may be invested as well as maximum numbers of transactions that are allowed per month. The City may invest up to the maximum amount permitted by LAIF. The LAIF is in trust in the custody of the State Treasurer. The City's right to withdraw its deposited monies from LAIF is not contingent upon the State's ability to adopt a State Budget by July 1st of each new fiscal year.~~

- ~~4. BANKER'S ACCEPTANCE. Otherwise known as bills of exchange or time drafts, are negotiable instruments with a maturity of six months or less drawn on and accepted by a commercial bank. These instruments must be rated "A-1" or its equivalent or better by at least one Nationally Recognized Statistical Rating Organization (NRSRO); or long-term debt obligations which are rated in a category of "A" or its equivalent or better by at least one NRSRO. Banker's Acceptances are usually created to finance the import or export of goods, or the shipment of goods within the United States. No more than 40% of the portfolio may be invested in Banker's Acceptances. No more than 5%~~

of the portfolio may be invested in any single issuer. The maximum maturity may not exceed 180 days.

- ~~5. NON-NEGOTIABLE CERTIFICATE OF DEPOSIT (CD).—As authorized in~~
~~6.5. Government Code Section 53601.8, local agencies may invest in Certificates of Deposit. These instruments must comply with Government Code Sections 16500 or 16600. This is a receipt for funds deposited in a Bank or Savings and Loan Association for a specified period at a specified rate of interest. The first \$250,000 of a CD is insured by the FDIC; as such, the Administrative Services Director/Treasurer may waive collateral requirements for CD investments up to this amount. Investments in CD's in excess of \$250,000 must be collateralized by Treasury Department Securities, which must be at least 110% of the face value of the CD's in excess of the first \$250,000, or by first mortgage loans, which must be at least 150% of the face value of the CD balance in excess of the first \$250,000. No more than 20% of the portfolio may be invested in certificates of deposit. Maturities may not exceed five (5) years.~~
- ~~▪ All institutions must: (1) have a minimum of \$100 million in assets; (2) have a demonstrated history of positive earnings; and, (3) must carry a minimum 3.5% equity ratio and hold that ratio for at least one year prior to the City's investment.~~
 - ~~▪ All institutions must be located within the State of California. For collateralized or negotiable certificates of deposit, the institution must have a minimum \$1 billion in assets, in addition to meeting the above criteria.~~

6. NEGOTIABLE CERTIFICATE OF DEPOSIT (NCD). Allowable certificates of deposits must be issued by a nationally or state-chartered bank or a state or federal association, a state or federal credit union, or by a federally licensed or state licensed branch of a foreign bank. The amount of the NCD insured up to the FDIC limit does not require any credit ratings. Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term obligations rated in a rating category of "A" or its equivalent or better by at least one NRSRO. The maturity period for this investment vehicle may not exceed five (5) years unless approved by the Council. No more than 30% of the total portfolio may be invested in these securities. No more than 5% of the portfolio may be invested in any single issuer.

7. COMMERCIAL PAPER. As authorized in Government Code Section 53601(h), provided that the securities are issued by an entity that meets all of the following conditions in either paragraph (a) or (b) and other requirements specified below:
- Securities issued by corporations:
 - A corporation organized and operating in the United States with assets more than \$500 million.
 - The securities are rated "A-1" or its equivalent or better by at least one NRSRO.
 - If the issuer has other debt obligations, they must be rated in a rating category of "A" or its equivalent or better by at least one NRSRO.
 - Securities issued by other entities:
 - The issuer is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - The securities must have program-wide credit enhancements including, but not

- limited to, overcollateralization, letters of credit, or a surety bond.
- The securities are rated "A-1" or its equivalent or better by at least one NRSRO.

- No more than 10% of the outstanding commercial paper of any single issuer.
- No more than 25% of the City's investment assets under management may be invested in Commercial Paper.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed 270 days.~~25% of the City's portfolio may be invested in "prime" quality commercial paper. The securities must be rated "A-1" or its equivalent or better by at least one NRSRO and issued by a corporation which has long term obligations with a rating of "A" or better by at least one NRSRO with maturities not to exceed 270 days. These notes are secured promissory notes of industrial corporations, utilities and bank holding companies. The issuer must be a corporation organized and operating in the United States with assets in excess of \$500 million. The City may not purchase more than 10% of the outstanding commercial paper of any single issuer. No more than 5% of the portfolio may be invested in any single issuer.~~

8. REPURCHASE AGREEMENTS. As authorized in Government Code Section 53601G), repurchase agreements are agreements between the local agency and seller for the purchase of government securities to be resold at a specific date and for a specific amount. Repurchase agreements are generally used for short-term investments for the City's daily automatic sweep account and will generally not exceed 30 days. Repurchase Agreements are subject to a Master Repurchase Agreement between the City and the provider of the repurchase agreement. The Master Repurchase Agreement will be substantially in the form developed by the Securities Industry and Financial Markets Association (SIFMA). The legal limitation on the maturity period for a repurchase agreement is for one year with the required market value underlying the agreement at 102% of the funds borrowed with the value adjusted quarterly.

9. MUNICIPAL SECURITIES BONDS OF THE CITY, STATE OF CALIFORNIA, OR LOCAL AGENCIES. As authorized in Government Code Section 53601(e), local agencies may invest in Bonds of the State of California and any local government in the State of California, which are rated in the "A" category or better by one NRSRO at the time of investment. In no event shall this classification of investment exceed 30% of the value of the portfolio. No more than 5% of the portfolio may be invested in any single issuer and the maximum maturity does not exceed five (5) years.

10. MUNICIPAL SECURITIES (REGISTERED TREASURY NOTES OR BONDS). Any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. In no event shall this classification of investment exceed 30% of the value of the portfolio. No more than 5% of the portfolio may be invested in any single issuer and the maximum maturity does not exceed five (5) years.

11. COLLATERALIZED BANK DEPOSITS. The City's deposits with financial institutions will be collateralized with pledged securities per California Government

Code, Section 53651. There are no limits on the dollar amount or percentage that the City may invest in collateralized bank deposits.

7.12. MUTUAL FUNDS ~~AND~~ MONEY MARKET MUTUAL FUNDS. Mutual Funds are referred to in California Government Code Section 53601(1), as "shares of beneficial interest issued by diversified management companies." Mutual Funds and Money Market Mutual Funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940 are authorized investments for funds subject to the following provisions:

- **Mutual Funds** that invest in the securities and obligations as authorized under California Government Code Section 53601(a) to (k) and (m) to (q) inclusive and that meet either of the following criteria:
 - Attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) Nationally Recognized Statistical Rating Organizations (NRSROs); or
 - Have retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code Section 53601 and with assets under management in excess of \$500 million.
 - ~~No more than 10% of the total portfolio may be invested in Mutual Funds.~~
 - ~~No more than 5% of the total portfolio may be invested in any one issuer.~~
- **Money Market Mutual Funds** registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria:
 - Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
 - Have retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.
 - ~~No more than 210% of the total portfolio may be invested in Money Market Mutual Funds.~~
 - ~~No more than 5% of the total portfolio may be invested in any one issuer.~~
 - ~~All Money Market Mutual Funds must be compliant with Rule 2a-7 of the Investment Company Act of 1940.~~
- No more than 20% of the total portfolio may be invested in mutual funds and money market mutual funds combined.

13. CORPORATE MEDIUM TERM NOTES. As authorized in Government Code Section 53601(k), local agencies may invest in corporate medium term notes issued by corporations organized and operating in the United States or by depository institutions licensed by the United States or any state and operating within the United States that are rated in the rating category of "A" or its equivalent or higher rating for the issuer's debt as provided by one NRSRO and having a maximum remaining maturity period of five years or less in an amount not to exceed 30% of the City-agency's portfolio.

Furthermore, the maximum principal amount in any one issuer will not exceed 5% of the City's portfolio.

14. ASSET-BACKED, MORTGAGE-BACKED, MORTGAGE PASS-THROUGH SECURITIES, AND COLLATERALIZED MORTGAGE OBLIGATION FROM ISSUERS NOT DEFINED IN SECTIONS 1 AND 2 OF THE SUITABLE AND AUTHORIZED INVESTMENTS SECTION OF THIS POLICY. The securities must be rated in a rating category of “AA” or its equivalent or better by a NRSRO. No more than 20% of the total portfolio may be invested in these securities with no more than 5% of the portfolio may be invested in any single Asset-Backed or commercial Mortgage security issuer. The maximum legal final maturity does not exceed five (5) years.

15. SURPANATIONALS. Allowable, provided that Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. The securities are rated in a rating category of “AA” or its equivalent or better by a NRSRO. No more than 30% of the total portfolio may be invested in these securities and no more than 10% of the portfolio may be invested in any single issuer. The maximum maturity does not exceed five (5) years.

8-16. GOVERNMENT INVESTMENT POOLS. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in securities and obligations authorized in subdivisions (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment advisor that meets all of the following criteria:

- The advisor is registered or exempt from registration with the Securities and Exchange Commission.
- The advisor has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.
- The advisor has assets under management in excess of five hundred million dollars (\$500,000,000).

While local government investment pools generally provide significant safety and liquidity, the Administrative Services Director shall complete a thorough investigation prior to making any such investment. Due diligence in investigations shall generally include a review of written statements of investment policies, objectives, fees schedules, and reporting schedules, as well as issues related to (1) eligible investors and securities, (2) the permitted frequencies and sizes of deposits and withdrawals, (3) security safeguards, including settlement processes,

(4) the frequency with which securities are priced and the program audited, (5) the treatment of gains and losses, including interest calculations and distribution,

(6) whether and, if so, how reserves, retained earnings, and similar funds are utilized by the investment pool, and (7) whether the investment pool is eligible for and, if so, accepts bond proceeds. In addition, only local government investment pools with at

least five years' experience providing similar services to other California municipalities may be utilized.

B. Collateralization

~~Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level for any amount exceeding FDIC coverage shall be in accordance with California Government Code Section 53652 and/or 53651 (m)(1).~~

~~The City chooses to limit acceptable collateral to the following: Cash, U.S. Treasury Bills, Notes and Bonds, and Federal Agency issues.~~Certificates of Deposit (CDs). The City shall require any commercial bank or savings and loan association to deposit eligible securities with an City of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

Collateralization of Bank Deposits. This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. The City shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

Repurchase Agreements. The City requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

- The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
 - The City shall receive monthly statements of collateral.
 - Collateral will always be held in the City's name by an independent third party with whom the City of Citrus Heights has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City.
 - The right of collateral substitution is reserved by the City.

C. Investments Not Approved

Any security type or structure not specifically approved by this policy is hereby prohibited. In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited. Investment in any security that could result in a zero interest accrual if held to maturity is prohibited. Under a provision sunseting on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited. Purchasing or selling securities on margin is prohibited. The use of reverse repurchase

agreements, securities lending or any other form of borrowing or leverage is prohibited. The purchase of foreign currency denominated securities is prohibited.

D. ~~Exceptions to Prohibited and Restricted Investments~~Risk Management and Diversification

Mitigating Credit Risk in the Portfolio

Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. The City will mitigate credit risk by adopting the following strategies:

- The diversification requirements included in the “Authorized Investments” section of this policy are designed to mitigate credit risk in the portfolio.
- No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single issuer unless otherwise specified in this policy.
- The City may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity or yield of the portfolio in response to market conditions or City’s risk preferences.
- If a security owned by the City is downgraded to a level below the requirements of this policy, making the security ineligible for additional purchases, the following steps will be taken:
 - Any actions taken related to the downgrade by the investment manager will be communicated to the Administrative Services Director in a timely manner.
 - If a decision is made to retain the security, the credit situation will be monitored and reported to the City Council.

Mitigating Market Risk in the Portfolio

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The City recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The City will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

The City further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The City, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- The City will maintain a minimum of six months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements.
- The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.
- The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the City based on the City’s investment objectives, constraints and risk tolerances.~~The City shall not be required to sell securities prohibited or restricted in this policy, or any future policies, or prohibited or restricted by new State regulations, if purchased prior to their prohibition and/or restriction. Insofar as these securities provide no notable credit risk to the City, holding of these securities until maturity is approved. At~~

~~maturity or liquidation, such monies shall be reinvested only as provided by this policy.~~

~~IX.~~ INVESTING PARAMETERS

~~A.~~ Diversification

~~X.IX. The City shall diversify its investments by security type, issuer, maturity, and financial institutions. No percentage limitations are established for United States government, United States government agencies and United States government sponsored enterprises; however percentage limitations are established for other permitted investments, as noted in Section VIII of this policy. The investments shall be diversified by limiting investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury and Federal Agency securities), limiting investment in securities that have higher credit risks, and investing in securities with varying maturities.~~

Maximum Maturities

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Where there is no specified maturity limitation on an investment, no investment shall be made in any security, which, at the time of the investment, has a term remaining to maturity in excess of five (5) years, unless the City Council has granted express authority to make that investment no less than three months prior to the investment.

~~XI.X.~~ REPORTING

The Administrative Services Director shall submit investment reports to the City Council that provide a clear picture of the status of the current investment portfolio and shall contain sufficient information to permit an independent organization to evaluate the performance of the investment program.

Reporting to City Council

In accordance with California Government Code Sections 53607 and 53646, the Administrative Services Director shall submit to the City Council a monthly report of portfolio transactions and a quarterly investment report, which summarizes all securities in the portfolio. The quarterly report shall include:

- Investment type
- Issuer
- Purchase date
- Maturity date
- Credit quality
- Coupon and yield
- Book value
- Market value
- Interest Earnings
- Average days to maturity
- Discussion of the current economic climate
- Statement that the portfolio is in compliance with this Investment Policy or the manner in which the portfolio is not in compliance.
- Statement of the City's ability to meet anticipated expenditure requirements for the next

six months, or an explanation as to why sufficient money may not be available.

XI. PERFORMANCE EVALUATION

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the City's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Treasurer shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Treasurer's quarterly report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark.

XII. PERFORMANCE STANDARDS

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the City's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Administrative Services Director shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Administrative Services Director's quarterly report. The Administrative Services Director shall select an appropriate, readily available index to use as a market benchmark.

~~The investment portfolio shall be managed in accordance with the parameters specified within this policy and always within consistently safe and prudent treasury management procedures.~~

A. Market Yield

~~The City's overall investment strategy is passive: Investments are generally held to maturity. If an investment advisory firm is retained by the City, the City portfolio shall be compared to a customized benchmark in order to determine whether market yields are being achieved. In addition, the quarter to date LAIF apportionment rate and the two year U.S. Treasury Note shall also be considered useful benchmarks of the City's portfolio performance.~~

B. Marking to Market

~~The market value of the portfolio shall be calculated at least quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed. In defining market value, consideration shall be given to pronouncements from the Government Accounting Standards Board (GASB) that address the reporting of investment assets and investment income for all investment portfolios held by governmental entities. The fair value of all securities reported in the City's portfolio is based on currently quoted market prices.~~

XIII. INVESTMENT POLICY COMPLIANCE AND ADOPTION

A. Policy Compliance and Changes

Any deviation from the policy shall be reported to City Council at the next scheduled meeting. The Administrative Services Director shall promptly notify the City Council of any material change in the policy, and any modifications to the policy must be approved by the City Council.

B. Annual Statement of Investment Policy

The Administrative Services Director shall render a written Investment Policy that shall be reviewed at least annually by the City Council to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends. The City Council shall consider the annual Investment Policy and any changes therein at a public meeting. The Investment Policy shall be adopted by resolution of the City Council.

~~C. Legislative Changes~~

~~Any State of California legislative action that further restricts allowable maturities, investment types or percentage allocations will be incorporated into the City of Citrus Heights Investment Policy and will supersede any and all previous applicable language. If the City is holding an investment that is subsequently prohibited by a legislative change, the City may hold that investment until the maturity date, if it is deemed prudent by the Administrative Services Director/Treasurer.~~

APPENDIX GLOSSARY OF INVESTMENT TERMS

AGENCY: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government (i.e. Government National Mortgage Association). Federally sponsored agencies (FSA's) are backed by each particular agency with a market perception that there is an implicit government guarantee (i.e. Federal National Mortgage Association).

- **FEDERAL FARM CREDIT BANK (FFCB):** Provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.
- **FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored wholesale banks (currently 12 regional banks) that lend funds and provide correspondent banks services to member commercial banks, thrift institutions, credit unions and insurance companies.
- **FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC):** Like FHLB, provides credit and liquidity in the housing market. FHLMC, also called "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.
- **FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages.
- **GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA, or FMHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.
- **PRIVATE EXPORT FINING CORPORATION (PEFCO):** Assists exporters; obligations of PEFCO are not guaranteed by the full faith and credit of the US government.
- **TENNESSEE VALLEY AUTHORITY (TVA):** Provides flood control and power and promotes development in portions of the Tennessee, Ohio, Mississippi River valleys. TVA currently issues discount notes and bonds.

BOOK VALUE: The value at which a debt security is shown on the holder's balance sheet. Book value is often acquisition cost plus/minus amortization and accretion, which may differ significantly from the security's current value in the market.

BROKER: Someone who brings buyers and sellers together and is compensated for his/her service.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

CREDIT QUALITY: The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by a Nationally Recognized Statistical-Rating Organization.

CREDIT RISK: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and

other assets.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, by buying and selling for his/her own account.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

FAIR VALUE: The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits currently up to \$250,000 per deposit.

~~**FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored wholesale banks (currently 12 regional banks) that lend funds and provide correspondent banks services to member commercial banks, thrift institutions, credit unions and insurance companies.~~

~~**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed rate mortgages.~~

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., twelve Regional Banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB): A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

~~**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA, or FMHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.~~

GOVERNMENT SECURITIES: An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

INTERNAL CONTROLS: An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

- **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
- **Separation of transaction authority from accounting and record keeping** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
- **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
- **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.

- **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
- **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
- **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): Chapter 730, Statutes of 1976 of the State of California, established the Local Agency Investment Fund. This fund enables local governmental agencies to remit money not required for immediate needs to the State Treasurer for the purpose of investment. In order to derive the maximum rate of return possible, the State Treasurer has elected to invest these monies with State monies as a part of the Pooled Money Investment Account (PMIA). Each local governmental unit has the exclusive determination of the length of time its money will be on deposit with the State Treasurer. At the end of each calendar quarter, all earnings derived from investments are distributed by the State Controller to the participating government agencies in proportion to each agency's respective amounts deposited in the Fund and the length of time such amounts remained therein. Prior to the distribution, the State's costs of administering the program are deducted from the earnings.

MARK-TO-MARKET: The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

MARKET VALUE: The current price at which a security is trading and could presumably be purchased or sold at that particular point in time.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of a financial obligation is due and payable.

MONEY MARKET MUTUAL FUND: Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

MUTUAL FUND: An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by Securities and Exchange Commission (SEC) disclosure guidelines.

NATIONALLY RECOGNIZED STATISTICAL-RATING ORGANIZATION (NRSRO): Standard and Poor's, Moody's, and Fitch Financial Services are examples of such organizations.

PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

PORTFOLIO: Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

PRINCIPAL: The face value or par value of a debt instrument, or the amount of capital invested.

in a given security.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker/dealers, banks and a few unregulated firms.

PRINCIPAL: (1) The face amount or par value of a debt instrument. (2) One who acts as a dealer buying and selling for his own account.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate the buyer for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is increasing bank reserves.

RISK: Degree of uncertainty of return on an asset.

RULE 2A-7 OF THE INVESTMENT COMPANY ACT: Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

TREASURY BILLS: Short-term U.S. government non-interest bearing discounted debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

TREASURY BOND: A long-term coupon-bearing U.S. Treasury security issued as a direct obligation of the U.S. Government and having an initial maturity of more than 10 years and issued in minimum denominations of \$1,000.

TREASURY NOTE: A medium-term coupon-bearing U.S. Treasury security issued as a direct obligation of the U.S. Government and having an initial maturity of from one to ten years and issued in denominations ranging from \$1,000 to \$1 million or more.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission (SEC) Rule 15C3-1 outlining requirements that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

VOLATILITY: A degree of fluctuation in the price and valuation of securities.

YIELD: The current rate of return on an investment security generally expressed as a percentage of the security's current price. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: March 9, 2023

TO: Mayor and City Council Members
Ashley Feeney, City Manager

FROM: Susan K. Talwar, Administrative Services Director
Alberto Preciado, Accounting Manager

SUBJECT: **Annual Comprehensive Financial Report**

Summary and Recommendation

Staff recommends the City Council accept and file the City of Citrus Heights Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2022 and the City of Citrus Heights Popular Annual Financial Report for the Fiscal Year Ended June 30, 2022.

Fiscal Impact

There is no fiscal impact associated with this action.

Background and Analysis

In accordance with the provisions of California Government Code Sections 37208, 53891, and Section 2-355 of the Citrus Heights Municipal Code, the City prepares and publishes annual audited financial statements. The accounting firm of Lance, Soll & Lunghard, LLP (LSL CPAs) performed the annual audit of the City's general purpose financial statements for the fiscal year ended June 30, 2022. The auditor has opined that the City's financial statements present fairly, in all material respects, the respective financial position of the City of Citrus Heights. The statements are in conformity with Generally Accepted Accounting Principles.

Some highlights from this year's ACFR include:

- An increase of Sales Tax Revenue of \$1.0 million;
- An increase in State Vehicle In-Lieu tax of \$379,000;
- An increase in the General Fund balance of \$3.0 million;
- A net decrease in long-term liabilities of \$3.1 million due to the payoff of the City's line of credit.

The format of the ACFR remains largely unchanged except for:

Subject: Annual Comprehensive Financial Report

Date: March 9, 2023

Page 2 of 2

- A change in accounting standards for GASB Statement No. 87 changed how the City records and reports its lease with Dignity Health for the Fountain Square property.

The City has also completed its second Popular Annual Financial Report (PAFR), a report intended to provide the City's citizens with an easy-to-read explanation of its finances. The information in the PAFR is derived from the City's ACFR.

The Annual Comprehensive Financial Report and the Popular Annual Financial Report for the fiscal year ended June 30, 2022 were reviewed in detail by the Finance and Administration Committee on March 2, 2023 and are posted on the City's website at:

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

The City received awards from the Governmental Finance Officers Association (GFOA) for both its 2021 ACFR and its 2021 PAFR, and the 2022 reports have been submitted for consideration of the awards.

Attachment

1. City of Citrus Heights Popular Annual Financial Report for the Fiscal Year Ended June 30, 2022.
2. City of Citrus Heights Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022.

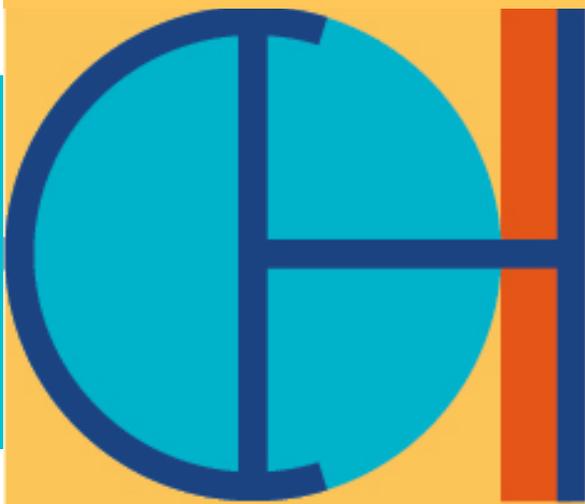
POPULAR ANNUAL FINANCIAL REPORT

City of Citrus Heights, California



For Year Ended
June 30, 2022

Prepared by:
Finance,
A Division of the Administrative
Services Department



25
YEARS

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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, 2021

Christopher P. Merrill
Executive Director/CEO

View the ACFR
on the City's
website



Message from the Administrative Services Director

December 29, 2022

To the citizens of Citrus Heights:

Welcome to the City of Citrus Heights' second 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, 2022 (FY 2021-22), 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).

In February 2022, the City had a unique opportunity to participate in a leadership program with the Government Finance Officers Association and the Engaging Local Government Leaders (ELGL) organization that partnered our City with a graduate student to develop its first-ever PAFR for the fiscal year ended June 30, 2021. The City is pleased to report that the 2021 PAFR was awarded a Certificate of Achievement in Popular Annual Financial Reporting from Government Finance Officers Association (GFOA). Thank you to Dena Jenkins for her work in creating the City's second PAFR.

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

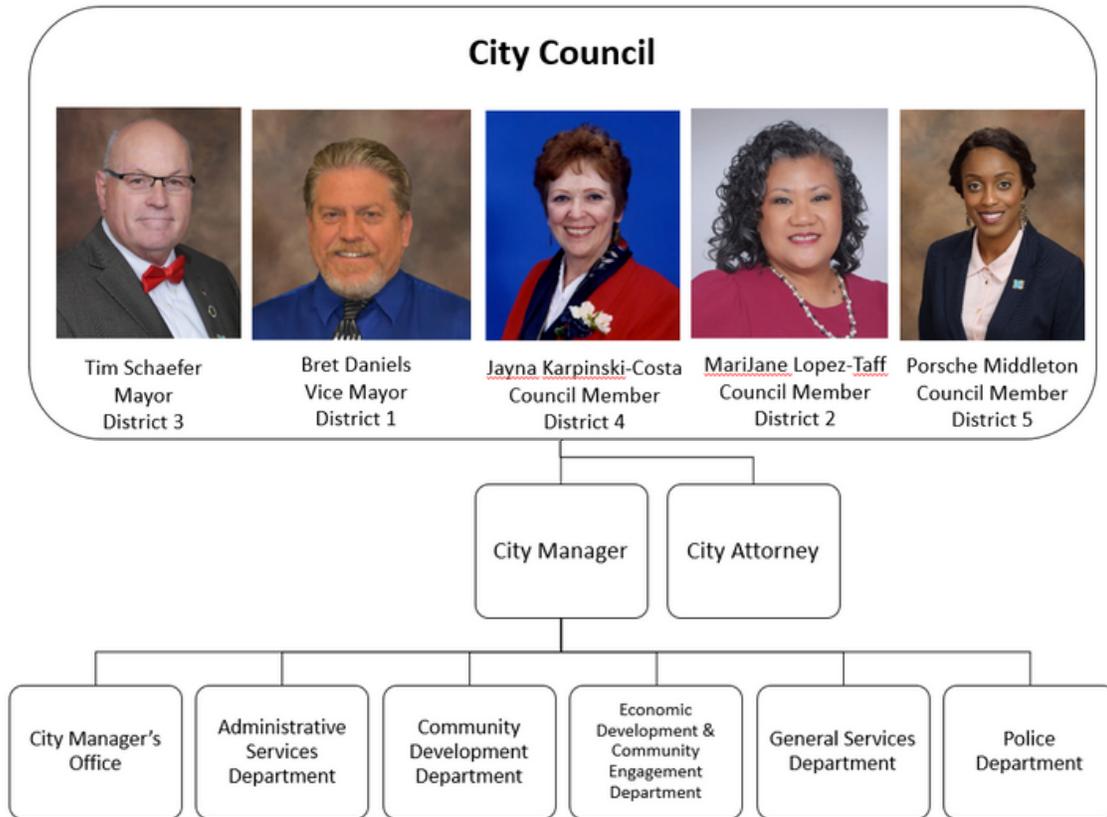
Administrative Services Director

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 Feeney
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

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.

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). CHIP fought a long battle against Sacramento County arguing over who should be allowed to vote for incorporation and the possible tax revenue loss from a Citrus Heights incorporation. In 1993, the U.S. Supreme Court upheld the California Supreme Court ruling that only residents of the proposed city should vote on incorporation and an agreement, which included a Revenue Neutrality agreement, with the county was reached. On November 5, 1996, voters approved the measure to incorporate and Citrus Heights became a City effective January 1, 1997.

This year marks the City's 25th year of incorporation.



Bee photograph/Kim D. Johnson
Measure R supporters Doug Ose, left, and Patti Hintz mount a victory sign during an election night party at the Citrus Heights Chamber of Commerce. Cityhood was approved by a wide margin.



Historic first council session



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

Finances, staffing Citrus Heights' first concerns

By JIM DUNCAN
 Community Editor

The process of building a new city has begun.

While not officially sworn into office, the Citrus Heights City Council met for the first time last Thursday night and plans to meet again this Thursday and next Tuesday to put together the staff and ordinances needed when the city becomes a reality July 1. And the council will likely need short-term financing to pay its bills until revenue begins pouring into the city treasury in the spring of 1997.

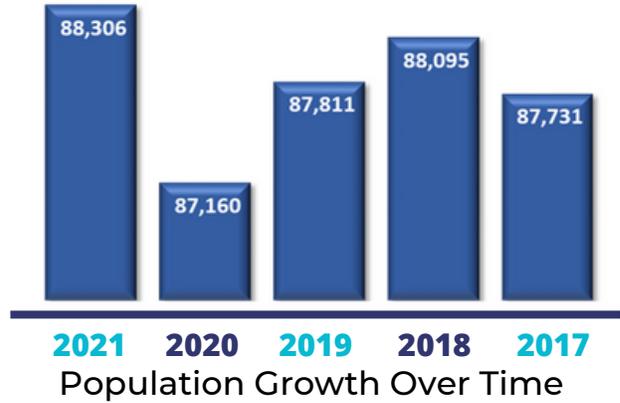
And public consultations and promises of support, the five council members began the process of building Sacramento County's fifth municipality - the most populous in state history at the time of incorporation. A large crowd packed the Patio Room at the Sunrise Recreation and Park District's Beach Park. Still photographers and cameramen from at least two television stations recorded the initial session.

See COUNCIL Page A5

City Demographics & Statistics



Population
88,306



Millennials
20,758



Retiring Soon
26,651

Average
Housing Price
\$478,148

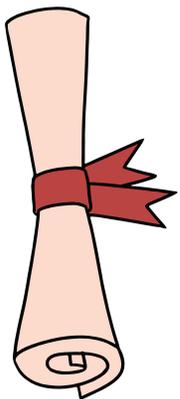


Median Age of Citizens
37.6

Total Regional
Employment
27,426



Per Capita
Personal Income
\$32,659



High School
Degree
90.2%

Unemployment
Rate
6.6%



Bachelor's
Degree
21.6%

Avg. Earnings
Per Job
\$79.8K



Notable Events

September 2021

Alexander Turcotte was promoted as the new Chief of Police.



November 2021

Draft of the Sunrise Tomorrow Specific Plan for Sunrise Mall was completed and approved by Council.



January 2022

Ashley Feeny joins the City as the new City Manager.



February 2022

City Hall fully re-opens post COVID-19 Pandemic.



March 2022

Council approved \$3.5M to payoff the outstanding revolving line of credit balance.



April 2022

Payments were issued for the ARPA COVID-19 Small Business Recovery Grant Program.



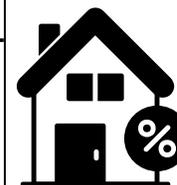
June 2022

The 2021 Residential Resurfacing Project was completed.



June 2022

Final property tax deferment was recorded under the Revenue Neutrality Agreement with the County of Sacramento.



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.

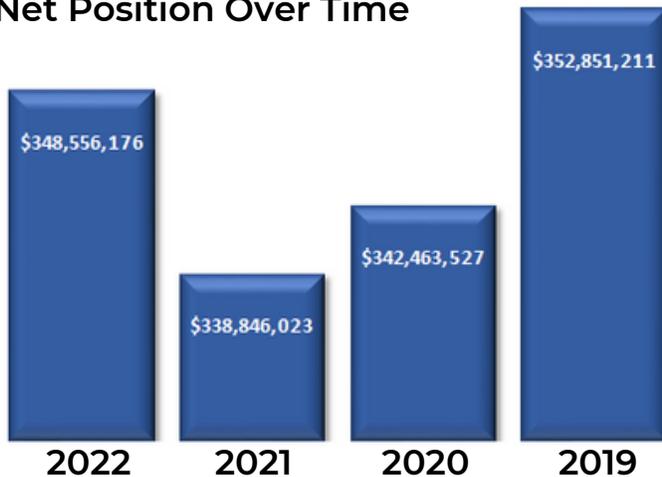


Net Position Statement

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	2022	2021	2020	2019
Current and other assets	\$ 65,279,479	\$ 53,555,723	\$ 36,338,113	\$ 32,998,227
Capital assets	317,842,720	319,843,497	328,960,349	337,286,574
Total Assets	383,122,199	373,399,220	365,298,462	370,284,801
Total Deferred Outflows	7,271,254	7,070,630	7,477,588	8,089,739
Liabilities/ Deferred Inflows				
Long-term liabilities	8,367,682	24,211,436	21,274,457	15,978,726
Other liabilities	22,813,780	16,289,280	7,881,392	8,799,953
Total Liabilities	31,181,462	40,500,716	29,155,849	24,778,679
Total Deferred Inflows	10,655,735	1,123,111	1,156,674	744,650
Net position				
Net investment in capital assets	317,238,068	319,572,398	328,960,349	337,286,574
Restricted	25,868,240	25,779,873	20,775,754	13,375,787
Unrestricted	5,449,868	(6,506,248)	(7,272,576)	2,189,050
Total Net Position	\$ 348,556,176	\$ 338,846,023	\$ 342,463,527	\$ 352,851,211

Net Position Over Time



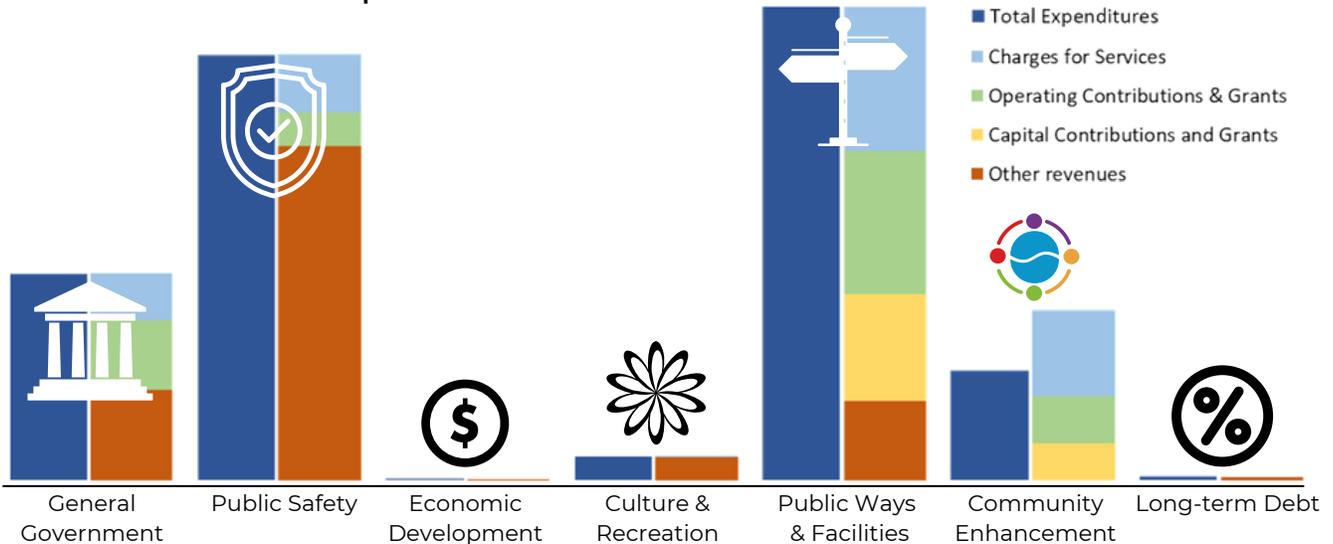
Citrus Heights experienced a decrease in its net position during the height of the COVID-19 pandemic. For 2022, as restaurants and retail continued to open, the city received higher than expected sales tax, additional funds restricted for infrastructure projects around the city, and paid off a significant amount of debt. All of this culminated in an increased net position from 2021 and 2020.

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. varies 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:

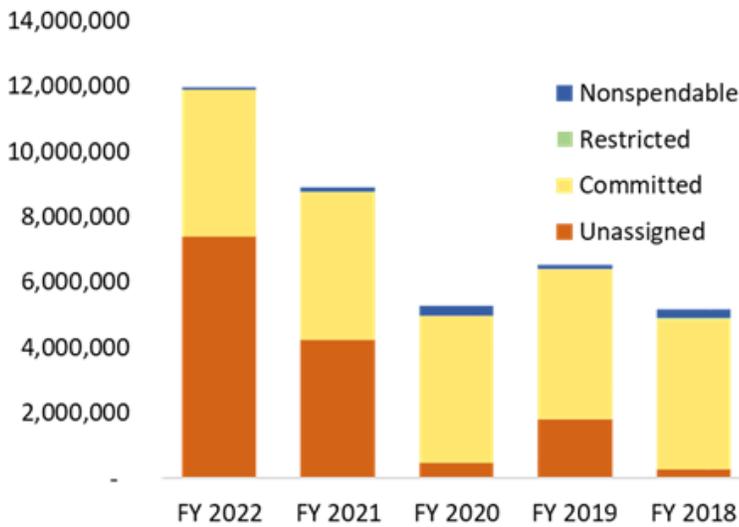
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues					
Governmental Activities Revenues					
Program Revenues	\$ 15,695,540	\$ 23,882,888	\$ 20,756,517	\$ 26,132,366	\$ 28,827,220
General Revenues	29,236,877	26,316,227	26,406,989	27,193,665	29,335,529
Business-type Activities Revenues					
Solid Waste	802,288	888,285	895,798	966,398	1,136,503
Total Revenues	45,734,705	51,087,400	48,059,304	54,292,429	59,299,252
Expenses					
Government Activities					
General Government	6,106,557	6,909,949	7,360,783	10,210,576	7,729,201
Public safety	21,698,128	24,025,017	24,443,611	23,338,398	15,877,629
Public ways and facilities	24,395,899	21,730,069	19,019,629	18,149,133	17,660,038
Culture and recreation	722,254	720,442	830,572	540,427	906,037
Economic development	353,608	296,233	950,409	916,027	55,751
Community enhancements	4,664,278	3,953,127	3,928,848	3,877,993	4,085,740
Interest on long-term debt		70,962	151,957	144,455	131,908
Business-type activities expenses					
Solid waste	751,291	809,466	675,849	732,927	788,023
Total primary government expenses	58,692,015	58,515,265	57,361,658	57,909,936	47,234,327
Change in Net Position					
Governmental activities	(13,008,307)	(10,356,855)	(10,607,634)	(3,850,978)	11,716,445
Business-type activities	50,997	78,819	219,949	233,471	348,480
Total primary government	\$ (12,957,310)	\$ (10,278,036)	\$ (10,387,685)	\$ (3,617,507)	\$ 12,064,925

Governmental Activities Expenses & Revenue Sources



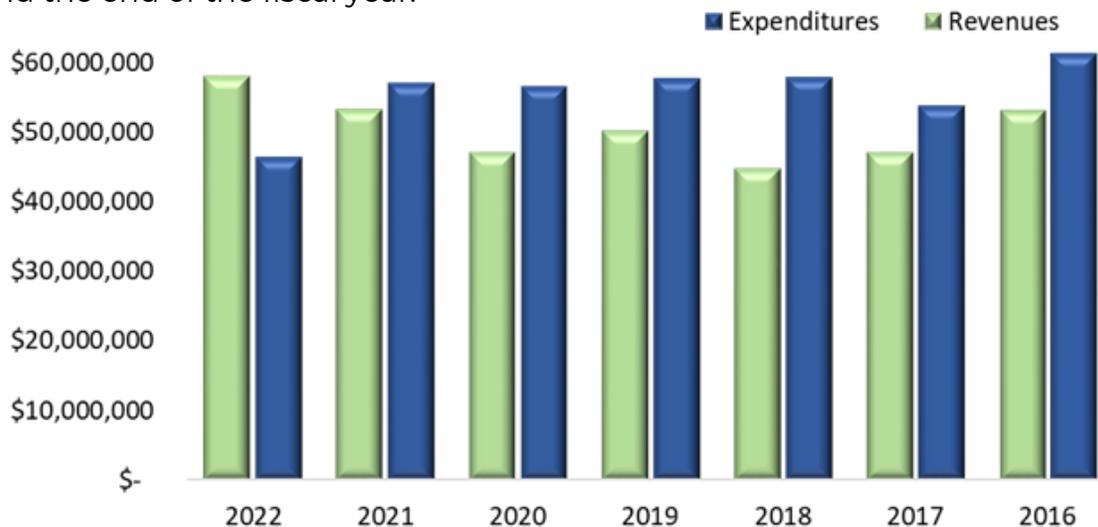
General Fund

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, 2022, the General Fund's fund balance totaled \$11,932,391 of which \$4,486,978 was committed for reserves and revenue stabilization. Fund balance in the General Fund increased by \$3,041,565 largely due to decreased expenditures caused by vacant positions.

The actual total revenues were approximately \$385,789 more than the final budgeted amount. Investment earnings and charges for services came in under budget; all other revenue categories exceeded the budget estimate. The largest favorable variance compared to the budget was in tax revenues, \$599,268. An increase in general sales tax revenue was due to the continuing increase of sales at local businesses that had shut down or been impacted by the COVID-19 pandemic. A decrease in intergovernmental revenue was caused by grant reimbursements being delayed beyond the end of the fiscal year.



Revenues

The City's total revenues for governmental and business-type activities were \$59,299,252 for the fiscal year ended June 30, 2022. Governmental revenues increased by \$4,836,718 from last fiscal year due primarily to an increase in charges for service, capital grants, and sales and use taxes. Approximately 69.47% of the City's key revenues are generated from four major sources.

Program Revenue	Governmental Activities	Business-type Activities	Totals
Charges for services	\$ 12,516,296	\$ 1,092,589	\$ 13,608,885
Operating Grant	10,921,489		10,921,489
Capital Grant	5,389,435		5,389,435
General Revenue			
Property taxes and assmt	638,183		638,183
Sales and use taxes	14,412,009		14,412,009
Utility user taxes	2,794,196		2,794,196
Other taxes	1,372,945		1,372,945
Other revenue	123,409	58,444	181,853
Shared intergovernmental - unrestricted	9,683,155		9,683,155
Investment earnings (loss)	311,632	(14,530)	297,102
Total Revenue	\$ 53,326,031	\$ 966,398	\$ 59,299,252



Four Major Sources of Revenues



Sales Tax - Annual receipts for the fiscal year ended June 30, 2022 increased by \$1,038,526 from the prior year due to the continued economic recovery following the lifting of pandemic restrictions.



Shared Intergovernmental Revenues - Annual receipts for the fiscal year ended June 30, 2022 increased by \$379,239 from the prior year. This amount represents the state motor vehicle in-lieu tax.



Grants and Contributions - Governmental Activities Operating - 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.



Grants and Contributions - Governmental Activities Capital - The increase in capital revenues reflects receipt of additional funding for new and ongoing capital projects in the current fiscal year.

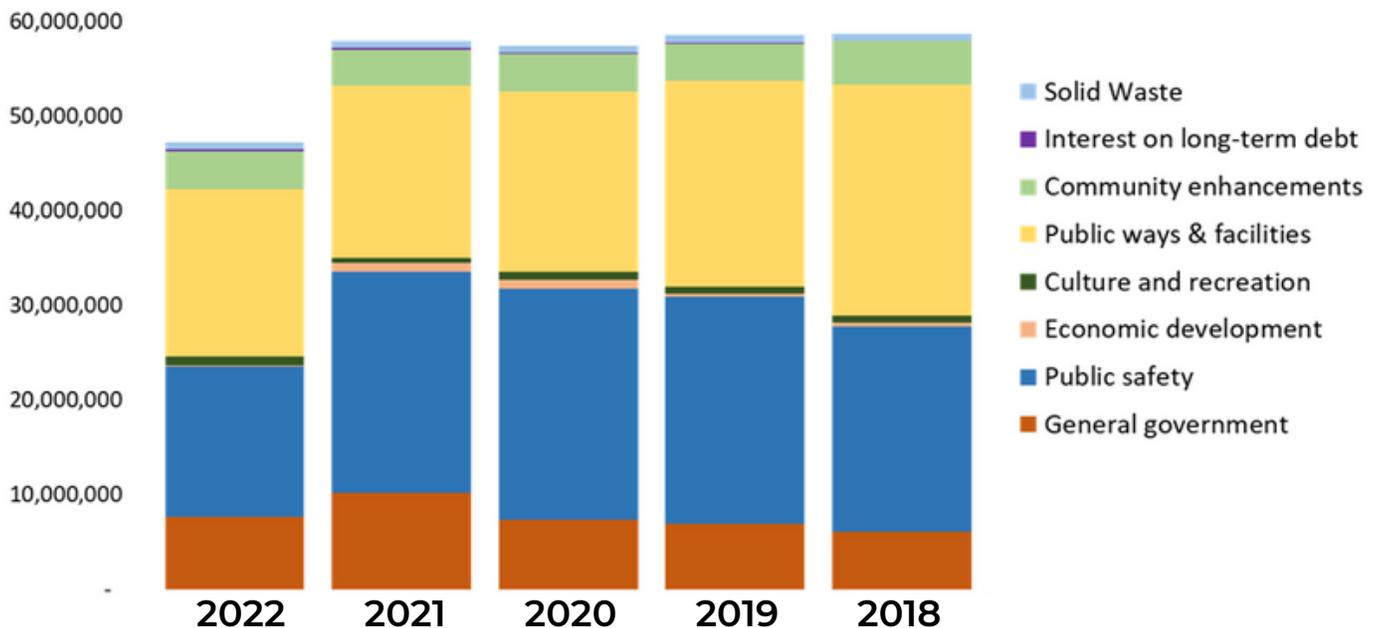
Expenditures

Governmental and business-type activity expenses of the City for the year totaled \$47,234,327. Governmental activity expenses totaled \$46,446,304 or 98.33% of total expenses. Business-type activities expenses totaled \$788,023 during the fiscal year. Public safety costs represented 34.18% of total governmental activities expenses and represented the largest single expense for governmental activities.

2022 Expenses by Function



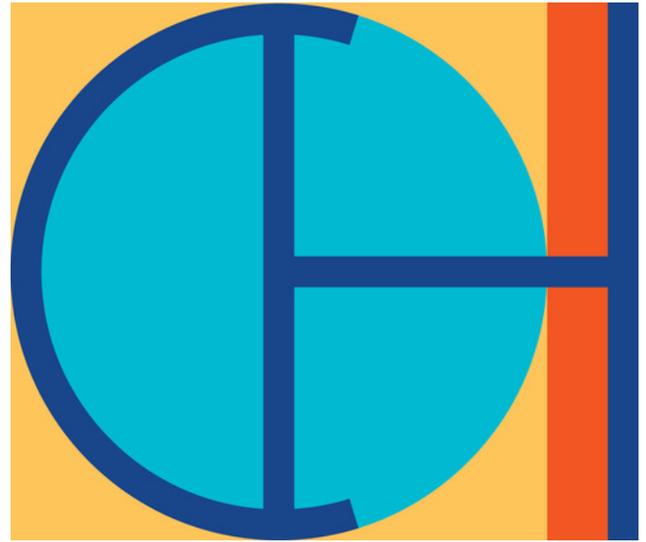
Historical Trends of Expenditures



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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2022



Prepared By:

Finance,

A Division of the Administrative

Services Department

CITY OF CITRUS HEIGHTS, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2022

Prepared by
Finance,
A Division of the Administrative Services Department

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CITY OF CITRUS HEIGHTS
 ANNUAL COMPREHENSIVE FINANCIAL REPORT
 FOR FISCAL YEAR ENDED JUNE 30, 2022

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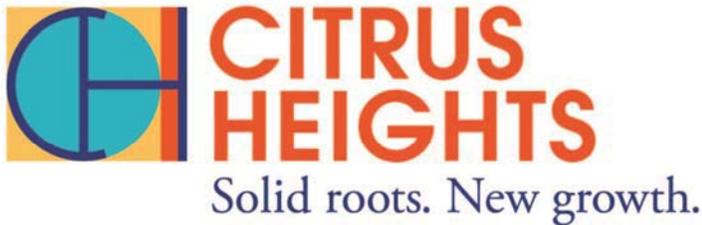
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December 28, 2022

To the Honorable Mayor and Members of the City Council and Citizens of the City of Citrus Heights:

City staff is pleased to submit the City of Citrus Heights’ Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. The City of Citrus Heights has a long tradition of self-reliance. Strong financial policies and responsible fiscal management of taxpayer dollars remain a core tenet of City operations. Our City is committed to continued strong fiscal stewardship, transparency, and accountability over taxpayer dollars. Working together, the City Council and City staff ensure our budget and financial policies reflect spending consistent with essential priorities.

It is the policy of the City Council that a licensed certified public accountant conduct an annual audit at the end of each fiscal year and issue a complete set of audited financial statements. The audit is conducted in accordance with generally accepted auditing standards and the financial statements are presented in conformity with Generally Accepted Accounting Principles (GAAP).

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with the City. City staff believes the data presented in this report is accurate in all material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City’s financial activities have been included. Management of the City has established an internal control framework that is designed to both protect the City’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with GAAP. Because the cost of a control should not exceed the benefits derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to the citizens of the City of Citrus Heights, city staff, creditors, investors, and other concerned readers. City staff encourages all readers to contact the Finance Division with any questions or comments concerning this report.

The City’s financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance

that the financial statements of the City for the fiscal year ended June 30, 2022 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unmodified opinion, which states that the City's financial statements for the fiscal year ended June 30, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports will be available in the City's separately issued Single Audit Reports.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Citrus Heights

The City of Citrus Heights operates under a Council-Manager form of government and provides municipal services that include public safety, public works, and community development. This report includes all funds of the City of Citrus Heights. The MD&A continues to demonstrate our commitment to providing essential quality of life services, maintaining public safety, improving the City's infrastructure including streets and roads, and growing our local economy while maintaining financial stability.

The City Council establishes annual budgets for the General Fund, Proprietary Funds, and Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department directors submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the following year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30th of each year in accordance with the City's Municipal Code.

The City of Citrus Heights was incorporated on January 1, 1997, as a general law city. Citrus Heights was the first new city in Sacramento County in more than 50 years and was the largest city to incorporate in the State of California. With a population of approximately 88,000 in a 14.2 square-mile area, Citrus Heights is 98% developed, with two large commercial corridors and a well-established residential community. We attract a population of all ages, and have a higher percentage of millennials and retirees than other cities our size.

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 serves as the policy board for the municipality. As an elected Board of Directors, the City Council provides policy direction, establishes goals, and sets priorities for the City government. In addition to serving as the policy makers for the community, the City Council also is responsible for numerous land use decisions within its borders, including the General Plan. The City Council appoints the City Manager, City Attorney, and all members of advisory boards and commissions.

In Citrus Heights, the total labor force is approximately 43,700. Unemployment in Sacramento County is at approximately 3.7%, which is below the current rate of unemployment for California (4.2%). The City of Citrus Heights is home to a diverse labor force, specializing in such occupations as sales, executive and managerial services, technical support, professional specialties, and other services. As the geographic center of the Greater Sacramento area, Citrus Heights offers residents and workforce effective access to the region. With total regional employment at 27,426, Citrus Heights jobs are projected to grow by approximately 6% in the next five years.

Most of Citrus Heights' commercial real estate is comprised of large retail and small office space. Citrus Heights has long been known as a retail mecca, but the current retail market is in a state of change. Consumers are relying less on brick and mortar stores now that online shopping is mainstream. Citrus Heights is home to one of the Sacramento area's first regional shopping centers, Sunrise Mall. In its prime, Sunrise Mall served as the economic engine of the City and the community's central gathering place. With the addition of other regional malls and a shift toward online shopping, Sunrise Mall has experienced immense fall off in economic impact — resulting in a decline of almost 50% since 2006. In 2019, City Council directed staff to embark on a specific plan process for Sunrise Mall. This plan has engaged each of the five owners of the 100-acre mall site, stakeholders, and the community, to work together on a new vision for Sunrise Mall. Through zoning, visioning, and entitling, the plan re-envisioned Sunrise Mall as a regional destination and economic engine for the community. Citrus Heights is a City that takes charge of its own future. By undertaking this process, we are encouraging continued growth and prosperity for our

commercial business community. The Specific Plan and Environmental Impact Report was unanimously approved by City Council in October 2021. In addition to fostering in a new era for Sunrise Mall, the City also works hard to support our small businesses. There are over 2,100 businesses in Citrus Heights, and 71% of those have less than 10 employees. Many of our small businesses are supported by three business districts: Sunrise MarketPlace, Auburn Blvd Business Association, and Antelope Crossing Business Association.

Budget Initiatives

The City of Citrus Heights has developed broad policy direction through the development of budget strategies that establish long-term policy guidance for conducting the City's financial activities. Citrus Heights has a long tradition of self-reliance and local control with excellent quality of life services our residents expect and deserve. The City Council has established policies to meet the following strategic objectives:

1. **Strategic Focus** – The City's financial management should be strategic, reflecting the Council's and the community's priorities for service while providing resources that realistically fund routine operations. Most importantly, we strive to maintain essential services reflective of our community's values and engage in continued fiscally responsible planning amid state mandates and takeaways.
2. **Fiscal Control and Accountability** – The City's financial activities should be fiscally sound and accountable to the City Council through the City Manager. It is our intent to maintain local control over local funds for our local needs in a fiscally prudent manner that addresses essential priorities.
3. **Clarity** – The City's financial planning and reporting should be clear and easy to understand so that all participants, the City Council, the community, and staff can productively participate in making good decisions. Our intent is to keep local government transparent and accountable, which includes our community's ability to engage with our financial information. The City of Citrus Heights regularly issues communications that inform and engage residents in fiscal updates.
4. **Long-Term Planning** – The City of Citrus Heights has always taken charge of its own future. We became a city by intent, establishing our own police department and being fiscally responsible, and we have plans for our future. The City's financial planning should emphasize multi-year horizons to promote long-term planning of resource uses. We have always engaged in long-term and comprehensive financial planning to ensure that the City can keep its budget balanced while preserving local control and essential services such as public safety and street maintenance in Citrus Heights.
5. **Flexible and Cost Effective Responses** – The City's financial management practices should encourage a mission-driven organization that responds quickly and

straightforwardly to community demands. The City's management should flexibly respond to opportunities for better service, should proactively manage revenues, and should cost-effectively manage ongoing operating costs. We must maintain public safety, economic development, and local control to adequately address our community's essential services and quality of life.

6. **Staffing Philosophy** – The City has worked towards establishing a balance between City employees and contract staff to ensure the most efficient City operations.

Financial Policies

The City Council has developed policy parameters for the City's fiscal management. Those fiscal policies address a number of issues including financial activity reporting, budgeting and financial planning, appropriation control, debt management, investments, fees and charges, purchasing, performance measures and competitive review, and reserves.

Long-Term Financial Planning

The City's financial planning promotes long-term planning of its resources that is reflective of community priorities, essential services, and quality of life. The ten-year financial forecast has served as the primary budget guidance tool since the City's incorporation in 1997. The forecast is updated annually to project future General Fund revenue and expenditures. Several factors directly affect the City's General Fund revenue. Since the City currently receives approximately 38% of its General Fund revenue from sales and use tax, it is especially susceptible to economic downturns and the changing retail economy. In addition, the City is approximately 98% built out which results in fewer opportunities for revenue generating growth. The City will continue to balance the General Fund by implementing a combination of cost saving measures as well as prudent financial planning.

Current Economic Conditions and Outlook

The outbreak of the coronavirus disease, COVID-19, was declared a pandemic by the World Health Organization. The Governor declared a state of emergency in the State on March 4, 2020 and the Mayor declared a state of emergency in the City on March 19, 2020, each of which is still in effect.

The COVID-19 pandemic has wreaked havoc on the global economy, with a devastating impact on national and local economies. COVID-19 remains a considerable source of uncertainty. Public health orders, business closures, supply chain disruption, changing consumer trends and uncertain markets continue to be variable factors in future planning.

The City of Citrus Heights anticipates receiving the property tax revenue previously retained by the County of Sacramento under the revenue neutrality agreement in January 2023.

The City's economic development efforts and implementation of the City's financial policies help to promote Citrus Heights' fiscal stability. Since incorporation in 1997, at the direction of the City Council, staff has conducted a systematic review of operations, resulting in some cases in the transition from contract service to an in-house operational model; in other instances, a renegotiation of existing service contracts; and in other instances, retention of the contract operational model with a different service provider. These operational analyses and reforms are intended to promote long-term stability.

Awards and Acknowledgements

The City of Citrus Heights received an award for its submission of the FY 2020-2021 Annual Comprehensive Financial Report for the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). This was the twenty-first consecutive year that the City received this award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. City staff believes that this report will again meet the program requirements to receive the award.

The preparation of this Annual Comprehensive Financial Report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Division and the auditing firm of Lance, Soll & Lunghard, LLP. I would also like to thank members of the City Council, the City Manager, and the various departments for their cooperation and support in planning and conducting the financial operations of the City during the past fiscal year.

Respectfully Submitted,



Susan Talwar

Administrative Services Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Citrus Heights
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

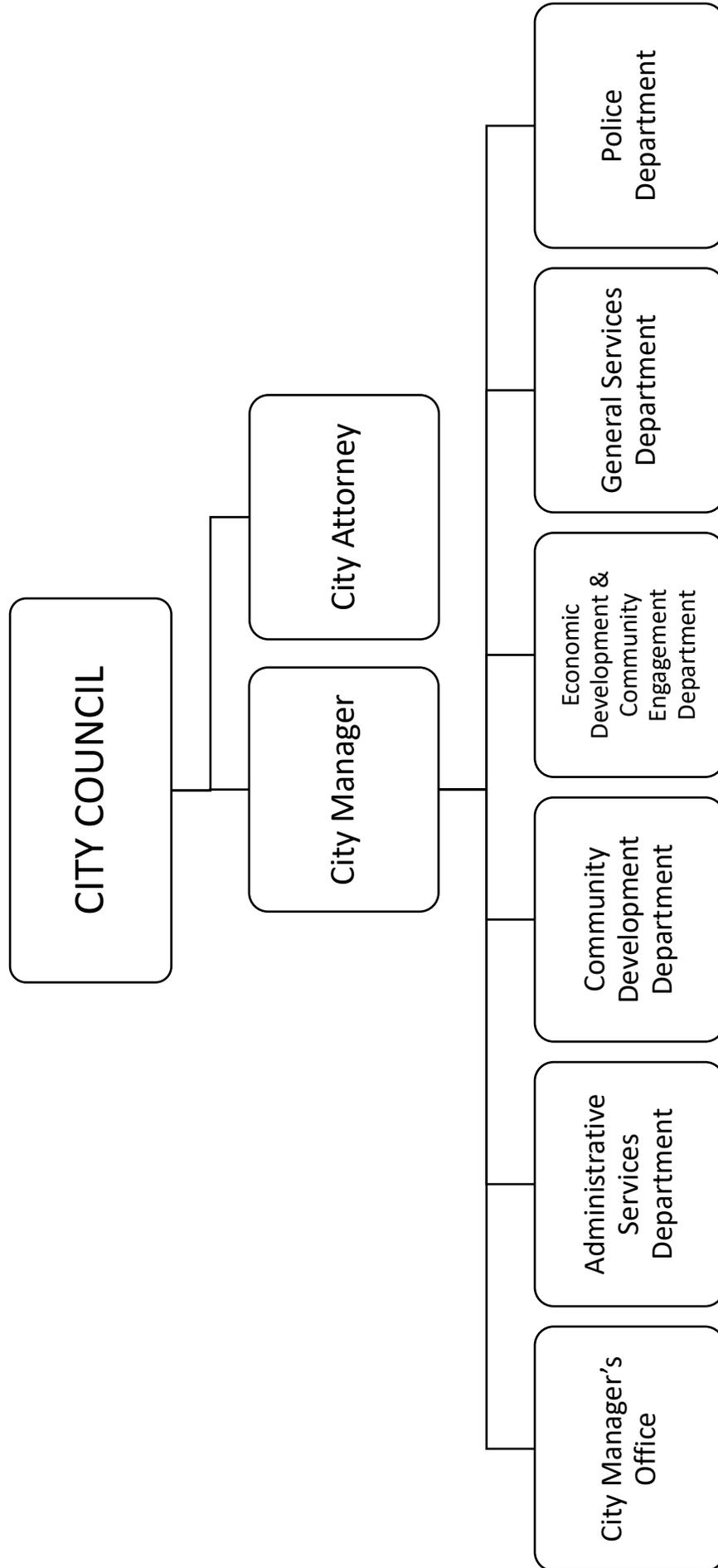
June 30, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF CITRUS HEIGHTS

Organizational Chart



CITY OF CITRUS HEIGHTS, CALIFORNIA

**List of Officials
2022**

Elected

Mayor	Tim Schaefer
Vice Mayor	Bret Daniels
Council Member	MariJane Lopez-Taff
Council Member	Jayna Karpinski-Costa
Council Member	Porsche Middleton

Appointed

City Manager	Ashley Feeney
Administrative Services Director	Susan Talwar
Community Development Director	Casey Kempenaar
Economic Development & Community Engagement Director	Meghan Huber
General Services Director	Regina Cave
Chief of Police	Alexander Turcotte
City Attorney	Ryan R. Jones, Jones & Mayer

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Citrus Heights, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Citrus Heights, California, (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in the notes to the financial statements, in the fiscal year ended June 30, 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



To the Honorable Mayor and Members of the City Council
City of Citrus Heights, California

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules for the General Fund and major special revenue funds, and required pension and other post-employment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required



To the Honorable Mayor and Members of the City Council
City of Citrus Heights, California

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Solt & Loughard, LLP

Sacramento, California
December 28, 2022

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

This section provides a narrative overview and analysis of the financial activities of the City of Citrus Heights (City) for the fiscal year ended June 30, 2022. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- ◆ As of June 30, 2022, total assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$348,556,176 (net position). The portion of net position that may be used to meet the government's ongoing obligations to citizens and creditors (unrestricted net position) is \$5,449,868. The portion of net position that is restricted and may only be used for specific purposes is \$25,868,240. The remaining \$317,238,068 is invested in capital assets.
- ◆ As of June 30, 2022, the City's governmental funds reported combined ending fund balances of \$39,243,287. Of the combined fund balances, 33.90% (\$13.30 million) is available to meet the City's current and future needs (committed, assigned and unassigned balances).
- ◆ As of June 30, 2022, the committed amount in the General Fund of \$4,486,978 represents amounts committed for insurance, postemployment healthcare benefits and a Council commitment for economic uncertainties and anticipated future short-term structural deficits (i.e. revenue stabilization). See Note 8.
- ◆ Under the revenue neutrality agreement with the County of Sacramento, \$6,521,191 of property tax revenue was retained by the County as payment under the agreement. These payments are expected to continue through the fiscal year ending June 30, 2022.
- ◆ Capital assets, net of depreciation, decreased to \$317,492,638 from \$319,843,497, which includes \$273,040,160 of infrastructure per the requirements of GASB 34.

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

This Annual Comprehensive Financial Report is in three major parts:

- 1) **Introductory section**, which includes the Transmittal Letter and general information;
- 2) **Financial section**, which includes the Management's Discussion and Analysis, the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements along with the notes to these financial statements and Combining and Individual Fund Financial Statements and Schedules; and,
- 3) **Statistical section**, which includes detailed information as a context for understanding what the information in the financial statements and footnotes says about the City's overall financial health.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT, Continued

The Basic Financial Statements

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two different views of the City's financial activities and financial position.

The Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the City's activities as a whole and are comprised of the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in net position for the year.

All of the City's activities are grouped into Governmental Activities and Business-type activities, as explained below. All the amounts in the Statement of Net Position and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

- ◆ ***Governmental activities*** – All of the City's basic services are considered to be governmental activities, including general government, community development, economic development, public safety, animal control, engineering, community events, public improvements, planning and zoning, building inspections, and general administration. These services are supported by general City revenues such as taxes and by specific program revenues such as user fees.
- ◆ ***Business-type activities*** – All of the City's enterprise activities are reported here. The City's only Business-type activity fund is Solid Waste. Unlike governmental services, this service is supported by charges paid by users based on the amount of the service they use.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT, Continued

spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

For the fiscal year ended June 30, 2022, the City's major funds include the General Fund, General Capital Improvements Fund, Community Development Block Grant (CDBG) Fund, and Streets Fund.

For the fiscal year ended June 30, 2022, the City adopted annual appropriated budgets for the General Fund and Special Revenue funds.

Proprietary funds. The City maintains one Enterprise-type proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses an enterprise fund to account for Solid Waste activities.

Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The proprietary fund financial statements provide separate information for the Solid Waste operation.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 33-67 of this report. Required Supplementary Information follows the notes on page 69.

Combining and Individual Fund Financial Statements and Schedules. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements and required supplementary information. Combining and individual fund statements can be found on pages 79-135 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

In the case of the City, assets exceeded liabilities by \$347,074,432 as of June 30, 2022. Under the revenue neutrality settlement, the County retains the annual property tax for the first twenty-five years after the City's incorporation through the fiscal year ending June 30, 2022. For the fiscal year ended June 30, 2022, the County retained \$6,521,191 of property taxes.

The Summary of Net Position as of June 30, 2022, and 2021, follows:

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 63,880,974	\$ 52,521,022	\$ 1,398,425	\$ 1,034,701	\$ 65,279,399	\$ 53,555,723
Capital assets	317,492,638	319,485,541	350,082	357,956	317,842,720	319,843,497
Total Assets	381,373,612	372,006,563	1,748,507	1,392,657	383,122,119	373,399,220
Total Deferred Outflows	7,180,588	6,983,623	90,666	87,007	7,271,254	7,070,630
Long-term liabilities	8,242,124	23,930,072	125,558	281,364	8,367,682	24,211,436
Other liabilities	22,712,006	16,239,828	101,774	49,452	22,813,780	16,289,280
Total Liabilities	30,954,130	40,169,900	227,332	330,816	31,181,462	40,500,716
Total Deferred Inflows	10,525,638	1,107,527	130,097	15,584	10,655,735	1,123,111
Net position:						
Net investment in capital assets	316,887,986	319,214,442	350,082	357,956	317,238,068	319,572,398
Restricted	25,868,240	25,779,873	-	-	25,868,240	25,779,873
Unrestricted	4,318,206	(7,281,556)	1,131,662	775,308	5,449,868	(6,506,248)
Total Net Position	\$ 347,074,432	\$ 337,712,759	\$ 1,481,744	\$ 1,133,264	\$ 348,556,176	\$ 338,846,023

Restricted net position increased by \$88,367 due to an increase in the receipt 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 \$5,449,868 of unrestricted net position as of June 30, 2022, which is an increase of \$11,970,870. While unrestricted net position is technically unrestricted, much of the amount is committed for a specific use as described in Note 8.

The City maintains a commitment of fund balance in the General Fund, commonly called the General Fund Reserve. It is set at a maximum of \$35 million at June 30, 2022, and the balance is currently \$4.5 million. The net position of business-type activities cannot be used to make up an unrestricted net position deficit in the governmental activities. The City generally can only use these assets to finance the continuing operations of the business-type activities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2022, and 2021, follows:

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 12,516,296	\$ 11,469,898	\$ 1,092,589	\$ 904,130	\$ 13,608,885	\$ 12,374,028
Grants and contributions:						
Operating	10,921,489	11,072,674	-	-	10,921,489	11,072,674
Capital	5,389,435	3,589,794	-	-	5,389,435	3,589,794
General revenues:						
Property taxes and assessments						
	638,183	383,773	-	-	638,183	383,773
Sales and use taxes						
	14,412,009	13,373,483	-	-	14,412,009	13,373,483
Utility users tax						
	2,794,196	2,717,945	-	-	2,794,196	2,717,945
Other taxes						
	1,684,577	1,412,898	-	-	1,684,577	1,412,898
Other revenue						
	123,409	-	58,444	61,151	181,853	61,151
Shared intergovernmental - unrestricted						
	9,683,155	9,303,916	-	-	9,683,155	9,303,916
Investment earnings (Losses)						
	-	1,650	(14,530)	1,117	(14,530)	2,767
Total Revenues	58,162,749	53,326,031	1,136,503	966,398	59,299,252	54,292,429
Expenses:						
Governmental activities:						
General government	7,729,201	10,210,576	-	-	7,729,201	10,210,576
Public safety	15,877,629	23,338,398	-	-	15,877,629	23,338,398
Public ways and facilities	55,751	18,149,133	-	-	55,751	18,149,133
Culture and recreation	906,037	540,427	-	-	906,037	540,427
Economic development	17,660,038	916,027	-	-	17,660,038	916,027
Community enhancements	4,085,740	3,877,993	-	-	4,085,740	3,877,993
Interest on long-term debt	131,908	144,455	-	-	131,908	144,455
Business-type activities:						
Solid waste	-	-	788,023	732,927	788,023	732,927
Total Expenses	46,446,304	57,177,009	788,023	732,927	47,234,327	57,909,936
Excess of revenues over expenditures before transfers						
	11,716,445	(3,850,978)	348,480	233,471	12,064,925	(3,617,507)
Transfers						
	-	-	-	-	-	-
Change in Net Position	11,716,445	(3,850,978)	348,480	233,471	12,064,925	(3,617,507)
Restatement						
	(2,354,772)	-	-	-	(2,354,772)	-
Net position, beginning of year						
	337,712,759	341,563,737	1,133,264	899,793	338,846,023	342,463,530
Net Position, June 30	\$ 347,074,432	\$ 337,712,759	\$ 1,481,744	\$ 1,133,264	\$ 348,556,176	\$ 338,846,023

Revenues

The City's total revenues for governmental and business-type activities were \$59,299,252 for the fiscal year ended June 30, 2022. Approximately 69.47% of the City's key revenues are generated from four major sources.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The following discusses variances in key revenues from the prior fiscal year:

1. **Sales Tax** - Annual receipts for the fiscal year ended June 30, 2022 increased by \$1,038,526 from the prior year due to the continued economic recovery following the lifting of pandemic restrictions.
2. **Shared Intergovernmental Revenues** - Annual receipts for the fiscal year ended June 30, 2022 increased by \$379,239 from the prior year. This amount represents the state motor vehicle in-lieu tax.
3. **Grants and Contributions - Governmental Activities Operating** - 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 amounts also included the CARES Act Relief funding for cities and the Great Plates program.
4. **Grants and Contributions - Governmental Activities Capital** - The increase in capital revenues reflects receipt of additional funding for new and ongoing capital projects in the current fiscal year.

Expenses

Governmental and business-type activity expenses of the City for the year totaled \$47,234,327. Governmental activity expenses totaled \$46,446,304 or 98.33% of total expenses. Business-type activities expenses totaled \$788,023 during the fiscal year. Public safety costs represented 34.18% of total governmental activities expenses and represented the largest single expense for governmental activities.

Governmental Activities

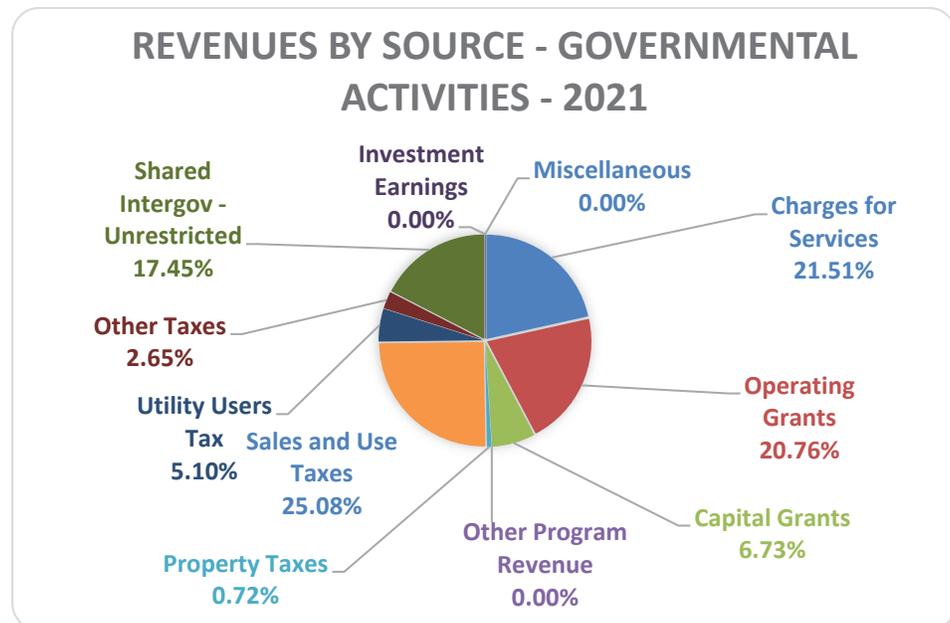
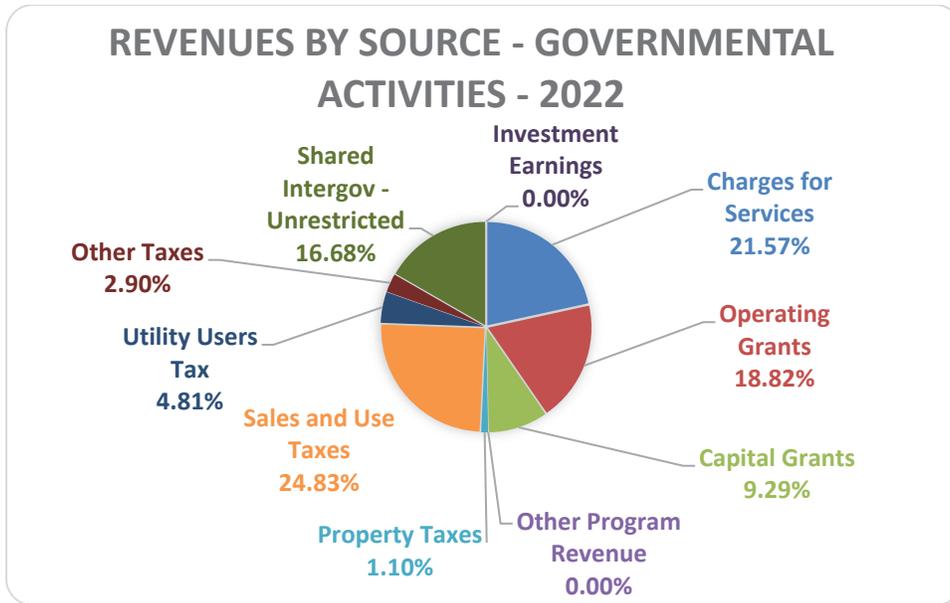
The following table shows the cost of each of the City's major programs and the net cost of the programs. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2022, and 2021, were as follows:

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 7,729,201	\$ (3,396,225)	\$ 10,210,576	\$ (6,065,502)
Public safety	15,877,629	(12,450,546)	23,338,398	(19,674,208)
Public ways and facilities	55,751	(55,751)	18,149,133	(4,329,129)
Culture and recreation	906,037	(887,724)	540,427	(540,427)
Economic development	17,660,038	(2,967,719)	916,027	(916,027)
Community enhancements	4,085,740	2,270,789	3,877,993	625,105
Interest on long-term debt	131,908	(131,908)	144,455	(144,455)
TOTAL	\$ 46,446,304	\$ (17,619,084)	\$ 57,177,009	\$ (31,044,643)

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

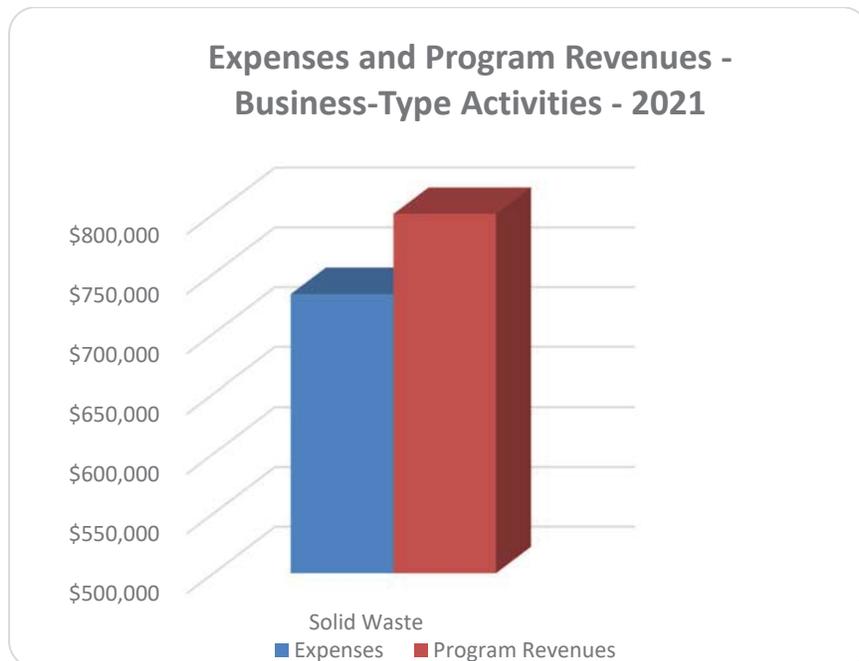
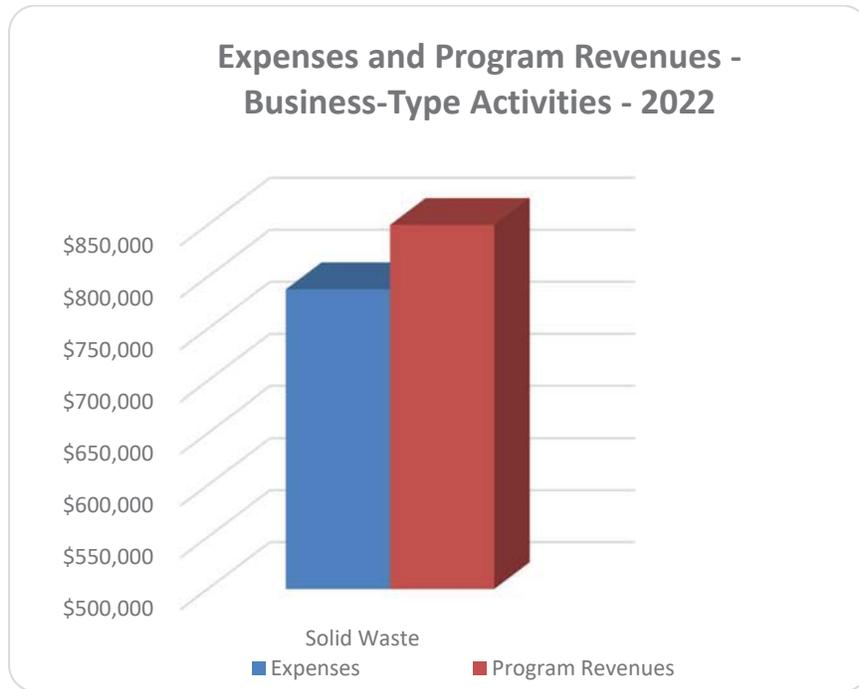
Revenues by source for the fiscal years ended June 30, 2022, and 2021, are as follows:



**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

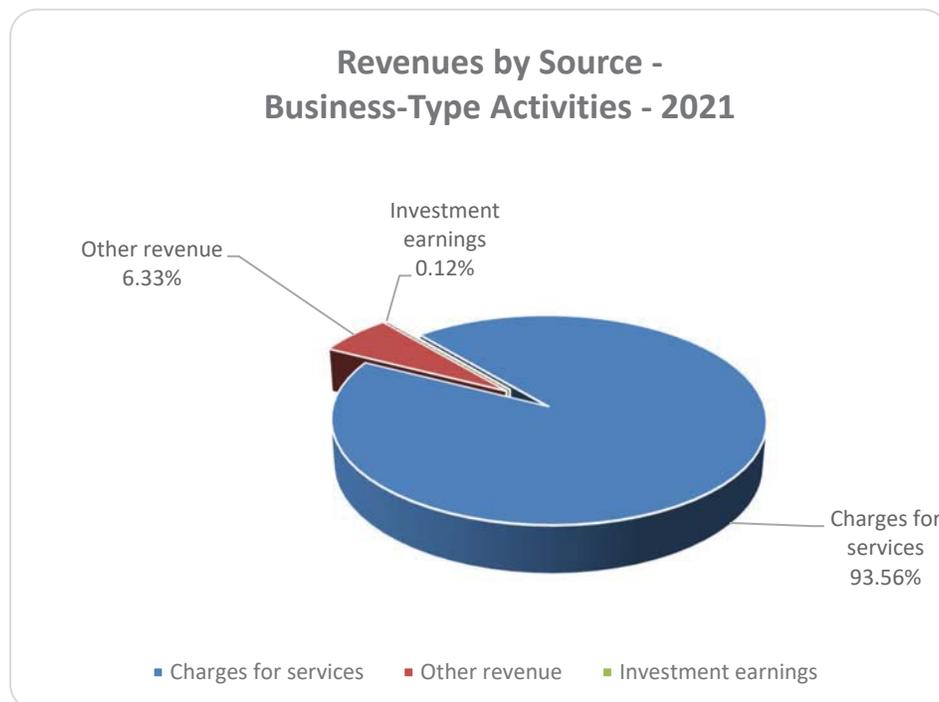
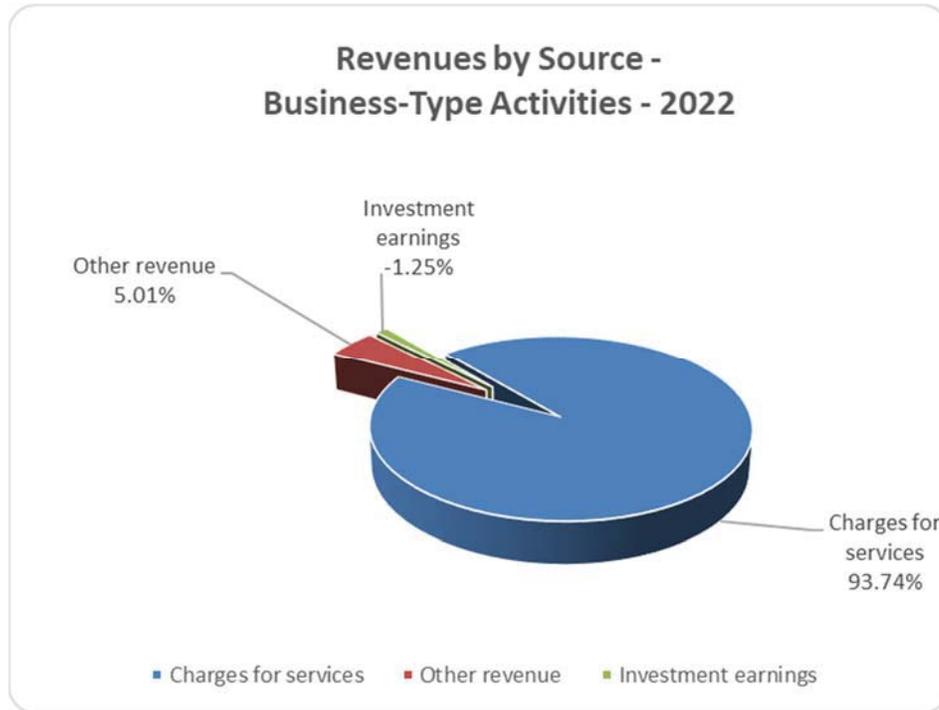
Business-type activities. The City’s net position for business-type activities increased by \$348,480 for the fiscal year ended June 30, 2022. The City has one business-type activity, which is Solid Waste Operations. The expenses and program revenues for the Solid Waste Operation for the fiscal year ended June 30, 2022, and 2021, are as follows:



**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The revenues by source for the solid waste business-type activity for the fiscal years ended June 30, 2022 and 2021 are as follows:



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Financial Analysis of the Government's Funds

The City of Citrus Heights uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements.

Governmental funds. The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2022, the City's governmental funds reported combined fund balances of \$39,243,287.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2022, the General Fund's fund balance totaled \$11,932,391 of which \$4,486,978 was committed for reserves and revenue stabilization. Fund balance in the General Fund increased by \$3,041,565 largely due to decreased expenditures caused by vacant positions.

The CDBG Grants Special Revenue Fund accounts for CDBG grant funds used for low income housing loans for home repair projects, and non-profit public service activities. Fund balance in this fund increased by \$71,513 largely due to loan repayments.

The General Capital Improvements Capital Projects Fund accounts for funds collected and expended for the construction or purchase of public facilities and projects. Fund balance in this fund increased by \$53,671 largely due to an increase in license and permits revenue for general plan amendments.

Proprietary funds. The City has one business-type activity, which is Solid Waste Operations. The Proprietary fund unrestricted net position increased \$348,480 in the fiscal year ended June 30, 2022, largely due to increase in franchise fee revenue and savings in operating expenses.

General Fund Budgetary Highlights

The actual total revenues were approximately \$385,789 more than the final budgeted amount. Intergovernmental revenue and charges for services came in under budget; all other revenue categories exceeded the budget estimate. The largest favorable variance compared to the budget was in tax revenues, \$599,268. An increase in general sales tax revenue was due to the continuing increase of sales at local businesses that had shut down or been impacted by the COVID-19 pandemic. A decrease in intergovernmental revenue was caused by grant reimbursements being delayed beyond the end of the fiscal year.

The actual total expenditures were approximately \$4,655,713 less than the final budgeted amount due mainly to salary savings from vacant positions.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022 amounted to \$317,842,720. This investment in capital assets includes land, art, construction in progress costs for road and other improvements, buildings and improvements, infrastructure, the City Hall and Utility Yard assets, and machinery and equipment.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 15,450,246	\$ 15,098,544	\$ -	\$ -	\$ 15,450,246	\$ 15,098,544
Art	103,650	103,650	-	-	103,650	103,650
Construction in progress	10,574,939	2,602,408	-	-	10,574,939	2,602,408
Buildings and improvements	17,321,405	17,698,011	-	-	17,321,405	17,698,011
Infrastructure	272,690,078	282,223,211	350,082	357,956	273,040,160	282,581,167
Machinery and equipment	1,352,320	1,759,717	-	-	1,352,320	1,759,717
Total	\$ 317,492,638	\$ 319,485,541	\$ 350,082	\$ 357,956	\$ 317,842,720	\$ 319,843,497

The increase in construction in progress was mainly due to the following projects:

- Bonita Drive – Old Auburn Storm Drain Improvements,
- Mariposa Ave Safe Routes to School Phase 4,
- Signalized Intersection Improvements,
- Auburn Blvd Complete Street – Rusch/Northern City, and
- Greenback Lane Complete Streets

More detail of the capital assets and current activity can be found in the notes to the financial statements on Page 47.

Long-term Debt

The City's long-term debt at June 30, 2022 totaled \$8,367,682 and included a net pension liability of \$6,202,339. More detail on the City's long-term debt can be found in Note 6 and 7 on pages 49-50, and Notes 11 and 12 on pages 56-66.

Economic Outlook and COVID-19

The outbreak of the coronavirus disease, COVID-19, has been declared a pandemic by the World Health Organization. The Governor declared a state of emergency in the State of California on March 4, 2020 and the Mayor for the City of Citrus Heights declared a state of emergency in the City on March 19, 2020, each of which is still in effect.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The ultimate impact of the COVID-19 pandemic and its effect on future City revenues cannot be determined at this time. No assurance can be provided that the COVID-19 pandemic will not result in city revenues that are lower than projected.

The City will continue to monitor the effects of the pandemic on its revenues and expenditures.

Requests for Information

This Annual Comprehensive Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report, need additional financial information, or would like to obtain component unit financial statements, contact the City of Citrus Heights Administrative Services Department, 6360 Fountain Square Drive, Citrus Heights, California 95621, or visit the City's web page at www.citrusheights.net.

CITY OF CITRUS HEIGHTS

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current Assets:			
Pooled cash and investments	\$ 44,227,366	\$ 1,205,475	\$ 45,432,841
Receivables:			
Accounts	964,174	188,883	1,153,057
Interest	67,934	2,315	70,249
Lease	78,846	-	78,846
Prepaid items	62,791	883	63,674
Deposits	4,000	-	4,000
Due from other governments	7,032,124	-	7,032,124
Total Current Assets	<u>52,437,235</u>	<u>1,397,556</u>	<u>53,834,791</u>
Noncurrent Assets:			
Notes and loans	5,227,463	-	5,227,463
Allowance on uncollectible notes and loans	(4,021,311)	-	(4,021,311)
Land held for resale	6,224,697	-	6,224,697
Lease receivable	3,905,666	-	3,905,666
Net OPEB asset	107,224	869	108,093
Capital assets not being depreciated	26,128,835	-	26,128,835
Capital assets, net of depreciation	291,363,803	350,082	291,713,885
Total Noncurrent Assets	<u>328,936,377</u>	<u>350,951</u>	<u>329,287,328</u>
Total Assets	<u>381,373,612</u>	<u>1,748,507</u>	<u>383,122,119</u>
Deferred Outflows of Resources:			
Pension related items	6,816,896	87,718	6,904,614
OPEB related items	363,692	2,948	366,640
Total Deferred Outflows of Resources	<u>7,180,588</u>	<u>90,666</u>	<u>7,271,254</u>
Liabilities:			
Current Liabilities:			
Accounts payable	3,772,081	43,946	3,816,027
Accrued liabilities	757,188	9,305	766,493
Accrued interest	12,269	-	12,269
Unearned revenue	14,781,536	-	14,781,536
Retentions payable	265,445	-	265,445
Deposits payable	202,774	-	202,774
Due to other governments	501,140	48,523	549,663
Loans payable	82,046	-	82,046
Compensated absences - due within one year	1,419,891	-	1,419,891
Claims payable - due within one year	917,636	-	917,636
Total Current Liabilities	<u>22,712,006</u>	<u>101,774</u>	<u>22,813,780</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year	315,549	-	315,549
Claims payable - due in more than one year	1,327,188	-	1,327,188
Loans payable	522,606	-	522,606
Net pension liability	6,076,781	125,558	6,202,339
Total Noncurrent Liabilities	<u>8,242,124</u>	<u>125,558</u>	<u>8,367,682</u>
Total Liabilities	<u>30,954,130</u>	<u>227,332</u>	<u>31,181,462</u>
Deferred Inflows of Resources:			
Lease	3,681,510	-	3,681,510
Pension related items	6,028,867	123,489	6,152,356
OPEB related items	815,261	6,608	821,869
Total Deferred Inflows of Resources	<u>10,525,638</u>	<u>130,097</u>	<u>10,655,735</u>
Net Position:			
Net investment in capital assets	316,887,986	350,082	317,238,068
Restricted for:			
Housing projects	16,480,954	-	16,480,954
Stormwater maintenance	2,688,205	-	2,688,205
Streets, roads and park projects	1,824,597	-	1,824,597
Assessment district maintenance	1,522,826	-	1,522,826
Other	3,351,658	-	3,351,658
Unrestricted	4,318,206	1,131,662	5,449,868
Total Net Position	<u>\$ 347,074,432</u>	<u>\$ 1,481,744</u>	<u>\$ 348,556,176</u>

CITY OF CITRUS HEIGHTS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 7,729,201	\$ 1,745,213	\$ 2,587,763	\$ -
Public safety	15,877,629	2,173,237	1,253,846	-
Economic development	55,751	-	-	-
Culture and recreation	906,037	18,313	-	-
Public ways and facilities	17,660,038	5,357,787	5,344,606	3,989,926
Community enhancements	4,085,740	3,221,746	1,735,274	1,399,509
Interest on long-term debt	131,908	-	-	-
Total Governmental Activities	46,446,304	12,516,296	10,921,489	5,389,435
Business-Type Activities:				
Solid Waste	788,023	1,092,589	-	-
Total Business-Type Activities	788,023	1,092,589	-	-
Total Primary Government	\$ 47,234,327	\$ 13,608,885	\$ 10,921,489	\$ 5,389,435

General Revenues:

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Utility users tax
- Other taxes
- Motor vehicle in lieu - unrestricted
- Use of money and property
- Other

Total General Revenues

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,396,225)	\$ -	\$ (3,396,225)
(12,450,546)	-	(12,450,546)
(55,751)	-	(55,751)
(887,724)	-	(887,724)
(2,967,719)	-	(2,967,719)
2,270,789	-	2,270,789
(131,908)	-	(131,908)
(17,619,084)	-	(17,619,084)
-	304,566	304,566
-	304,566	304,566
(17,619,084)	304,566	(17,314,518)
638,183	-	638,183
32,595	-	32,595
14,412,009	-	14,412,009
1,290,165	-	1,290,165
2,794,196	-	2,794,196
50,185	-	50,185
9,683,155	-	9,683,155
311,632	(14,530)	297,102
123,409	58,444	181,853
29,335,529	43,914	29,379,443
11,716,445	348,480	12,064,925
337,712,759	1,133,264	338,846,023
(2,354,772)	-	(2,354,772)
\$ 347,074,432	\$ 1,481,744	\$ 348,556,176

CITY OF CITRUS HEIGHTS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds		Capital Projects Funds	
	General	CDBG Grants Special Revenue Fund	General Capital Improvements Projects Fund	Streets
Assets:				
Pooled cash and investments	\$ 24,296,659	\$ -	\$ 560,148	\$ 3,685,115
Receivables:				
Accounts	604,322	-	-	117
Notes and loans	6,151	1,164,178	-	-
Allowance on uncollectible notes and loans	-	(1,164,178)	-	-
Interest	39,784	-	-	-
Lease	3,984,512	-	-	-
Prepaid items	54,708	-	-	-
Deposits	4,000	-	-	-
Due from other governments	3,299,256	535,239	-	2,009,346
Due from other funds	228,541	-	-	-
Land held for resale	-	-	3,440,097	-
Total Assets	\$ 32,517,933	\$ 535,239	\$ 4,000,245	\$ 5,694,578
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 890,106	\$ 113,177	\$ -	\$ 2,076,380
Accrued liabilities	700,473	-	-	-
Unearned revenues	14,507,725	-	-	-
Retentions payable	-	-	-	265,445
Deposits payable	202,774	-	-	-
Due to other governments	372,496	1,038	-	1,095
Due to other funds	-	115,393	-	-
Total Liabilities	16,673,574	229,608	-	2,342,920
Deferred Inflows of Resources:				
Unavailable revenues	230,458	-	-	-
Lease	3,681,510	-	-	-
Total Deferred Inflows of Resources	3,911,968	-	-	-
Fund Balances:				
Nonspendable	64,859	-	-	-
Restricted	-	305,631	3,440,097	3,351,658
Committed	4,486,978	-	-	-
Assigned	-	-	560,148	-
Unassigned	7,380,554	-	-	-
Total Fund Balances	11,932,391	305,631	4,000,245	3,351,658
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 32,517,933	\$ 535,239	\$ 4,000,245	\$ 5,694,578

CITY OF CITRUS HEIGHTS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	Other Governmental Funds	Total Governmental Funds
Assets:		
Pooled cash and investments	\$ 15,685,444	\$ 44,227,366
Receivables:		
Accounts	359,735	964,174
Notes and loans	4,057,134	5,227,463
Allowance on uncollectible notes and loans	(2,857,133)	(4,021,311)
Interest	28,150	67,934
Lease	-	3,984,512
Prepaid items	8,083	62,791
Deposits	-	4,000
Due from other governments	1,188,283	7,032,124
Due from other funds	-	228,541
Land held for resale	2,784,600	6,224,697
Total Assets	\$ 21,254,296	\$ 64,002,291
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 692,418	\$ 3,772,081
Accrued liabilities	56,715	757,188
Unearned revenues	273,811	14,781,536
Retentions payable	-	265,445
Deposits payable	-	202,774
Due to other governments	126,511	501,140
Due to other funds	113,148	228,541
Total Liabilities	1,262,603	20,508,705
Deferred Inflows of Resources:		
Unavailable revenues	338,331	568,789
Lease	-	3,681,510
Total Deferred Inflows of Resources	338,331	4,250,299
Fund Balances:		
Nonspendable	8,083	72,942
Restricted	18,770,854	25,868,240
Committed	-	4,486,978
Assigned	906,853	1,467,001
Unassigned	(32,428)	7,348,126
Total Fund Balances	19,653,362	39,243,287
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 21,254,296	\$ 64,002,291

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CITY OF CITRUS HEIGHTS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Fund balances of governmental funds		\$ 39,243,287
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		317,492,638
Long-term liabilities are not due and payable in the current period and, therefore are not reported in governmental fund activity:		
Loan payable	\$ (604,652)	
Claims payable	(2,244,824)	
Compensated absences	<u>(1,735,440)</u>	(4,584,916)
Net pension liability not included in the governmental fund activity		(6,076,781)
Net OPEB asset not included in the governmental fund activity		107,224
Deferred outflows related to pension items are not included in the governmental fund activity		6,816,896
Deferred inflows related to pension items are not included in the governmental fund activity		(6,028,867)
Deferred outflows related to OPEB items are not included in the governmental fund activity		363,692
Deferred inflows related to OPEB items are not included in the governmental fund activity		(815,261)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(12,269)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		<u>568,789</u>
Net Position of Governmental Activities		<u>\$ 347,074,432</u>

CITY OF CITRUS HEIGHTS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds		Capital Projects Funds	
	General	CDBG Grants Special Revenue Fund	General Capital Improvements Capital Projects Fund	Streets
Revenues:				
Taxes	\$ 19,197,868	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	3,138,451	-	136,004	-
Intergovernmental	12,629,880	1,232,972	-	3,268,099
Charges for services	1,824,188	-	-	-
Use of money and property	465,704	-	-	-
Fines and forfeitures	799,788	-	-	-
Contributions	1,590	-	-	-
Miscellaneous	394,089	165,300	-	-
Total Revenues	38,451,558	1,398,272	136,004	3,268,099
Expenditures:				
Current:				
General government	8,076,452	-	-	-
Public safety	18,749,531	-	-	-
Economic development	445,267	-	82,333	-
Culture and recreation	909,297	-	-	-
Public ways and facilities	-	-	-	26,030
Community enhancements	3,024,578	873,060	-	15,464
Capital outlay	55,413	-	-	10,234,978
Debt service:				
Principal retirement	3,583,049	-	-	-
Interest and fiscal charges	184,839	-	-	-
Total Expenditures	35,028,426	873,060	82,333	10,276,472
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,423,132	525,212	53,671	(7,008,373)
Other Financing Sources (Uses):				
Transfers in	95,433	2,386	-	10,756,655
Transfers out	(477,000)	(456,085)	-	(16,106)
Loan issued	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	(381,567)	(453,699)	-	10,740,549
Net Change in Fund Balances	3,041,565	71,513	53,671	3,732,176
Fund Balances, Beginning of Year	8,890,826	234,118	3,946,574	(380,518)
Fund Balances, End of Year	\$ 11,932,391	\$ 305,631	\$ 4,000,245	\$ 3,351,658

CITY OF CITRUS HEIGHTS

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ -	\$ 19,197,868
Assessments	19,465	19,465
Licenses and permits	265,661	3,540,116
Intergovernmental	8,196,303	25,327,254
Charges for services	5,901,865	7,726,053
Use of money and property	(154,072)	311,632
Fines and forfeitures	466,032	1,265,820
Contributions	2,826	4,416
Miscellaneous	132,102	691,491
Total Revenues	14,830,182	58,084,115
Expenditures:		
Current:		
General government	9,569	8,086,021
Public safety	1,492,614	20,242,145
Economic development	48,713	576,313
Culture and recreation	52,643	961,940
Public ways and facilities	6,322,251	6,348,281
Community enhancements	226,578	4,139,680
Capital outlay	404,765	10,695,156
Debt service:		
Principal retirement	-	3,583,049
Interest and fiscal charges	-	184,839
Total Expenditures	8,557,133	54,817,424
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,273,049	3,266,691
Other Financing Sources (Uses):		
Transfers in	573,842	11,428,316
Transfers out	(10,479,125)	(11,428,316)
Loan issued	396,601	396,601
Proceeds from sale of capital asset	150,676	150,676
Total Other Financing Sources (Uses)	(9,358,006)	547,277
Net Change in Fund Balances	(3,084,957)	3,813,968
Fund Balances, Beginning of Year	22,738,319	35,429,319
Fund Balances, End of Year	\$ 19,653,362	\$ 39,243,287

CITY OF CITRUS HEIGHTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Net change in fund balances - total governmental funds \$ 3,813,968

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 10,695,156	
Depreciation	(12,660,792)	
Proceeds from sale of capital assets	(150,676)	
Gain on disposition of capital assets	<u>123,409</u>	(1,992,903)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Loan issued	(396,601)	
Loan repayments	<u>3,583,049</u>	3,186,448

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.

52,931

Certain long-term liabilities were reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, long-term liabilities were not reported as expenditures in governmental funds. These amounts represented the changes in those long-term liabilities:

Changes in compensated absences	(38,789)	
Changes in claims payable	<u>(308,824)</u>	(347,613)

Pension expenses recognized in accordance with GASB 68 not recognized in the governmental fund activity.

6,825,985

OPEB expenses recognized in accordance with GASB 75 not recognized in the governmental fund activity.

222,404

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

(44,775)

Change in Net Position of Governmental Activities

\$ 11,716,445

CITY OF CITRUS HEIGHTS

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2022**

	<u>Solid Waste</u>
Assets:	
Current:	
Pooled cash and investments	\$ 1,205,475
Receivables:	
Accounts	188,883
Interest	2,315
Prepaid costs	883
	<hr/>
Total Current Assets	1,397,556
	<hr/>
Noncurrent:	
Capital assets - net of accumulated depreciation	350,082
Net OPEB asset	869
	<hr/>
Total Noncurrent Assets	350,951
	<hr/>
Total Assets	1,748,507
	<hr/>
Deferred Outflows of Resources:	
Pension related items	87,718
OPEB related items	2,948
	<hr/>
Total Deferred Outflows of Resources	90,666
	<hr/>
Liabilities:	
Current:	
Accounts payable	43,946
Accrued liabilities	9,305
Due to other governments	48,523
	<hr/>
Total Current Liabilities	101,774
	<hr/>
Noncurrent:	
Net pension liability	125,558
	<hr/>
Total Noncurrent Liabilities	125,558
	<hr/>
Total Liabilities	227,332
	<hr/>
Deferred Inflows of Resources:	
Pension related items	123,489
OPEB related items	6,608
	<hr/>
Total Deferred Inflows of Resources	130,097
	<hr/>
Net Position:	
Invested in capital assets	350,082
Unrestricted	1,131,662
	<hr/>
Total Net Position	\$ 1,481,744
	<hr/>

CITY OF CITRUS HEIGHTS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	<u>Solid Waste</u>
Operating Revenues:	
Sales and service charges	\$ 1,092,589
Miscellaneous	58,444
	<u>1,151,033</u>
Total Operating Revenues	1,151,033
Operating Expenses:	
Salaries and benefits	236,936
Professional services	135,847
Materials and supplies	182,822
General and administrative expenses	224,544
Depreciation expense	7,874
	<u>788,023</u>
Total Operating Expenses	788,023
Operating Income	363,010
Nonoperating Revenues/Expenses:	
Investment earnings	(14,530)
	<u>(14,530)</u>
Total Nonoperating Revenues	(14,530)
Changes in Net Position	348,480
Net Position:	
Beginning of Year	<u>1,133,264</u>
End of Fiscal Year	\$ 1,481,744

CITY OF CITRUS HEIGHTS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Solid Waste</u>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 1,077,788
Cash paid to suppliers for goods and services	(267,230)
Cash paid to employees for services	(507,301)
	<u>303,257</u>
Net Cash Provided by Operating Activities	303,257
Cash Flows from Investing Activities:	
Investment earnings	(16,126)
	<u>(16,126)</u>
Net Cash Used for Investing Activities	(16,126)
Net Increase in Cash and Cash Equivalents	287,131
Cash and Cash Equivalents at Beginning of Year	918,344
	<u>918,344</u>
Cash and Cash Equivalents at End of Year	\$ 1,205,475
	<u><u>\$ 1,205,475</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 363,010
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	7,874
(Increase) decrease in accounts receivable	(73,851)
(Increase) decrease in due from other governments	606
(Increase) decrease in prepaid expense	(883)
Increase (decrease) in accounts payable	31,440
Increase (decrease) in accrued liabilities	9,305
Increase (decrease) in due to other governments	11,577
Increase (decrease) in pension and related items	(43,805)
Increase (decrease) in OPEB and related items	(2,016)
	<u>(59,753)</u>
Total Adjustments	(59,753)
Net Cash Provided by Operating Activities	\$ 303,257
	<u><u>\$ 303,257</u></u>

CITY OF CITRUS HEIGHTS

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 327,047
Total Assets	<u>327,047</u>
Net Position:	
Restricted for individuals, organizations and other governments	<u>327,047</u>
Total Net Position	<u><u>\$ 327,047</u></u>

CITY OF CITRUS HEIGHTS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022

	<u>Custodial Funds</u>
Additions:	
Intergovernmental	\$ 734,337
Total Additions	<u>734,337</u>
Deductions:	
Contractual services	<u>752,597</u>
Total Deductions	<u>752,597</u>
Changes in Net Position	(18,260)
Net Position - Beginning of the Year	<u>345,307</u>
Net Position - End of the Year	<u><u>\$ 327,047</u></u>

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CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The City applies all GASB pronouncements to its activities. The more significant of these accounting policies are described below.

Financial Reporting Entity

The City of Citrus Heights (City) was incorporated on January 1, 1997, under the laws and regulations of the State of California (State). The City operates under a City Council/Manager form of government and provides the following services: public safety (police), highways and streets, solid waste, stormwater utility, public improvements, planning and zoning, building, animal services, transit, and general administration.

The City operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include sales taxes, utility user tax, other intergovernmental revenue from state and federal sources, user fees, and federal and state financial assistance. All secured and unsecured ad valorem property taxes, with the exception of tax assessments associated with lighting and landscaping special assessments, are paid to Sacramento County (County) as part of the revenue neutrality payment obligation through June 30, 2022. The financial statements do not reflect the amounts received on behalf of the City and retained by the County.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the City has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the City.

As required by GAAP, these financial statements would present the government and its component units, entities for which the government is considered to be financially accountable. The City does not have any component units.

Basis of PresentationGovernment-Wide Financial Statements

The government-wide statement of net position and statement of activities display information about the nonfiduciary activities of the government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues, while business-type activities rely to a significant extent on fees and charges to external parties.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions restricted to the operating or capital requirements of a specific function or segment. All taxes and internally dedicated resources classified as program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and,
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

Qualitative factors are also considered in determining major programs as applicable.

The City reports the following major funds:

- **General Fund** – The General Fund is the primary operating fund of the City. It accounts for all activities except those legally or administratively required to be accounted for in another fund. From this fund are paid the City's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.
- **Community Development Block Grants (CDBG) Special Revenue Fund** – Accounts for CDBG grant funds used for low income housing loans for home repair projects, and non-profit public service activities.
- **General Capital Improvements Capital Projects Fund** – Accounts for funds collected and expended for the construction or purchase of public facilities and projects.
- **Solid Waste Enterprise Fund** – Accounts for all administrative costs required for all solid waste activities.
- **Streets Fund** – Accounts for all capital project expenditures for various street projects.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Additionally, the City reports the following fund types:

Governmental Funds

Special Revenue Funds - The Special Revenue Funds are used to account for specific revenues that are legally or otherwise restricted to expenditures for particular purposes.

Capital Project Funds - The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Fiduciary Funds

Custodial Funds - Custodial Funds account for assets held by the City in a fiduciary capacity. The Custodial Funds account for monies held for other governments and/or entities to which the City provides accounting and investing services, which none are held in trust. There are two custodial funds reported by the City, including a fund that collects fire development fees on behalf of the Sacramento Metropolitan Fire District and a fund that collects transportation fees on behalf of the State.

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds. The accounting objectives of economic resources measurement focus are the determination of net income, financial position, and cash flows. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recorded in the year for which they are levied. Sales taxes are recognized when the underlying sales transaction takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. All assets and liabilities (whether current or noncurrent) as well as deferred outflows and inflows of resources, associated with their activities are reported. Fund equity is classified as net position, which serves as an indicator of financial position.

In the governmental fund financial statements, the "current financial resources" measurement focus is used and the modified accrual basis of accounting. Only current financial assets and liabilities along with deferred outflows and inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statements, proprietary funds and private purpose trust funds are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Operating revenues in the fund are those revenues that are generated from the primary operations of the fund, including charges for services. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

essential to the primary operations of the fund. All other expenses are reported as non-operating expenses. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount, and available means the amount is collectible within the current period or soon enough thereafter to pay current liabilities. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end, with the exception of grant revenues, sales tax and Transportation Development Act (TDA) revenues. Grant revenues are considered to be available if collected within 180 days and sales tax and TDA revenues are considered to be available if collected within 90 days of the end of the current fiscal period.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity
Cash and Investments

The City's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including the City's investments in LAIF, and U.S. Agency Obligations.

The City pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Market value is used as fair value for those securities for which market quotations are readily available.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, utility user taxes, intergovernmental subventions, interest earnings, expense reimbursements, and leases.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, utility user tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The City's experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide Statement of Net Position. See Note 9 for details of interfund transactions, including receivables and payables at year-end.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are reported as nonspendable fund balance to indicate they do not constitute current resources available for appropriation. The consumption method is used to recognize prepaid items.

Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost, if actual cost is unavailable. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The City policy has set the capitalization threshold at \$5,000 for non-infrastructure capital assets and \$25,000 for infrastructure capital assets.

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems. Prior to July 1, 2003, governmental activity infrastructure assets were not capitalized; however, since then these assets have been valued at estimated historical cost.

The accounting treatment of capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Purchases of capital assets are reported as capital outlay expenditures in governmental funds and proceeds from sales of capital assets are reported as other financing sources. In the government-wide and proprietary fund statements, the cost of assets sold or retired, net of accumulated depreciation, is removed from the statement of net position in the year of sale or retirement and the resulting gain or loss on disposal is reported.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

The range of estimated useful lives by type of asset is as follows:

Building and improvements	5-50 years
Leasehold improvements	5 years
Machinery and equipment	5 years
Network equipment/ phone system	10 years
Computer equipment	5 years
Vehicles	5-15 years

Deferred Outflows and Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net assets that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expenditure/expense) or an inflow of resources (revenue) until the earnings process is complete. The governmental funds report unavailable revenues for grants and other revenues when the amounts meet the asset recognition criteria under GASB Statement No. 33 and were accrued as receivables, but the amounts were not received in the availability period. Deferred outflows and inflows of resources include amounts deferred related to the City's lease under GASB 87 as described in Note 5, the City's pension plan under GASB 68 as described in Note 11, and the City's OPEB plan under GASB 75 as described in Note 12.

Compensated Absences

Employees accrue annual leave, long-term medical, holiday and compensatory time off benefits. City employees have vested interests in the amount of accrued time off, with the exception of long-term medical leave, and are paid at termination. Also, annually an employee may elect to be compensated for up to 40 hours of unused annual leave. However, this is contingent upon the employee using at least 40 hours of annual leave during the previous year and, the employee having a minimum balance of 80 annual leave hours after the payment. Compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured (for example, as a result of employee resignations or retirements) and are currently payable. The City had no employee resignations or retirements for which compensated absences should be accrued in governmental funds at year-end. The General Fund is typically used to liquidate compensated absences.

Equity ClassificationGovernment-Wide Statements

Equity in government-wide and proprietary fund statements is classified as net position and is displayed in three components:

- a. Net investment in capital assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The net investment in capital assets for the City represents the balance of capital assets, net of depreciation since the City has no long-term liabilities outstanding.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

- b. Restricted net position – consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

Governmental fund equity is classified as fund balance and displayed in the following components:

Nonspendable Fund Balance –

- Assets that will never convert to cash (prepaid items and inventory) and assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).

Restricted Fund Balance –

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (creditors, grantors, contributors and other governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (e.g., Gas Tax).

Committed Fund Balance –

- Self-imposed limitations set in place prior to the end of the period (encumbrances, economic contingencies and uncertainties).
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove. Council Resolution is required to be approved to establish, modify or rescind a fund balance commitment.

Assigned Fund Balance –

- Resources constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Governmental fund amounts in excess of nonspendable, restricted and committed in other than the General Fund are automatically reported as assigned.
- Assigned amounts for specific purposes are determined and authorized by the City Manager. Use of assigned funds exceeding the City Manager’s \$50,000 spending authority are approved as part of the budget or by Council Resolution.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)**Unassigned Fund Balance –**

- Residual net resources.
- Total fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance (surplus).
- Excess of nonspendable, restricted and committed fund balance over total fund balance (deficit).

See Note 8 for more information about the City's net position and fund balances.

Revenues, Expenditures, and ExpensesProgram Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Tax

The County of Sacramento (County) is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The City recognizes property taxes when the individual installments are due, provided they are collected within 60 days after year-end.

Secured property taxes are levied on or before the first day of September of each year. They become a lien on real property on March 1 preceding the fiscal year for which taxes are levied. These taxes are paid in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, cost, and interest when paid. If the delinquent taxes are not paid at the end of five years, the property is sold at public auction and the proceeds are used to pay the delinquent amounts due. Any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payments and delinquent dates, but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on March 1, and become delinquent if unpaid on August 31.

The City participates in an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan." The State Revenue and Taxation Code allow counties to distribute secured real property, assessment, and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments and penalties and interest during a fiscal year will revert to Sacramento County. The Teeter Plan payment, which includes 95% of the outstanding accumulated delinquency, is

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

included in property tax revenue retained by Sacramento County under the revenue neutrality agreement. Under the Teeter Plan Code, 5% of the delinquency must remain with the County as a reserve for Teeter Plan funding.

Interfund Transfers

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers within individual governmental funds have been eliminated. See Note 9 for more information about the City's interfund transfers.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund, Solid Waste Fund and any non-major special revenue funds that have contributions expense are used to liquidate the net pension liability.

Other Post-Employment Benefits Plan (OPEB)

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund, Solid Waste Fund and any non-major special revenue funds that have contributions expense are used to liquidate the net OPEB asset.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)Joint Power Authorities or Jointly Governed Organizations

The City of Citrus Heights is a member of several Joint Powers Agencies (JPA) and/or jointly managed agencies, including:

<u>Agency Name</u>	<u>Purpose</u>
Sacramento Metropolitan Air Quality Management District	Monitors and enforces air quality requirements
Sacramento Regional County Sanitation District	Waste water conveyance, treatment and disposal
Sacramento Area Sewer District	Sewer service
Sacramento Transportation Authority	Administration of transportation projects
Sacramento Area Council of Governments	Regional planning (primarily transportation)

Funding, if any, for each of these agencies from the City is based on annual appropriations. The City has no continuing financial liability and does not expect any financial burden from its participation in any of these agencies. Separate financial statements of the JPA's can be obtained by contacting the individual agencies.

New GASB Pronouncements

Current Year Standards – In fiscal year 2022, the City adopted the provisions of GASB Statement No. 87 – Leases. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability, and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Note 2: Cash and Investments

At June 30, 2022, the City's pooled cash and investments are classified in the accompanying financial statements as follows:

Government-Wide Statements of Net Position	
Governmental Activities	\$ 44,227,366
Business-Type Activities	1,205,475
Statement of Fiduciary Net Position	327,047
Total Cash and Investments	<u>\$ 45,759,888</u>

Cash and investments are categorized as follows under GASB Statement No. 40:

Cash on hand	\$ 4,600
Deposits with financial institutions	2,282,705
Total Cash and Deposits	<u>2,287,305</u>
Local Agency Investment Fund (LAIF)	43,472,583
Total Investments	<u>43,472,583</u>
Total Cash and Deposits	<u>\$ 45,759,888</u>

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 2: Cash and Investments (Continued)

Investments Authorized by the California Government Code and the City’s Investment Policy

Investments are reported at fair value. California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the City by the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

During the year ended June 30, 2022, the City’s permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
U.S. Treasury obligations	5 years	N/A	None	None
U.S. Agency securities	5 years	N/A	None	None
Local agency bonds	5 years	N/A	None	None
Bankers acceptances	180 days	N/A	40%	10%
High grade commercial paper	270 days	AAA	25%	10%
Negotiable certificates of deposit	5 years	A	15%	3%
Medium-term corporate notes	5 years	A	30%	10%
Mutual funds	90 days	AAA	20%	10%
Money market mutual funds	90 days	AAA	20%	10%
Repurchase agreements	1 year	A	20%	None
Reverse repurchase agreements	92 days	A	20% of base value	None
LAIF	N/A	N/A	\$50,000,000	None

The City complied with the provisions of California Government Code pertaining to the types of investments held, institutions in which deposits were made and security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. In accordance with its investment policy, the City manages its exposures to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 5 years. As of June 30, 2022, the weighted average maturity of investments was 12 months or less.

Information about the sensitivity of the fair values of the City’s investments to market rate interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

Type of Investment	Maturities as of Year-end			
	Total	12 months or Less	13-24 Months	25-60 Months
Local Agency Investment Fund	\$ 43,472,583	\$ 43,472,583	\$ -	\$ -
Total	\$ 43,472,583	\$ 43,472,583	\$ -	\$ -

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2022

Note 2: Cash and Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, and the actual rating as of year-end for each investment type.

Type of Investment	Ratings as of Year-end			
	Total	AAA	AA+	Unrated
Local Agency Investment Fund	\$ 43,472,583	\$ -	\$ -	\$ 43,472,583
Total	\$ 43,472,583	\$ -	\$ -	\$ 43,472,583

Concentration of Credit Risk

The investment policy of the City contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2022 the City did not hold investments in any one issuer, other than U.S. Treasury securities, mutual funds, and external investment pools that represent more than 5% of the City's investment portfolio.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2022, the carrying amount of the City's deposits was \$2,282,705 and the balance in financial institutions was \$2,404,226. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$2,154,226 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and governmental agencies, but not in the name of the City.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2022

Note 2: Cash and Investments (Continued)

Investment in LAIF

LAIF is stated at fair value. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The total fair value amount invested by all public agencies in LAIF is \$43,472,583 and is managed by the State Treasurer. Of that amount, 1.88 percent was invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the City’s investment in this pool is reported in the accompanying financial statements at amounts based upon the City’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The weighted average maturity of investments held by LAIF was 311 days at June 30, 2022.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Uncategorized – Investments in the Local Agency Investment Funds/State Investment Pools (LAIF) are not measured using the input levels above because the City’s transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance of LAIF is available for withdrawal on demand.

As of June 30, 2022, 100% of the City’s investments were invested in LAIF with a reported balance of \$43,472,583.

Note 3: Loans and Notes Receivable

Through the City’s various housing rehabilitation funds and first-time home buyer’s funds, the City has loaned funds to qualifying individuals and businesses. Interest rates vary depending on the terms of the loan. Accrued interest receivable on the loans totaled \$386,743 at year-end. The City also has loans receivable from employees for computer purchases in the General Fund.

Governmental activities loans and notes receivable consisted of the following for the year ended June 30, 2022:

	Ending June 30, 2021	Additions	Deletions	Ending June 30, 2022
General Fund	\$ 14,478	\$ -	\$ 8,327	\$ 6,151
Home Program Grants Special Revenue Fund	2,701,495	28,077	107,103	2,622,469
CDBG Special Revenue Fund	1,319,707	9,771	165,300	1,164,178
Housing Agency Fund	1,434,665	-	-	1,434,665
Total Loans/Notes Receivable	<u>\$ 5,470,345</u>	<u>\$ 37,848</u>	<u>\$ 280,730</u>	<u>\$ 5,227,463</u>

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 3: Loans and Notes Receivable (Continued)

The following is a summary of the loans and notes receivable outstanding as of June 30, 2022:

General Fund – These loans are for employees to purchase computers for personal use as a benefit provided by the City, loans are provided on a two-year amortization schedule and do not bear interest. The balance of these loans at June 30, 2022, was \$6,151.

HOME Program Grants Special Revenue Fund – The City made various loans to qualifying participants within the City that are reported in this fund under the following programs:

Federal First Time Home Buyers Program (HOME) - Interest rates vary depending on the terms of the loan and interest is deferred until the loan is refinanced or title to the property changes. The loan principal may be assumed by another qualifying borrower or must be returned to the City if a nonqualifying buyer purchases the related property. Interest rates ranged from 0% to 3% at year-end and the loans mature through 2044. The HOME notes receivable balance at June 30, 2022 was \$2,608,342.

HUD Economic Development Initiative Grants - Interest rates vary depending on the terms of the loan and interest is deferred until the loan is refinanced or title to the property changes. The interest rates were 3% at year-end. The down payment assistance notes receivable at June 30, 2022 were \$14,127.

Total HOME Program Grant Special Revenue Fund loans totaled \$2,622,469, of which, an allowance on uncollectible loans was set up for the full amount.

Community Development Block Grant (CDBG) Special Revenue Fund – The City participates in a CDBG Revolving loan program. The program is federally funded and provides housing rehabilitation loans to eligible applicants. The City makes loans to resident homeowners who qualify as low income, some of which are deferred and are not repaid until the title to the property changes. Interest rates range from 0% to 3% at year-end and mature through 2048. The balance of these loans outstanding at June 30, 2022 was \$1,164,178 of which, an allowance on uncollectible loans was set up for the full amount.

Housing Agency Fund – The City took over maintenance of loans receivable during the year ended June 30, 2016, for Low and Moderate-income Housing that were previously reported in the Successor Agency Housing Fund. The City provides home rehabilitation loans to eligible low and moderate-income borrowers. Interest on certain loans may be waived by the City if the loan remains outstanding for the full term; therefore, interest income is recorded when received. Interest rates ranged from 0% to 3% and loans mature through 2044. The balance of these loans outstanding at June 30, 2022 was \$1,434,665, of which, an allowance on uncollectible loans was set up for the \$234,665.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**Note 4: Capital Assets**

Capital asset activity was as follows for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 15,098,544	\$ 351,702	\$ -	\$ -	\$ 15,450,246
Art	103,650	-	-	-	103,650
Construction in Progress	2,602,408	8,392,852	-	(420,321)	10,574,939
Total capital assets not being depreciated	<u>17,804,602</u>	<u>8,744,554</u>	<u>-</u>	<u>(420,321)</u>	<u>26,128,835</u>
Capital assets being depreciated:					
Buildings and improvements	41,275,495	51,741	-	-	41,327,236
Infrastructure and land improvements	581,358,726	1,719,547	-	420,321	583,498,594
Machinery and equipment	9,749,066	179,314	(405,656)	-	9,522,724
Total capital assets, being depreciated	<u>632,383,287</u>	<u>1,950,602</u>	<u>(405,656)</u>	<u>420,321</u>	<u>634,348,554</u>
Less accumulated depreciation for:					
Buildings and improvements	(23,577,484)	(428,347)	-	-	(24,005,831)
Infrastructure and land improvements	(299,135,515)	(11,673,001)	-	-	(310,808,516)
Machinery and equipment	(7,989,349)	(559,444)	378,389	-	(8,170,404)
Total accumulated depreciation	<u>(330,702,348)</u>	<u>(12,660,792)</u>	<u>378,389</u>	<u>-</u>	<u>(342,984,751)</u>
Total capital assets being depreciated, net	<u>301,680,939</u>	<u>(10,710,190)</u>	<u>(27,267)</u>	<u>420,321</u>	<u>291,363,803</u>
Total capital assets, net	<u>\$ 319,485,541</u>	<u>\$ (1,965,636)</u>	<u>\$ (27,267)</u>	<u>\$ -</u>	<u>\$ 317,492,638</u>

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Business-type Activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 393,675	\$ -	\$ -	\$ 393,675
Total capital assets being depreciated	<u>393,675</u>	<u>-</u>	<u>-</u>	<u>393,675</u>
Less accumulated depreciation for:				
Infrastructure	(35,719)	(7,874)	-	(43,593)
Total accumulated depreciation	<u>(35,719)</u>	<u>(7,874)</u>	<u>-</u>	<u>(43,593)</u>
Total capital assets, net	<u>\$ 357,956</u>	<u>\$ (7,874)</u>	<u>\$ -</u>	<u>\$ 350,082</u>

Depreciation expense for capital assets was charged to functions as follows:

General government	\$ 506,360
Public safety	478,307
Public ways and facilities	11,653,985
Culture and recreation	22,140
Total Governmental Activities	<u>\$ 12,660,792</u>
Solid waste	\$ 7,874
Total Business-Type Activities	<u>\$ 7,874</u>

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2022

Note 5: Lease Receivable

The City is reporting Lease Receivable of \$3,984,512 at June 30, 2022. For 2022, the City reported lease revenue of \$337,238 and interest revenue of \$180,215 related to lease payments received.

The principal and interest payments that are expected to maturity are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 78,846	\$ 177,763	\$ 256,609
2024	126,494	173,242	299,736
2025	177,478	166,509	343,987
2026	231,933	157,411	389,344
2027	290,047	145,787	435,834
2028	352,018	131,469	483,487
2029	418,052	114,279	532,331
2030	488,366	94,030	582,396
2031	563,189	70,525	633,714
2032	639,009	43,556	682,565
2033	619,080	14,016	633,096

Dignity Health Lease - On February 14, 2017, the City entered into a fifteen-and-1/2-year lease agreement with the Dignity Health Medical Foundation for the lease of land to place a medical building for the operation of hospital outpatient services and other medical and ancillary uses for the residents of the City and surrounding areas. Based on this agreement, the City is receiving monthly payments through 2033 and will collect \$78,846 in principal and \$177,763 in interest during fiscal year 2023. There are no renewal options included in this lease agreement.

Note 6: Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Governmental Activities:					
Line of credit	\$ 3,520,001	\$ -	\$ (3,520,001)	\$ -	\$ -
Equipment loan	271,099	-	(63,048)	208,051	66,099
Streetlight Retrofit	-	396,601	-	396,601	15,947
	<u>\$ 3,791,100</u>	<u>\$ 396,601</u>	<u>\$ (3,583,049)</u>	<u>\$ 604,652</u>	<u>\$ 82,046</u>

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2022

Note 6: Long-Term Liabilities (Continued)

On November 29, 2018, the City executed the 2018 Lease Revenue Credit Facility financing in the amount of \$12,000,000 which included a revolving credit agreement, site lease, facilities sublease and assignment agreement. The revolving line of credit funds may be utilized to fund certain capital improvements and operating expenditures until the City receives its share of property tax revenue from Sacramento County in Fiscal Year 2022-23 under the terms of the 1997 Revenue Neutrality Agreement described in Note 13. The revolving line of credit bears interest ranging from 4.40% to 6.09%. Interest payments on any funds drawn from the line of credit will be due on March 1 and September 1 of each year beginning March 1, 2019. Payment of outstanding principal is due on September 1, 2024 at which time the line of credit will be repaid in full. The City has the option to repay all or a portion of the funds it has drawn beginning March 1, 2021 with no prepayment penalty. The City’s drawdown of funds during fiscal year 2019-20 was used to purchase the Sylvan Middle School property, which is being marketed for redevelopment and currently reported as land held for resale. The loan is paid in full at June 30, 2022.

On July 20,2020, the City executed the equipment loan in the amount of \$347,268. The funds were used to purchase audio video equipment for use in the City’s Community Center. The loan bears interest of 4.84%. Payments of principal and interest are due annually in July. The final annual payment is due July 20, 2024. The outstanding balance at June 30, 2022, is \$208,051.

The annual debt services requirements at June 30, 2022, on the equipment loan are as follows:

Year Ending June 30,	Audio Video Equipment Loan		
	Principal	Interest	Total
2023	\$ 66,099	\$ 10,070	\$ 76,169
2024	69,299	6,870	76,169
2025	72,653	3,516	76,169
Totals	<u>\$ 208,051</u>	<u>\$ 20,456</u>	<u>\$ 228,507</u>

On December 30, 2021, the City executed the Energy Conservation Assistance Act Loan Agreement in the amount of \$396,601 to replace existing street lights with energy efficient materials and implement energy efficiency measures, including replacing the palm uprights on Sunrise Blvd in the Sunrise MarketPlace. The loan bears interest of 1%. Payments of principal and interest are due June 22 and December 22 of each year beginning December 22, 2022. The final annual payment is due December 22, 2041. The outstanding balance at June 30, 2022, is \$396,601.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2022

Note 6: Long-Term Liabilities (Continued)

The annual debt services requirements at June 30, 2022, on the Streetlight Retrofit loan are as follows:

Year Ending June 30,	Streetlight Retrofit Loan		
	Principal	Interest	Total
2023	\$ 15,947	\$ 7,209	\$ 23,156
2024	19,387	3,768	23,155
2025	19,592	3,564	23,156
2026	19,788	3,368	23,156
2027	19,986	3,169	23,155
2028-2032	102,965	12,814	115,779
2033-2037	108,241	7,538	115,779
2038-2041	90,695	2,057	92,752
Totals	<u>\$ 396,601</u>	<u>\$ 43,487</u>	<u>\$ 440,088</u>

Note 7: Compensated Absences

The following is a summary of changes in the City's compensated absences for the fiscal year ended June 30, 2022:

	June 30, 2021	Additions	Reductions	June 30, 2022	Current Portion
Governmental Activities	<u>\$ 1,696,651</u>	<u>\$ 1,667,296</u>	<u>\$ 1,628,507</u>	<u>\$ 1,735,440</u>	<u>\$ 1,419,891</u>
Total	<u>\$ 1,696,651</u>	<u>\$ 1,667,296</u>	<u>\$ 1,628,507</u>	<u>\$ 1,735,440</u>	<u>\$ 1,419,891</u>

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022
Note 8: Fund Balances

Nonspendable, restricted, committed and assigned fund balance consisted of the following at June 30, 2022:

Fund Balance Classifications	Major Funds				Total Nonmajor Governmental Funds	Total
	General Fund	CDBG Grants	General Capital Improvements	Streets		
Nonspendable:						
Loans and notes receivable	\$ 6,151	\$ -	\$ -	\$ -	\$ -	\$ 6,151
Prepaid items	54,708	-	-	-	8,083	62,791
Deposits	4,000	-	-	-	-	4,000
Total Nonspendable Fund Balances	64,859	-	-	-	8,083	72,942
Restricted for:						
Donations for projects	-	-	-	-	-	-
Stormwater maintenance	-	-	-	-	2,920,941	2,920,941
Streets, roads and park projects	-	-	3,440,097	3,351,658	6,714,197	13,505,952
Assessment district maintenance	-	-	-	-	1,213,193	1,213,193
Police activities	-	-	-	-	1,167,186	1,167,186
Housing projects	-	305,631	-	-	6,060,172	6,365,803
Pedestrian and bicycle facilities	-	-	-	-	222,709	222,709
Transit program	-	-	-	-	270,173	270,173
Tree mitigation	-	-	-	-	202,283	202,283
Total Restricted Fund Balances	-	305,631	3,440,097	3,351,658	18,770,854	25,868,240
Committed to:						
Insurance	300,000	-	-	-	-	300,000
Petty Cash	2,600	-	-	-	-	2,600
Revenue stabilization	4,184,378	-	-	-	-	4,184,378
Total Committed Fund Balances	4,486,978	-	-	-	-	4,486,978
Assigned to:						
Capital improvements and equipment replacement	-	-	560,148	-	906,853	1,467,001
	-	-	560,148	-	906,853	1,467,001
Unassigned in:						
General Fund	7,380,554	-	-	-	-	7,380,554
Special Revenue Funds	-	-	-	-	(32,428)	(32,428)
Total Unassigned Fund Balances	7,380,554	-	-	-	(32,428)	7,348,126
Total fund balances (deficit)	\$ 11,932,391	\$ 305,631	\$ 4,000,245	\$ 3,351,658	\$ 19,653,362	\$ 39,243,287

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 8: Fund Balances (Continued)**Nonspendable**

- **Loans and notes receivable** – used to segregate that portion of fund balance to indicate that long-term loans or notes receivable do not represent available, spendable resources, even though they are components of assets. Only loans and notes not deferred are reported in this category.
- **Prepaid items** – used to indicate that prepaid amounts do not represent available, spendable resources, even though they are components of assets.
- **Deposits** – used to indicate that deposits receivable do not represent available, spendable resources, even though they are components of assets.

Restricted

- **HOME Program Grants** – represents amounts restricted for housing under the HOME program.
- **CDBG Grants** – represents amounts restricted for housing purposes by the Department of Housing and Urban Development.
- **Housing Agency** – represents assets of the former redevelopment agency that are restricted for low and moderate-income housing.
- **Code Enforcement** – represents amounts restricted for the rental housing inspection program.
- **Gas Tax** – represents amounts restricted for street maintenance and construction by the State excise Gas Tax.
- **Road Maintenance and Rehabilitation** – represents amounts restricted for use by the Road Repair Accountability Act SB1.
- **Stormwater Utility Tax** – represents parcel tax revenue restricted for stormwater drainage activities.
- **Road Maintenance** – represents amounts restricted for streets and road maintenance by the Department of Transportation.
- **Transit** – represents transit revenues restricted for transit activities.
- **Transportation Development Act** – represents amounts restricted for use by the Transportation Development Act for transportation, including pedestrian and bicycle.
- **Police** – represents police revenues restricted to fund programs to combat drug abuse and divert gang activity.
- **Police Grants** – represents police grants revenues restricted for police programs and activities.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 8: Fund Balances (Continued)

- **Property Based Improvement District** – represents special assessments on Sunrise Market Place businesses for marketing expenditures and special assessments on homeowners for lighting and landscaping and other expenses.
- **Roadway Development Fees** – represents impact fees restricted for roadway development.
- **Housing Mitigation Development Fees** – represents impact fees restricted for housing mitigation development.
- **Tree Mitigation Fees** – represents impact fees restricted for tree mitigation.
- **Park Facilities Development Fees** – represents impact fees restricted for park facilities development.
- **Transit Development Fees** – represents impact fees restricted for transit development.
- **Assessment District Funds** – represents special assessments restricted to assessment district activities.
- **Police Donations** – represents donations received restricted to police K-9 and other programs.
- **Measure A Construction** – represents funds received from the Sacramento Transportation Authority restricted for construction, upgrade and improvement of the City's roadways.

Committed

General Fund Reserve – used to represent that portion of fund balance committed for unexpected events that may impact the City's ability to provide essential day-to-day services. The attached table lists specific amounts committed by the City Council. The revenue stabilization commitment amount may only be used if there is a revenue shortfall of 10% of budgeted revenues. This amount can only be changed by Council Resolution.

Assigned

The fund balances of the General Capital Improvements Fund and Community Capital Replacement Fund are assigned to various equipment and public improvement projects.

The City's policy is to use restricted, committed, assigned and unassigned resources, in that order, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Deficit fund balances consisted of the following:

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2022

Note 9: Interfund Transactions

a. Due to and due from other funds

<u>Due From Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 113,148
	CDBG Grants Special Revenue Fund	115,393
		<u>\$ 228,541</u>

This balance resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur. All interfund receivables are expected to be paid back within the next fiscal year.

b. Interfund Transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 477,000
CDBG Grants Special Revenue	Streets Capital Projects Fund	359,243
CDBG Grants Special Revenue	Non-Major Governmental Funds	96,842
Non-Major Governmental Funds	General Fund	79,327
Streets Capital Projects Fund	General Fund	16,106
Non-Major Governmental Funds	CDBG Grants Special Revenue	2,386
Non-Major Governmental Funds	Streets Capital Projects Fund	10,397,412
		<u>\$ 11,428,316</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the funds that statute or budget requires to expend them and (2) subsidize operating losses. The majority of transfers were from city revenue funds to cover the costs of the City's capital projects. Transfers into the general fund were reimbursements of unused funds.

Note 10: Risk Management

The City is a member of the Public Agency Risk Sharing Authority of California (PARSAC), for liability and workers' compensation risk coverage. The liability program includes coverage for general liability, property, bond and employment practices. PARSAC is a statewide joint powers authority providing risk sharing services to California public entities that provide a municipal service. The City pays an annual premium to PARSAC for its risk coverage and purchases commercial insurance for claims exceeding PARSAC limits.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2022

Note 10: Risk Management (Continued)

The City's insurance coverage for liability and workers' compensation provided through membership in PARSAC are as follows:

Amount	Coverage Provider	Payment Source
General Liability Claims		
\$0 - \$ 100,000	Self-insured retention	City funds
100,001 - 1,000,000	Public Agency Risk Sharing Authority of California	Shared risk pool
1,000,001 - 50,000,000	CSAC - Excess Insurance Authority	Shared risk pool
50,000,001 - statutory limits	Excess insurance (purchased with CSAC-EIA)	
Workers' Compensation Claims		
\$0 - \$ 100,000	Self-Insured retention	City funds
100,001 - 500,000	Public Agency Risk Sharing Authority of California	Shared risk pool
500,001 - 5,000,000	Local Agency Workers' Compensation Excess Pool	Shared risk pool
5,000,001 - 50,000,000	Commercial reinsurance (purchased with CSAC-EIA)	
50,000,001 - statutory limits	Excess insurance (purchased with CSAC-EIA)	

PARSAC is governed by a Board of Directors and member agencies are entitled to representation on the board. Upon termination of the joint powers authority agreements, all property of PARSAC would be returned to the respective parties that transferred the property to PARSAC and any surplus of funds and assets would be returned to the parties in proportion to actual balances of each entity. Complete financial information for PARSAC is available at 1525 Response Road, Sacramento, California 95815.

The City accrues a claims liability for probable losses under the self-insured retention amounts in the table above for the general liability and workers' compensation programs. While the ultimate amount of losses incurred through June 30 is dependent on future developments, the estimated claims liability is based upon information from the actuarial valuation reports. The liability is based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors, and includes an estimate for incurred but not reported claims. There are no claims that exceed insurance coverage and no significant changes or reductions in insurance coverage over the last three fiscal years. Costs relating to the litigation of claims are charged to expenditures as incurred. Claims are generally liquidated by the General Fund. At June 30, 2022 and 2021, fund balance of \$300,000 has been committed for self-insured general liability claims.

Changes in the liability and workers' compensation claims payable amounts during the year ended June 30, 2022, were as follows:

	Beginning June 30, 2021	Claims and Changes in Estimates	Claims Paid	Ending June 30, 2022	Amount Due Within One Year
General Liability	\$ 566,000	\$ 404,820	\$ (57,172)	\$ 913,648	\$ 404,595
Workers' Compensation	1,370,000	468,879	(507,703)	1,331,176	513,041
Total Claims Payable	<u>\$ 1,936,000</u>	<u>\$ 873,699</u>	<u>\$ (564,875)</u>	<u>\$ 2,244,824</u>	<u>\$ 917,636</u>

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 11: Pension Plans**a. General Information about the Defined Benefit Pension Plan****Plan Description**

All qualified permanent and probationary employees are eligible to participate in the City's Cost-Sharing Multiple Employer Defined Benefit Pension Plan (the Plan or PERFC) administered by the California Public Employees' Retirement System (CalPERS). PERFC consists of a miscellaneous risk pool and a safety risk pool, which are comprised of the following rate plans:

- Miscellaneous Plan
- Miscellaneous Second Tier Plan
- PEPRA Miscellaneous Plan
- Safety Plan
- Safety Second Tier Plan
- PEPRA Safety Police Plan

Although one Plan exists, CalPERS provides the information separately for the Miscellaneous and Safety Risk Pools and the information is presented separately below where available. Benefit provisions under the Plan are established by

State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the 1959 Survivor Benefit level 4, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2022

Note 11: Pension Plans (Continued)

The rate plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous Rate Plan	Miscellaneous Second Tier Rate Plan	PEPRA Miscellaneous Rate Plan
Hire date	Prior to August 13, 2011	August 13, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula (at full retirement)	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.75%
Required employer contribution rates	14.194%	10.484%	7.732%
Required UAL payment	\$592,582	\$12,299	\$6,821
	Safety Rate Plan	Safety Second Tier Rate Plan	PEPRA Safety Rate Plan
	Prior to August 13, 2011	August 13, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula (at full retirement)	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.40% to 3.00%	2.00% to 2.70%
Required employee contribution rates	9.00%	9.00%	13.00%
Required employer contribution rates	23.674%	20.585%	13.044%
Required UAL payment	\$ 482,504	\$ 28,635	\$ 17,279

All rate plans except the PEPRA plans are closed to new members that are not already CalPERS participants. All miscellaneous rate plans are combined and reported below as the Miscellaneous Risk Pool and all safety rate plans are combined and reported below as the Safety Risk Pool.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the risk pools are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2022

Note 11: Pension Plans (Continued)

For the year ended June 30, 2022, the contributions recognized as a reduction of the net pension liability for each risk pool were as follows:

	Miscellaneous Risk Pool	Safety Risk Pool	Total
Contributions - Employer	\$ 1,524,519	\$ 1,958,149	\$ 3,482,668

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources

As of June 30, 2022, the City reported a net pension liability for its proportionate share of the net pension liability of each risk pool as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Risk Pool	\$ 3,998,659
Safety Risk Pool	2,203,680
Total Net Pension Liability	\$ 6,202,339
<u>Financial Statement Classification:</u>	
Governmental Activities	\$ 6,076,781
Business-type Activities	125,558
Total Net Pension Liability	\$ 6,202,339

The City's net pension liability for each risk pool is measured as the proportionate share of the net pension liability. The net pension liability of each risk pool is measured as of June 30, 2021, and the total pension liability for each risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the risk pool relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each risk pool as of June 30, 2021 and 2022 for the measurement date as of the previous year-end were as follows:

Measurement Date	Miscellaneous Risk Pool	Safety Risk Pool	Total
Proportion - June 30, 2020	0.227830%	0.133750%	0.361580%
Proportion - June 30, 2021	0.210590%	0.062790%	0.273380%
Change - Increase (Decrease)	-0.017240%	-0.070960%	-0.088200%

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2022

Note 11: Pension Plans (Continued)

For the year ended June 30, 2022, the City recognized pension expense of \$3,321,597 for both risk pools combined. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to each risk pool and combined from the following sources:

	Miscellaneous Risk Pool		Safety Risk Pool		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,582,843	\$ -	\$ 1,965,298	\$ -	\$ 3,548,141	\$ -
Differences between actual and expected experience	448,407	-	376,497	1,311,613	824,904	1,311,613
Changes in assumptions	-	-	-	-	-	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	442,149	18,787	907,976	18,787	1,350,125
Change in employer's proportion	762,327	-	1,750,455	-	2,512,782	-
Net differences between projected and actual earnings on plan investments	-	3,490,618	-	-	-	3,490,618
Total	<u>\$ 2,793,577</u>	<u>\$ 3,932,767</u>	<u>\$ 4,111,037</u>	<u>\$ 2,219,589</u>	<u>\$ 6,904,614</u>	<u>\$ 6,152,356</u>

Financial Statement Classification:

Governmental Activities	\$ 6,816,896	\$ 6,028,867
Business-type Activities	87,718	123,489
Total	<u>\$ 6,904,614</u>	<u>\$ 6,152,356</u>

The \$3,548,141 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the risk pools will be recognized as pension expense as follows:

Year Ended June 30	Miscellaneous Risk Pool	Safety Risk Pool	Total
2023	\$ (469,689)	\$ 299,526	\$ (170,163)
2024	(564,848)	105,081	(459,767)
2025	(722,868)	(117,519)	(840,387)
2026	(964,628)	(360,938)	(1,325,566)
	<u>\$ (2,722,033)</u>	<u>\$ (73,850)</u>	<u>\$ (2,795,883)</u>

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 11: Pension Plans (Continued)**Actuarial Assumptions**

The total pension liabilities in the June 30, 2021, actuarial valuations for each risk pool was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS Membership Data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

¹ The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MO 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2022

Note 11: Pension Plans (Continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF C fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

Subsequent Events

On November 15, 2021, the CalPERS Board of Administration selected a new asset allocation mix that will guide the fund's investment portfolio for the next four years, while at the same time retaining the reduction of discount rate from 7.0% to 6.8%. Notable changes for employers include a decrease in median total employer contribution rates, from less than 1% in miscellaneous plans to a decrease of more than 2% in some safety plans. Contribution changes will take effect in fiscal year 2023-24 for public agencies.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Note 11: Pension Plans (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability for each risk pool, calculated using the discount rate for each risk pool, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous Risk Pool	Safety Risk Pool	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$ 10,803,611	\$ 9,928,188	\$ 20,731,799
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 3,998,659	\$ 2,203,680	\$ 6,202,339
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ (1,626,897)	\$ (4,141,049)	\$ (5,767,946)

Pension Plan Fiduciary Net Position

Detailed information about each risk pool’s fiduciary net position is available in the separately issued CalPERS financial reports.

Defined Contribution Plan

On June 22, 2017, the City Council approved an Internal Revenue Code (IRC) Section 401(a) retirement plan in the form of a Governmental Money Purchase Plan & Trust (the 401(a) Plan), which is a single employer defined contribution retirement plan. Eligible employees include the City’s full-time executive management directors, who may participate at their employment date. The 401(a) Plan is administered by the ICMA Retirement Corporation and assets are invested in an IRC qualifying trust fund with VantageTrust, which holds assets for the benefit of participants.

Benefit terms, including contribution requirements, for the 401(a) Plan are established and may be amended by the City Council. For each employee in the 401(a) Plan, the City is required to contribute a match 5% of the employee’s annual salary to an individual employee account. Employees are mandated to contribute a minimum of 5% and up to 20% of their salary to the 401(a) Plan, subject to IRC contribution limits. Employees vest immediately in their own contributions and City contributions, as well as earnings on those contributions. For the year ended June 30, 2022, the employer and employee contributions made totaled \$41,695 each.

Note 12: Other Post-Employment Benefits Plan

Plan Description

The City’s defined benefit other post-employment healthcare benefit plan, the City of Citrus Heights Retiree Healthcare Plan (the Plan), is an agent multiple-employer defined benefit plan administered by CalPERS. The Plan provides access to lifetime healthcare benefits to eligible retirees and their dependents. Employees are eligible to participate in the

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 12: Other Post-Employment Benefits Plan (Continued)

Plan if they retire directly from the City under CalPERS at age 50 or above and with five years of CalPERS service (there is no minimum service requirement if retirement is due to a service-connected disability). The City does not provide dental, vision, life, or Medicare Part B reimbursement to retirees. The City Council has the authority under the California Government Code and City Municipal Code to establish and amend the benefit provisions of the Plan subject to collective bargaining arrangements. The City participates in the California Employers' Retiree Benefit Trust (CERBT) Fund, which is administered by CalPERS. The CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 to administer retiree healthcare benefits and collectively invest plan assets of all trust members. The CERBT issues publicly available financial statements that can be obtained from the CalPERS website at www.calpers.ca.gov. The City's Plan does not issue separate financial statements.

Benefits Provided

The City provides retiree medical benefits through the California Public Employees' Medical and Hospital Care Act (PEMHCA). The City pays the PEMHCA minimum contribution for active employees. For eligible retirees, the City contributes not less than 5% of the active employee contribution, multiplied by the number of years the City has participated in PEMHCA (the City joined PEMHCA in 1998). The City's active employee contributions were \$149 and \$143 per month and retiree contributions were \$149 and \$143 per month for the years ended June 30, 2022 and 2021, respectively. In May 2014, the Actuarial Standards Board released revisions to ASOP 6 requiring that the implied subsidy for claims in excess of premiums be valued for community rated plans such as PEMHCA.

Employees Covered by Benefit Terms

At the June 30, 2020, actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	21
Inactive employees entitled to but not yet receiving benefit payments	58
Active employees	<u>179</u>
Total	<u><u>258</u></u>

Contributions

The City Council has the authority to establish and amend the contribution requirements of the City and employees, subject to the City's Memorandum of Understanding with employee bargaining units. The City currently funds Plan benefits through the CERBT by contributing at least 100% of the actuarially determined contribution based on the active employee contributions described above. During the measurement period, the City contributed \$0 to the CERBT, which were recognized as reductions to the City's net OPEB asset.

Net OPEB Asset

The City's net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020.

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2022

Note 12: Other Post-Employment Benefits Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry Age Normal, Level Percentage of Payroll
Actuarial assumptions:	
Discount rate	6.75%
Inflation	2.50%
Salary increases	3.00%, aggregate
Mortality, retirement, disability and termination	Derived using CalPERS 1997-2015 Experience Study
Mortality improvement	Society of Actuaries mortality improvement Scale MP-2018
Healthcare cost trend rates	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.04% in 2076 and later years Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.04% in 2076 and later years

Pre-retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 2007 to 2015 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation CERBT- Strategy 1	Long-term Expected Rate of Return
Global Equity	59.0%	4.42%
Fixed Income	25.0%	1.00%
Treasury Inflation Protected Securities (TIPS)	5.0%	0.15%
Commodities	3.0%	1.73%
Real Estate Investment Trusts (REITs)	8.0%	3.98%
Total	100.0%	
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return, Rounded		6.70%

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 12: Other Post-Employment Benefits Plan (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75% which was the same discount rate used in the previous valuation. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2021 (6/30/2020 Measurement Date)	\$ 2,987,100	\$ 2,668,733	\$ 318,367
Changes in the year:			
Service cost	245,140	-	245,140
Interest	215,907	-	215,907
Actual vs. expected experience	16,101	-	16,101
Assumption changes	(101,261)	-	(101,261)
Contributions - employer	-	68,364	(68,364)
Investment income	-	734,994	(734,994)
Administrative expenses	-	(1,011)	1,011
Benefit payments	(68,364)	(68,364)	-
Net changes	<u>307,523</u>	<u>733,983</u>	<u>(426,460)</u>
Balance at June 30, 2022 (6/30/2021 Measurement Date)	<u>\$ 3,294,623</u>	<u>\$ 3,402,716</u>	<u>\$ (108,093)</u>
Financial Statement Classification:			
Governmental Activities			\$ (107,224)
Business-type Activities			(869)
			<u>\$ (108,093)</u>

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability/(asset) of the City, as well as what the City's net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Current	1% Increase
	5.75%	Discount Rate 6.75%	7.75%
Net OPEB liability/(asset)	\$ 306,488	\$ (108,093)	\$ (457,600)

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2022

Note 12: Other Post-Employment Benefits Plan (Continued)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability/(asset) of the City, as well as what the City's net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.5%/5.5% decreasing to 3%)	Current Healthcare Cost Trend Rates (7.5%/6.5% decreasing to 4%)	1% Increase (8.5%/7.5% decreasing to 5%)
Net OPEB liability/(asset)	\$ (526,538)	\$ (108,093)	\$ 407,344

OPEB Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CERBT financial report at www.calpers.ca.gov.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the City recognized OPEB expense of \$127,583. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 352,003	\$ -
Changes in assumptions	-	148,197
Differences between expected and actual experience	14,637	280,613
Net differences between projected and actual earnings on plan investments	-	393,059
Total	\$ 366,640	\$ 821,869

The \$352,003 reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30	Deferred Inflows of Resources
2022	\$ (143,491)
2023	(139,504)
2024	(141,663)
2025	(158,501)
2026	(47,525)
Thereafter	(176,548)
	\$ (807,232)

CITY OF CITRUS HEIGHTS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Note 13: Commitments and Contingencies

The City is a party to claims and lawsuits arising in the ordinary course of business. The City's management and legal counsel are of the opinion that the ultimate liability, if any, arising from these claims will not have material adverse impact on the financial position of the City.

The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City of Citrus Heights and the County of Sacramento entered into a revenue neutrality agreement pursuant to Government Code §56845, as a means of mitigating the financial impacts of the incorporation of the City in 1997 on the County's general fund. Currently all secured and unsecured ad valorem property taxes levied and collected pursuant to state law within the City's corporate limits, except landscaping and lighting special assessments, are retained by the County. The County will collect and retain the property taxes beginning January 1, 1997 through June 30, 2022. For the fiscal year ended June 30, 2022, property taxes retained by the County in accordance with the revenue neutrality agreement totaled \$6,521,191.

In 2011, the City purchased fifteen parcels in foreclosure along Sayonara Drive and demolished the buildings. Because affordable housing was demolished, a statutory requirement exists under the State of California Health & Safety Code, Redevelopment Law, Chapter 4, Article 9, Section 33413 to replace the affordable housing. The City must replace either 35 units or 70 bedrooms of affordable housing. The replacement requirement may be satisfied within or outside of the former redevelopment project area. The City is currently pursuing alternatives for replacement of the affordable housing. Options being considered include selling the property for fair market value and selling the property with an affordable housing requirement attached to the property. The parcels are reported as land held for resale in the Housing Agency Special Revenue Fund.

Contractual Commitments – The City had the following significant unexpended contractual commitments as of June 30, 2022:

Residential Street Resurfacing	\$ 3,041,877
Old Auburn Road Complete Streets	<u>1,956,372</u>
Total significant commitments	<u>\$ 4,998,249</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CITRUS HEIGHTS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 17,649,600	\$ 18,598,600	\$ 19,197,868	\$ 599,268
Licenses and permits	1,630,200	2,833,500	3,138,451	304,951
Intergovernmental	12,399,026	13,422,476	12,629,880	(792,596)
Charges for services	1,862,942	1,829,842	1,824,188	(5,654)
Use of money and property	600,376	419,451	465,704	46,253
Fines and forfeitures	983,400	760,000	799,788	39,788
Contributions	10,000	1,000	1,590	590
Miscellaneous	66,900	200,900	394,089	193,189
Total Revenues	35,202,444	38,065,769	38,451,558	385,789
Expenditures:				
General government	8,000,939	8,850,026	8,076,452	773,574
Public safety	21,962,176	22,212,176	18,749,531	3,462,645
Economic development	602,447	554,749	445,267	109,482
Culture and recreation	752,165	1,068,665	909,297	159,368
Community enhancements	3,058,927	3,062,427	3,024,578	37,849
Capital outlay	7,081	7,081	55,413	(48,332)
Debt service:				
Principal retirement	76,169	3,596,170	3,583,049	13,121
Interest and fiscal charges	332,845	332,845	184,839	148,006
Total Expenditures	34,792,749	39,684,139	35,028,426	4,655,713
Excess (Deficiency) of Revenues Over (Under) Expenditures	409,695	(1,618,370)	3,423,132	5,041,502
Other Financing Sources (Uses):				
Transfers in	-	-	95,433	95,433
Transfers out	(487,000)	(487,000)	(477,000)	10,000
Total Other Financing Sources (Uses)	(487,000)	(487,000)	(381,567)	105,433
Net Change in Fund Balance	(77,305)	(2,105,370)	3,041,565	5,146,935
Fund Balances, Beginning of Year	8,890,826	8,890,826	8,890,826	-
Fund Balances, End of Year	\$ 8,813,521	\$ 6,785,456	\$ 11,932,391	\$ 5,146,935

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 CDBG GRANTS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 900,000	\$ 900,000	\$ 1,232,972	\$ 332,972
Miscellaneous	-	-	165,300	165,300
Total Revenues	900,000	900,000	1,398,272	498,272
Expenditures:				
Current:				
Community enhancements	741,459	1,233,319	873,060	360,259
Capital outlay	379,040	-	-	-
Total Expenditures	1,120,499	1,233,319	873,060	360,259
Excess (Deficiency) of Revenues Over (Under) Expenditures	(220,499)	(333,319)	525,212	858,531
Other Financing Sources(Uses):				
Transfers out	(743,478)	(743,478)	(456,085)	287,393
Transfers in	-	-	2,386	2,386
Total Other Financing Sources (Uses)	(743,478)	(743,478)	(453,699)	289,779
Net Change in Fund Balance	(963,977)	(1,076,797)	71,513	1,148,310
Fund Balances, Beginning of Year	234,118	234,118	234,118	-
Fund Balances, End of Year	\$ (729,859)	\$ (842,679)	\$ 305,631	\$ 1,148,310

CITY OF CITRUS HEIGHTS

**COST SHARING MULTIPLE-EMPLOYER PLAN
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 AS OF JUNE 30, 2022**

	2015	2016	2017	2018
<u>Miscellaneous Rate Plan</u>				
Rate Plan's Proportion of the Net Pension Liability	0.06364%	0.07230%	0.07496%	0.07939%
Rate Plan's Proportionate Share of the Net Pension Liability	\$ 3,959,792	\$ 4,962,609	\$ 6,486,625	\$ 7,873,259
Rate Plan's Covered Payroll	\$ 7,143,034	\$ 7,437,222	\$ 8,102,528	\$ 8,017,935
Rate Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	55.44%	66.73%	80.06%	98.20%
<u>Safety Rate Plan</u>				
Rate Plan's Proportion of the Net Pension Liability	0.05785%	0.05364%	0.05852%	0.06404%
Rate Plan's Proportionate Share of the Net Pension Liability	\$ 3,599,860	\$ 3,681,807	\$ 5,064,060	\$ 6,351,188
Rate Plan's Covered Payroll	\$ 7,239,564	\$ 7,350,834	\$ 7,921,496	\$ 8,247,151
Rate Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	49.72%	50.09%	63.93%	77.01%
<u>Total Plan</u>				
Plan Proportion of the Net Pension Liability	0.12149%	0.12594%	0.13349%	0.14343%
Plan Proportionate Share of the Net Pension Liability	\$ 7,559,652	\$ 8,644,416	\$ 11,550,685	\$ 14,224,447
Plan Covered Payroll	\$ 14,382,598	\$ 14,788,056	\$ 16,024,024	\$ 16,265,086
Plan Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	52.56%	58.46%	72.08%	87.45%
The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	74.06%	73.31%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2021, there were no changes. In 2020, there were no changes. In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2018. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only eight years are shown.

2019	2020	2021	2022
0.07897%	0.08366%	0.08832%	0.07394%
\$ 7,610,202	\$ 8,572,628	\$ 9,609,910	\$ 3,998,659
\$ 7,889,233	\$ 8,319,602	\$ 8,715,322	\$ 8,169,066
96.46%	103.04%	110.26%	48.95%
0.06658%	0.07275%	0.08190%	0.04075%
\$ 6,415,392	\$ 7,454,716	\$ 8,910,669	\$ 2,203,680
\$ 8,354,763	\$ 7,715,475	\$ 8,420,924	\$ 7,542,123
76.79%	96.62%	105.82%	29.22%
0.14555%	0.15641%	0.17022%	0.11468%
\$ 14,025,594	\$ 16,027,344	\$ 18,520,579	\$ 6,202,339
\$ 16,243,996	\$ 16,035,077	\$ 17,136,246	\$ 15,711,189
86.34%	99.95%	108.08%	39.48%
75.26%	75.26%	75.10%	88.29%

CITY OF CITRUS HEIGHTS

**COST SHARING MULTIPLE-EMPLOYER PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, 2022**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Miscellaneous Rate Plan				
Actuarially Determined Contribution	\$ 1,237,660	\$ 1,052,606	\$ 1,109,977	\$ 1,127,777
Contribution in Relation to the Actuarially Determined Contribution	(1,237,660)	(1,052,606)	(1,109,977)	(1,127,777)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 7,437,222	\$ 8,102,528	\$ 8,017,935	\$ 7,889,233
Contributions as a Percentage of Covered Payroll	16.64%	12.99%	13.84%	14.30%
Safety Rate Plan				
Actuarially Determined Contribution	\$ 1,937,578	\$ 1,460,317	\$ 1,605,543	\$ 1,675,225
Contribution in Relation to the Actuarially Determined Contribution	(1,937,578)	(1,460,317)	(1,605,543)	(1,675,225)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 7,350,834	\$ 7,921,496	\$ 8,247,151	\$ 8,354,763
Contributions as a Percentage of Covered Payroll	26.36%	18.43%	19.47%	20.05%
Total Plan				
Actuarially Determined Contribution	\$ 3,175,238	\$ 2,512,923	\$ 2,715,520	\$ 2,803,002
Contribution in Relation to the Actuarially Determined Contribution	(3,175,238)	(2,512,923)	(2,715,520)	(2,803,002)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 14,788,056	\$ 16,024,024	\$ 16,265,086	\$ 16,243,996
Contributions as a Percentage of Covered Payroll	21.47%	15.68%	16.70%	17.26%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only eight years are shown.

Note to Schedule:

Valuation Date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method

Entry Age Normal Cost Method

Amortization method

Level percentage of pay, a summary of the current policy is provided in the table below:

Driver	Source				
	(Gain)/Loss		Assumption/ Method Change	Benefit Change	Golden Handshake
	Investment	Non-investment			
Amortization Period	30 years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.750%	2.750%	2.750%	2.750%	2.750%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

Asset valuation method

Direct rate smoothing

Inflation

2.50%

Payroll Growth

2.75%

Projected Salary Increases

Varies by Entry Age and Service

Investment Rate of Return

7.00% (net of pension plan investment and administrative expenses, includes inflation)

Retirement Age

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Mortality

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,259,805	\$ 1,419,774	\$ 1,524,519	\$ 1,582,843
<u>(1,259,805)</u>	<u>(1,419,774)</u>	<u>(1,524,519)</u>	<u>(1,582,843)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,319,602	\$ 8,715,322	\$ 8,169,066	\$ 8,285,854
15.14%	16.29%	18.66%	19.10%
\$ 1,743,186	\$ 1,782,277	\$ 1,958,149	\$ 1,965,298
<u>(1,743,186)</u>	<u>(1,782,277)</u>	<u>(1,958,149)</u>	<u>(1,965,298)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,715,475	\$ 8,420,924	\$ 7,542,123	\$ 7,104,170
22.59%	21.16%	25.96%	27.66%
\$ 3,002,991	\$ 3,202,051	\$ 3,482,668	\$ 3,548,141
<u>(3,002,991)</u>	<u>(3,202,051)</u>	<u>(3,482,668)</u>	<u>(3,548,141)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 16,035,077	\$ 17,136,246	\$ 15,711,189	\$ 15,390,024
18.73%	18.69%	22.17%	23.05%

CITY OF CITRUS HEIGHTS

**SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB Liability					
Service cost	\$ 205,006	\$ 211,156	\$ 217,491	\$ 217,915	\$ 245,140
Interest on the total OPEB liability	149,338	171,850	195,735	192,196	215,907
Actual and expected experience difference	-	-	(380,831)	-	(31,942)
Changes in assumptions	-	-	(43,330)	(29,367)	(15,583)
Actual and expected earnings difference	-	-	-	-	(105,999)
Benefit payments	(20,597)	(33,358)	(37,626)	(46,180)	(68,364)
Net change in total OPEB liability	333,747	349,648	(48,561)	334,564	239,159
Total OPEB liability - beginning	2,017,702	2,351,449	2,701,097	2,652,536	2,987,100
Total OPEB liability - ending	\$ 2,351,449	\$ 2,701,097	\$ 2,652,536	\$ 2,987,100	\$ 3,226,259
Plan Fiduciary Net Position					
Contribution - employer	\$ 373,000	\$ 378,000	\$ 288,000	\$ -	\$ -
Net investment income	159,817	143,701	140,138	92,830	734,994
Benefit payments	(20,597)	(33,358)	(37,626)	(46,180)	(68,364)
Administrative expense	(837)	(3,288)	(479)	(1,282)	(1,011)
Net change in plan fiduciary net position	511,383	485,055	390,033	45,368	665,619
Plan fiduciary net position - beginning	1,236,894	1,748,277	2,233,332	2,623,365	2,668,733
Plan fiduciary net position - ending (b)	\$ 1,748,277	\$ 2,233,332	\$ 2,623,365	\$ 2,668,733	\$ 3,334,352
Net OPEB Liability/(Asset)	\$ 603,172	\$ 467,765	\$ 29,171	\$ 318,367	\$ (108,093)
Plan fiduciary net position as a percentage of the total OPEB liability	74.35%	82.68%	98.90%	89.34%	103.35%
Covered-employee payroll	\$ 18,696,235	\$ 18,764,996	\$ 19,084,505	\$ 19,487,524	\$ 19,538,878
Net OPEB liability/(asset) as a percentage of covered-employee payroll	3.23%	2.49%	0.15%	1.63%	-0.55%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

Changes in Assumptions: In 2022 and 2021, no changes. In 2020, no changes. In 2019, Demographic assumptions were updated to CalPERS 1997-2015 Experience Study, and mortality improvement scale was updated to Scale MP-2018.

CITY OF CITRUS HEIGHTS

**SCHEDULE OF OPEB CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarially Determined Contribution	\$ 378,000	\$ 288,000	\$ 296,000	\$ 248,000	\$ 255,000
Contribution in Relation to the Actuarially Determined Contributions	<u>(378,000)</u>	<u>(288,000)</u>	<u>(296,000)</u>	<u>(68,364)</u>	<u>(352,003)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,636</u>	<u>\$ (97,003)</u>
Covered-employee payroll	\$ 18,764,996	\$ 19,084,505	\$ 19,487,524	\$ 19,538,878	\$ 16,163,096
Contributions as a percentage of covered-employee payroll	2.01%	1.51%	1.52%	1.27%	1.58%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

Methods and assumptions used to determine contributions:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level percent of pay
Amortization Period	15-year average remaining fixed period for 2019/20
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75%
Inflation	2.75%
Medical Trend	Non-Medicare – 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare – 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality Rate	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Society of Actuaries Scale MP-2018

CITY OF CITRUS HEIGHTS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY ACCOUNTING AND CONTROL
YEAR ENDED JUNE 30, 2022**

Budgetary Accounting

The City Council establishes budgets for the General Fund and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. Only the Council can authorize transfers between funds and approve inter-fund loans. The City Manager is authorized to transfer budgeted amounts within a fund without formal council action or approval.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2022. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations and unexpended grant appropriations, lapse at the end of each fiscal year.

For the fiscal year ending June 30, 2022, the following funds had no adopted annual budgets:

- Housing Agency Fee Special Revenue Fund
- AD 98-02 Zone 3 Special Revenue Fund
- AD 03-01 Zone 3 Special Revenue Fund

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

The following funds are reported in total on the Governmental Fund Financial Statements under the column Other Governmental Funds.

SPECIAL REVENUE FUNDS

HOME Program Grants – Accounts for HOME Program Grant funds used for low income housing activities.

Community Events – Accounts for funds received and expended for the City's community events.

Code Enforcement – Accounts for funds to be used on Code Enforcement for neighborhood enhancement activities.

Gas Tax – Accounts for State gas tax revenues used for street maintenance and construction.

Road Maintenance and Rehabilitation – Accounts for revenue and expenditures on deferred maintenance on local streets and road systems with State funds provided by the Road Repair and Accountability Act SB1.

Stormwater Utility Tax – Accounts for revenues and expenditures associated with the administration and coordination of stormwater drainage activities as supported by a parcel tax.

Road Maintenance – Accounts for sales tax revenue collected in accordance with a voter approved special tax to be used for repairs and maintenance of streets.

Transit – Accounts for Transportation Development Act revenues restricted for the City's transportation needs.

Transportation Development Act – Accounts for Transportation Development Act monies received for road and sidewalk improvement purposes and transit related activities.

Police – Accounts for police revenues received that are restricted to fund programs designed to combat drug abuse and divert gang activity.

Police Grants – Accounts for police grants received that are restricted to fund specific police programs, including sobriety checkpoints, methamphetamine enforcement, stolen vehicles, children exposed to domestic violence and other programs.

Supplemental Law Enforcement Services (SLES) – Accounts for revenues and expenditures associated with State funds provided as a match for the COPS Universal Hiring Grant.

Property Based Improvement District – Accounts for funds associated with the City's Property Based Improvement District.

Housing Agency – Accounts for the housing assets of the former redevelopment agency that are used for low and moderate income housing activities.

Roadway Development Fees – Accounts for the revenues and expenditures associated with new development of infrastructure and low income housing.

Housing Mitigation Development Fees – Accounts for the revenues and expenditures associated with new development of infrastructure and low income housing.

Tree Mitigation Fees – Accounts for the revenues and expenditures associated with new development of infrastructure and low income housing.

SPECIAL REVENUE FUNDS (CONTINUED)

Park Facilities Development Fees – Accounts for the revenues and expenditures associated with new development of infrastructure and low income housing.

Transit Development Fees – Accounts for the revenues and expenditures associated with new development of infrastructure and low income housing.

Other Grants – Accounts for revenues and expenditures for miscellaneous state grants and programs.

Assessment Districts: Accounts for special assessments collected for the assessment districts below within the City limits for which the City is obligated to maintain. The Lighting Assessment District accounts for special assessments used for street lighting purposes. The remaining assessment districts were organized under the Landscaping and Lighting Act of 1972 to account for special assessment used for street corridor landscape, open space maintenance and sound wall maintenance expenses.

- Assessment District 98-02 Zone 3
- Assessment District Zone 1
- Assessment District Zone 2
- Assessment District Zone 3
- Assessment District Zone 4
- Assessment District 98-01
- Assessment District 98-02
- Assessment District 03-01
- Assessment District 98-02, Zone 2
- Assessment District 03-01, Zone 2
- Assessment District 03-01, Zone 3
- Lighting Assessment District

Police Donations – Accounts for donations received for K-9 and other police activities and programs.

CAPITAL PROJECT FUNDS

Measure A Construction – Accounts for Measure A revenues received from the Sacramento Transportation Authority that are restricted for expenditures associated with specific purposes, including construction, upgrade and improvements of the City's roadways.

Community Capital Replacement – Accounts for funds expended on various capital improvement and replacement projects, including vehicle replacement.

Streets Capital Projects Fund – Accounts for funds expended on various street capital improvement and paving projects, including an intersection improvements project and Old Auburn Bike Trail development.

CITY OF CITRUS HEIGHTS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

Special Revenue Funds

	HOME Program Grants	Code Enforcement	Gas Tax	Road Maintenance and Rehabilitation
Assets:				
Pooled cash and investments	\$ 806,706	\$ 774,436	\$ 826,827	\$ 281,177
Receivables:				
Accounts	-	316,724	296	-
Notes and loans	2,622,469	-	-	-
Allowance on uncollectible notes and loans	(2,622,468)	-	-	-
Interest	1,459	970	1,638	2,516
Prepaid costs	-	-	447	-
Due from other governments	55,858	5,533	165,617	305,250
Land held for resale	-	-	-	-
Total Assets	\$ 864,024	\$ 1,097,663	\$ 994,825	\$ 588,943
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 34,544	\$ 12,149	\$ 108,675	\$ -
Accrued liabilities	-	15,439	10,960	-
Unearned revenues	-	-	-	-
Due to other governments	-	4,845	10,611	-
Due to other funds	21,324	-	-	-
Total Liabilities	55,868	32,433	130,246	-
Deferred Inflows of Resources:				
Unavailable revenues	-	295,320	296	-
Total Deferred Inflows of Resources	-	295,320	296	-
Fund Balances:				
Nonspendable	-	-	447	-
Restricted	808,156	769,910	863,836	588,943
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	808,156	769,910	864,283	588,943
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 864,024	\$ 1,097,663	\$ 994,825	\$ 588,943

CITY OF CITRUS HEIGHTS

**COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022**

(CONTINUED)

	Special Revenue Funds			
	Stormwater Utility Tax	Road Maintenance	Transit	Transportation Development Act
Assets:				
Pooled cash and investments	\$ 2,842,682	\$ 3,368,335	\$ 20,267	\$ 133,067
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Allowance on uncollectible notes and loans	-	-	-	-
Interest	5,750	5,720	79	240
Prepaid costs	447	447	-	-
Due from other governments	409,697	-	70,434	-
Land held for resale	-	-	-	-
Total Assets	\$ 3,258,576	\$ 3,374,502	\$ 90,780	\$ 133,307
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 285,956	\$ 110,961	\$ 12	\$ -
Accrued liabilities	9,159	9,429	4,583	-
Unearned revenues	-	-	-	-
Due to other governments	42,073	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	337,188	120,390	4,595	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	447	447	-	-
Restricted	2,920,941	3,253,665	86,185	133,307
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	2,921,388	3,254,112	86,185	133,307
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,258,576	\$ 3,374,502	\$ 90,780	\$ 133,307

CITY OF CITRUS HEIGHTS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

Special Revenue Funds

	<u>Police</u>	<u>Police Grants</u>	<u>Supplemental Law Enforcement Services (SLES)</u>	<u>Property Based Improvement District</u>
Assets:				
Pooled cash and investments	\$ 1,144,408	\$ -	\$ 108,785	\$ 9,680
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Allowance on uncollectible notes and loans	-	-	-	-
Interest	1,912	-	201	-
Prepaid costs	-	-	-	-
Due from other governments	14,995	73,280	-	-
Land held for resale	-	-	-	-
Total Assets	<u>\$ 1,161,315</u>	<u>\$ 73,280</u>	<u>\$ 108,986</u>	<u>\$ 9,680</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 7,745	\$ 8,368	\$ 10,839	\$ -
Accrued liabilities	2,370	4,775	-	-
Unearned revenues	-	-	98,147	-
Due to other governments	-	741	-	9,680
Due to other funds	-	91,824	-	-
Total Liabilities	<u>10,115</u>	<u>105,708</u>	<u>108,986</u>	<u>9,680</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	1,151,200	-	-	-
Assigned	-	-	-	-
Unassigned	-	(32,428)	-	-
Total Fund Balances	<u>1,151,200</u>	<u>(32,428)</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,161,315</u>	<u>\$ 73,280</u>	<u>\$ 108,986</u>	<u>\$ 9,680</u>

CITY OF CITRUS HEIGHTS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

(CONTINUED)

Special Revenue Funds

	Housing Agency	Roadway Development Fees	Housing Mitigation Development Fees	Tree Mitigation Fees
Assets:				
Pooled cash and investments	\$ 31,182	\$ 633,081	\$ 377,989	\$ 203,139
Receivables:				
Accounts	-	32,209	-	-
Notes and loans	1,434,665	-	-	-
Allowance on uncollectible notes and loans	(234,665)	-	-	-
Interest	-	1,155	679	369
Prepaid costs	-	-	-	1,367
Due from other governments	-	-	-	-
Land held for resale	2,784,600	-	-	-
Total Assets	\$ 4,015,782	\$ 666,445	\$ 378,668	\$ 204,875
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 16,320	\$ -	\$ 1,225
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	16,320	-	1,225
Deferred Inflows of Resources:				
Unavailable revenues	-	32,209	-	-
Total Deferred Inflows of Resources	-	32,209	-	-
Fund Balances:				
Nonspendable	-	-	-	1,367
Restricted	4,015,782	617,916	378,668	202,283
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	4,015,782	617,916	378,668	203,650
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,015,782	\$ 666,445	\$ 378,668	\$ 204,875

CITY OF CITRUS HEIGHTS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds			
	Park Facilities Development Fees	Transit Development Fees	Other Grants	AD 98-02 Zone 3
Assets:				
Pooled cash and investments	\$ 222,309	\$ 183,661	\$ 104,078	\$ 21,266
Receivables:				
Accounts	-	6,908	-	-
Notes and loans	-	-	-	-
Allowance on uncollectible notes and loans	-	-	-	-
Interest	400	327	-	37
Prepaid costs	-	-	-	-
Due from other governments	-	-	87,619	-
Land held for resale	-	-	-	-
Total Assets	\$ 222,709	\$ 190,896	\$ 191,697	\$ 21,303
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 16,033	\$ 543
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	175,664	-
Due to other governments	-	-	-	15
Due to other funds	-	-	-	-
Total Liabilities	-	-	191,697	558
Deferred Inflows of Resources:				
Unavailable revenues	-	6,908	-	-
Total Deferred Inflows of Resources	-	6,908	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	222,709	183,988	-	20,745
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	222,709	183,988	-	20,745
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 222,709	\$ 190,896	\$ 191,697	\$ 21,303

CITY OF CITRUS HEIGHTS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

(CONTINUED)

Special Revenue Funds

	Assessment District Zone 1	Assessment District Zone 2	Assessment District Zone 3	Assessment District Zone 4
Assets:				
Pooled cash and investments	\$ 28,829	\$ 70,895	\$ 671	\$ 1,671
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Allowance on uncollectible notes and loans	-	-	-	-
Interest	52	130	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Total Assets	\$ 28,881	\$ 71,025	\$ 671	\$ 1,671
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 489	\$ 626	\$ 709
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	962
Due to other funds	-	-	-	-
Total Liabilities	-	489	626	1,671
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	28,881	70,536	45	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	28,881	70,536	45	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,881	\$ 71,025	\$ 671	\$ 1,671

CITY OF CITRUS HEIGHTS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds			
	Assessment District 98-01	Assessment District 98-02	Assessment District 03-01	Assessment District 98-02 Zone 2
Assets:				
Pooled cash and investments	\$ 141,400	\$ 69,629	\$ 841,928	\$ 35,531
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Allowance on uncollectible notes and loans	-	-	-	-
Interest	255	125	1,593	62
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Total Assets	\$ 141,655	\$ 69,754	\$ 843,521	\$ 35,593
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 426	\$ 1,172	\$ 2,495	\$ 519
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	315	-	15,242	-
Due to other funds	-	-	-	-
Total Liabilities	741	1,172	17,737	519
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	140,914	68,582	825,784	35,074
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	140,914	68,582	825,784	35,074
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 141,655	\$ 69,754	\$ 843,521	\$ 35,593

CITY OF CITRUS HEIGHTS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>Assessment District 03-01 Zone 2</u>	<u>Lighting Assessment District</u>	<u>Police Donations</u>	<u>Assessment District 03-01 Zone 3</u>
Assets:				
Pooled cash and investments	\$ 23,732	\$ 69,031	\$ 15,986	\$ 87,524
Receivables:				
Accounts	-	3,598	-	-
Notes and loans	-	-	-	-
Allowance on uncollectible notes and loans	-	-	-	-
Interest	53	-	-	132
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Total Assets	<u>\$ 23,785</u>	<u>\$ 72,629</u>	<u>\$ 15,986</u>	<u>\$ 87,656</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 918	\$ 27,194	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	190	41,837	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>1,108</u>	<u>69,031</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	3,598	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>3,598</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	22,677	-	15,986	87,656
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>22,677</u>	<u>-</u>	<u>15,986</u>	<u>87,656</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,785</u>	<u>\$ 72,629</u>	<u>\$ 15,986</u>	<u>\$ 87,656</u>

CITY OF CITRUS HEIGHTS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**
Capital Projects Funds

	<u>Measure A Construction</u>	<u>Community Capital Replacement</u>	<u>Total Other Governmental Funds</u>
Assets:			
Pooled cash and investments	\$ 1,289,792	\$ 915,750	\$ 15,685,444
Receivables:			
Accounts	-	-	359,735
Notes and loans	-	-	4,057,134
Allowance on uncollectible notes and loans	-	-	(2,857,133)
Interest	2,296	-	28,150
Prepaid costs	5,375	-	8,083
Due from other governments	-	-	1,188,283
Land held for resale	-	-	2,784,600
Total Assets	<u>\$ 1,297,463</u>	<u>\$ 915,750</u>	<u>\$ 21,254,296</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 35,603	\$ 8,897	\$ 692,418
Accrued liabilities	-	-	56,715
Unearned revenues	-	-	273,811
Due to other governments	-	-	126,511
Due to other funds	-	-	113,148
Total Liabilities	<u>35,603</u>	<u>8,897</u>	<u>1,262,603</u>
Deferred Inflows of Resources:			
Unavailable revenues	-	-	338,331
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>338,331</u>
Fund Balances:			
Nonspendable	5,375	-	8,083
Restricted	1,256,485	-	18,770,854
Assigned	-	906,853	906,853
Unassigned	-	-	(32,428)
Total Fund Balances	<u>1,261,860</u>	<u>906,853</u>	<u>19,653,362</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,297,463</u>	<u>\$ 915,750</u>	<u>\$ 21,254,296</u>

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CITY OF CITRUS HEIGHTS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	HOME Program Grants	Community Events	Code Enforcement	Gas Tax
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	55,879	-	-	2,105,730
Charges for services	-	-	738,400	-
Use of money and property	(8,981)	-	(6,017)	(9,684)
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	107,103	-	-	-
Total Revenues	154,001	-	732,383	2,096,046
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	671,916	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	-
Public ways and facilities	-	-	-	1,532,926
Community enhancements	56,559	-	-	-
Capital outlay	-	-	-	57,000
Total Expenditures	56,559	-	671,916	1,589,926
Excess (Deficiency) of Revenues Over (Under) Expenditures	97,442	-	60,467	506,120
Other Financing Sources (Uses):				
Transfers in	-	-	59,500	-
Transfers out	-	(81,713)	-	(575,091)
Loans issued	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	(81,713)	59,500	(575,091)
Net Change in Fund Balances	97,442	(81,713)	119,967	(68,971)
Fund Balances, Beginning of Year	710,714	81,713	649,943	933,254
Fund Balances, End of Year	\$ 808,156	\$ -	\$ 769,910	\$ 864,283

CITY OF CITRUS HEIGHTS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

(CONTINUED)

	Special Revenue Funds			
	Road Maintenance and Rehabilitation	Stormwater Utility Tax	Road Maintenance	Transit
Revenues:				
Assessments	\$ -	\$ 19,465	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,768,222	-	2,715,221	7,539
Charges for services	-	3,965,879	-	349,164
Use of money and property	(14,197)	(33,456)	(35,580)	(492)
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	11,287	-	-
Total Revenues	1,754,025	3,963,175	2,679,641	356,211
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	-
Public ways and facilities	-	2,313,148	1,331,021	234,610
Community enhancements	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	2,313,148	1,331,021	234,610
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,754,025	1,650,027	1,348,620	121,601
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(4,389,471)	(3,381,963)	(273,517)	-
Loans issued	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	(4,389,471)	(3,381,963)	(273,517)	-
Net Change in Fund Balances	(2,635,446)	(1,731,936)	1,075,103	121,601
Fund Balances, Beginning of Year	3,224,389	4,653,324	2,179,009	(35,416)
Fund Balances, End of Year	\$ 588,943	\$ 2,921,388	\$ 3,254,112	\$ 86,185

CITY OF CITRUS HEIGHTS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds			
	Transportation Development Act	Police	Police Grants	Supplemental Law Enforcement Services (SLES)
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	283,433	388,224
Charges for services	-	-	-	-
Use of money and property	(1,402)	3,452	-	(1,141)
Fines and forfeitures	-	466,032	-	-
Contributions	-	-	-	-
Miscellaneous	-	13,712	-	-
Total Revenues	(1,402)	483,196	283,433	387,083
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	207,790	317,700	293,989
Economic development	-	-	-	-
Culture and recreation	-	-	-	-
Public ways and facilities	-	-	-	-
Community enhancements	-	-	-	-
Capital outlay	-	-	-	93,094
Total Expenditures	-	207,790	317,700	387,083
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,402)	275,406	(34,267)	-
Other Financing Sources (Uses):				
Transfers in	-	27,500	-	-
Transfers out	(83,000)	-	-	-
Loans issued	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	(83,000)	27,500	-	-
Net Change in Fund Balances	(84,402)	302,906	(34,267)	-
Fund Balances, Beginning of Year	217,709	848,294	1,839	-
Fund Balances, End of Year	\$ 133,307	\$ 1,151,200	\$ (32,428)	\$ -

CITY OF CITRUS HEIGHTS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

(CONTINUED)

	Special Revenue Funds			
	Housing Agency	Roadway Development Fees	Housing Mitigation Development Fees	Tree Mitigation Fees
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	193,171	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	8,117	64,964
Use of money and property	-	(6,858)	(4,167)	(2,305)
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	186,313	3,950	62,659
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	-
Public ways and facilities	-	21,163	-	-
Community enhancements	328	-	-	14,339
Capital outlay	-	-	-	-
Total Expenditures	328	21,163	-	14,339
Excess (Deficiency) of Revenues Over (Under) Expenditures	(328)	165,150	3,950	48,320
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(365,486)	-	-
Loans issued	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	(365,486)	-	-
Net Change in Fund Balances	(328)	(200,336)	3,950	48,320
Fund Balances, Beginning of Year	4,016,110	818,252	374,718	155,330
Fund Balances, End of Year	\$ 4,015,782	\$ 617,916	\$ 378,668	\$ 203,650

CITY OF CITRUS HEIGHTS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	Park Facilities Development Fees	Transit Development Fees	Other Grants	AD 98-02 Zone 3
	Fees	Fees		
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	54,177	-	-
Intergovernmental	-	-	165,781	-
Charges for services	123,053	-	-	11,274
Use of money and property	(2,525)	(1,985)	-	(230)
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	120,528	52,192	165,781	11,044
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Economic development	-	-	48,713	-
Culture and recreation	-	-	-	-
Public ways and facilities	-	4,894	-	6,720
Community enhancements	-	-	117,068	-
Capital outlay	-	-	-	-
Total Expenditures	-	4,894	165,781	6,720
Excess (Deficiency) of Revenues Over (Under) Expenditures	120,528	47,298	-	4,324
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(50,000)	-	-
Loans issued	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	(50,000)	-	-
Net Change in Fund Balances	120,528	(2,702)	-	4,324
Fund Balances, Beginning of Year	102,181	186,690	-	16,421
Fund Balances, End of Year	\$ 222,709	\$ 183,988	\$ -	\$ 20,745

CITY OF CITRUS HEIGHTS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

(CONTINUED)

	Special Revenue Funds			
	Assessment District Zone 1	Assessment District Zone 2	Assessment District Zone 3	Assessment District Zone 4
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	10,457	12,271	6,399	4,650
Use of money and property	(305)	(782)	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	10,152	11,489	6,399	4,650
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	-
Public ways and facilities	17,916	18,535	14,628	19,701
Community enhancements	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	17,916	18,535	14,628	19,701
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,764)	(7,046)	(8,229)	(15,051)
Other Financing Sources (Uses):				
Transfers in	-	-	8,274	15,051
Transfers out	-	-	-	-
Loans issued	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	-	8,274	15,051
Net Change in Fund Balances	(7,764)	(7,046)	45	-
Fund Balances, Beginning of Year	36,645	77,582	-	-
Fund Balances, End of Year	\$ 28,881	\$ 70,536	\$ 45	\$ -

CITY OF CITRUS HEIGHTS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds			
	Assessment District 98-01	Assessment District 98-02	Assessment District 03-01	Assessment District 98-02 Zone 2
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	10,621	22,005	88,729	16,246
Use of money and property	(1,562)	(771)	(10,210)	114
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	9,059	21,234	78,519	16,360
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	-
Public ways and facilities	11,115	26,171	184,409	12,008
Community enhancements	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	11,115	26,171	184,409	12,008
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,056)	(4,937)	(105,890)	4,352
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Loans issued	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(2,056)	(4,937)	(105,890)	4,352
Fund Balances, Beginning of Year	142,970	73,519	931,674	30,722
Fund Balances, End of Year	\$ 140,914	\$ 68,582	\$ 825,784	\$ 35,074

CITY OF CITRUS HEIGHTS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

(CONTINUED)

	Special Revenue Funds			
	Assessment District 03-01 Zone 2	Lighting Assessment District	Police Donations	Assessment District 03-01 Zone 3
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	19,961	361,118	-	88,557
Use of money and property	(322)	-	-	(901)
Fines and forfeitures	-	-	-	-
Contributions	-	-	2,826	-
Miscellaneous	-	-	-	-
Total Revenues	19,639	361,118	2,826	87,656
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	991	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	-
Public ways and facilities	31,417	411,165	-	-
Community enhancements	-	-	100	-
Capital outlay	-	-	-	-
Total Expenditures	31,417	411,165	1,091	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,778)	(50,047)	1,735	87,656
Other Financing Sources (Uses):				
Transfers in	-	73,517	-	-
Transfers out	-	(420,321)	-	-
Loans issued	-	396,601	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	49,797	-	-
Net Change in Fund Balances	(11,778)	(250)	1,735	87,656
Fund Balances, Beginning of Year	34,455	250	14,251	-
Fund Balances, End of Year	\$ 22,677	\$ -	\$ 15,986	\$ 87,656

CITY OF CITRUS HEIGHTS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Capital Projects Funds</u>		
	<u>Measure A Construction</u>	<u>Community Capital Replacement</u>	<u>Total Other Governmental Funds</u>
Revenues:			
Assessments	\$ -	\$ -	\$ 19,465
Licenses and permits	-	18,313	265,661
Intergovernmental	668,846	37,428	8,196,303
Charges for services	-	-	5,901,865
Use of money and property	(13,765)	-	(154,072)
Fines and forfeitures	-	-	466,032
Contributions	-	-	2,826
Miscellaneous	-	-	132,102
Total Revenues	655,081	55,741	14,830,182
Expenditures:			
Current:			
General government	-	9,569	9,569
Public safety	-	228	1,492,614
Economic development	-	-	48,713
Culture and recreation	-	52,643	52,643
Public ways and facilities	130,704	-	6,322,251
Community enhancements	-	38,184	226,578
Capital outlay	-	254,671	404,765
Total Expenditures	130,704	355,295	8,557,133
Excess (Deficiency) of Revenues Over (Under) Expenditures	524,377	(299,554)	6,273,049
Other Financing Sources (Uses):			
Transfers in	-	390,000	573,842
Transfers out	(858,563)	-	(10,479,125)
Loans issued	-	-	396,601
Proceeds from sale of capital asset	-	150,676	150,676
Total Other Financing Sources (Uses)	(858,563)	540,676	(9,358,006)
Net Change in Fund Balances	(334,186)	241,122	(3,084,957)
Fund Balances, Beginning of Year	1,596,046	665,731	22,738,319
Fund Balances, End of Year	\$ 1,261,860	\$ 906,853	\$ 19,653,362

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 HOME PROGRAM GRANTS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 55,879	\$ 55,879
Use of money and property	103	103	(8,981)	(9,084)
Miscellaneous	-	-	107,103	107,103
Total Revenues	103	103	154,001	153,898
Expenditures:				
Community enhancements	76,355	76,355	56,559	19,796
Total Expenditures	76,355	76,355	56,559	19,796
Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,252)	(76,252)	97,442	173,694
Fund Balances, Beginning of Year	710,714	710,714	710,714	-
Fund Balances, End of Year	\$ 634,462	\$ 634,462	\$ 808,156	\$ 173,694

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 COMMUNITY EVENTS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources:				
Transfers out	\$ -	\$ -	\$ (81,713)	\$ (81,713)
Total Other Financing Sources	-	-	(81,713)	81,713
Net Change in Fund Balance	-	-	(81,713)	(81,713)
Fund Balances, Beginning of Year	81,713	81,713	81,713	-
Fund Balances, End of Year	\$ 81,713	\$ 81,713	\$ -	\$ (81,713)

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 CODE ENFORCEMENT
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 729,000	\$ 729,000	\$ 738,400	\$ 9,400
Use of money and property	1,000	1,000	(6,017)	(7,017)
Total Revenues	730,000	730,000	732,383	2,383
Expenditures:				
Current:				
Public safety	807,281	807,281	671,916	135,365
Total Expenditures	807,281	807,281	671,916	135,365
Excess (Deficiency) of Revenues Over (Under) Expenditures	(77,281)	(77,281)	60,467	137,748
Other Financing Sources(Uses):				
Transfers in	59,590	59,590	59,500	90
Total Other Financing Sources (Uses)	59,590	59,590	59,500	90
Net Change in Fund Balance	(17,691)	(17,691)	119,967	137,658
Fund Balances, Beginning of Year	649,943	649,943	649,943	-
Fund Balances, End of Year	\$ 632,252	\$ 632,252	\$ 769,910	\$ 137,658

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GAS TAX
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,278,399	\$ 2,278,399	\$ 2,105,730	\$ (172,669)
Use of money and property	-	-	(9,684)	(9,684)
Total Revenues	2,278,399	2,278,399	2,096,046	(182,353)
Expenditures:				
Current:				
Public safety	-	-	-	-
Public ways and facilities	1,784,565	1,784,565	1,532,926	251,639
Capital outlay	-	-	57,000	(57,000)
Total Expenditures	1,784,565	1,784,565	1,589,926	194,639
Excess (Deficiency) of Revenues Over (Under) Expenditures	493,834	493,834	506,120	12,286
Other Financing Uses:				
Transfers out	(400,000)	(400,000)	(575,091)	(175,091)
Total Other Financing Uses	(400,000)	(400,000)	(575,091)	(175,091)
Net Change in Fund Balance	93,834	93,834	(68,971)	(162,805)
Fund Balances, Beginning of Year	933,254	933,254	933,254	-
Fund Balances, End of Year	\$ 1,027,088	\$ 1,027,088	\$ 864,283	\$ (162,805)

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ROAD MAINTENANCE AND REHABILITATION
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,721,790	\$ 1,721,790	\$ 1,768,222	\$ 46,432
Use of money and property	-	-	(14,197)	(14,197)
Total Revenues	1,721,790	1,721,790	1,754,025	32,235
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,721,790	1,721,790	1,754,025	32,235
Other Financing Uses:				
Transfers out	(2,600,000)	(2,600,000)	(4,389,471)	(1,789,471)
Total Other Financing Uses	(2,600,000)	(2,600,000)	(4,389,471)	(1,789,471)
Net Change in Fund Balance	(878,210)	(878,210)	(2,635,446)	(1,757,236)
Fund Balances, Beginning of Year	3,224,389	3,224,389	3,224,389	-
Fund Balances, End of Year	\$ 2,346,179	\$ 2,346,179	\$ 588,943	\$ (1,757,236)

CITY OF CITRUS HEIGHTS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STORMWATER UTILITY TAX
YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 19,465	\$ 19,465
Charges for services	3,811,000	3,811,000	3,965,879	154,879
Use of money and property	-	-	(33,456)	(33,456)
Miscellaneous	-	-	11,287	11,287
Total Revenues	3,811,000	3,811,000	3,963,175	152,175
Expenditures:				
Current:				
Public safety	-	-	-	-
Public ways and facilities	2,362,369	2,343,289	2,313,148	30,141
Capital outlay	350,000	350,000	-	350,000
Total Expenditures	2,712,369	2,693,289	2,313,148	380,141
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,098,631	1,117,711	1,650,027	532,316
Other Financing Uses:				
Transfers out	(2,838,861)	(2,838,861)	(3,381,963)	(543,102)
Total Other Financing Uses	(2,838,861)	(2,838,861)	(3,381,963)	(543,102)
Net Change in Fund Balance	(1,740,230)	(1,721,150)	(1,731,936)	(10,786)
Fund Balances, Beginning of Year	4,653,324	4,653,324	4,653,324	-
Fund Balances, End of Year	\$ 2,913,094	\$ 2,932,174	\$ 2,921,388	\$ (10,786)

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ROAD MAINTENANCE
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,260,888	\$ 2,260,888	\$ 2,715,221	\$ 454,333
Use of money and property	-	-	(35,580)	(35,580)
Total Revenues	2,260,888	2,260,888	2,679,641	418,753
Expenditures:				
Current:				
Public ways and facilities	1,149,578	1,135,268	1,331,021	(195,753)
Capital outlay	400,000	400,000	-	400,000
Total Expenditures	1,549,578	1,535,268	1,331,021	204,247
Excess (Deficiency) of Revenues Over (Under) Expenditures	711,310	725,620	1,348,620	623,000
Other Financing Uses:				
Transfers out	(200,000)	(200,000)	(273,517)	(73,517)
Total Other Financing Uses	(200,000)	(200,000)	(273,517)	(73,517)
Net Change in Fund Balance	511,310	525,620	1,075,103	549,483
Fund Balances, Beginning of Year	2,179,009	2,179,009	2,179,009	-
Fund Balances, End of Year	\$ 2,690,319	\$ 2,704,629	\$ 3,254,112	\$ 549,483

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 TRANSIT
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 278,730	\$ 278,730	\$ 7,539	\$ (271,191)
Charges for services	-	-	349,164	349,164
Use of money and property	-	-	(492)	(492)
Total Revenues	278,730	278,730	356,211	77,481
Expenditures:				
Current:				
Public ways and facilities	273,192	273,192	234,610	38,582
Capital outlay	10,000	10,000	-	10,000
Total Expenditures	283,192	283,192	234,610	48,582
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,462)	(4,462)	121,601	126,063
Fund Balances, Beginning of Year	(35,416)	(35,416)	(35,416)	-
Fund Balances, End of Year	\$ (39,878)	\$ (39,878)	\$ 86,185	\$ 126,063

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 TRANSPORTATION DEVELOPMENT ACT
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 74,160	\$ 74,160	\$ -	\$ (74,160)
Use of money and property	-	-	(1,402)	(1,402)
Total Revenues	74,160	74,160	(1,402)	(75,562)
Excess (Deficiency) of Revenues Over (Under) Expenditures	74,160	74,160	(1,402)	(75,562)
Other Financing Uses:				
Transfers out	(83,000)	(83,000)	(83,000)	-
Total Other Financing Uses	(83,000)	(83,000)	(83,000)	-
Net Change in Fund Balance	(8,840)	(8,840)	(84,402)	(75,562)
Fund Balances, Beginning of Year	217,709	217,709	217,709	-
Fund Balances, End of Year	\$ 208,869	\$ 208,869	\$ 133,307	\$ (75,562)

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 POLICE
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 3,452	\$ 3,452
Fines and forfeitures	56,000	56,000	466,032	410,032
Miscellaneous	-	-	13,712	13,712
Total Revenues	56,000	56,000	483,196	427,196
Expenditures:				
Current:				
Public safety	125,690	125,690	207,790	(82,100)
Total Expenditures	125,690	125,690	207,790	(82,100)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,690)	(69,690)	275,406	345,096
Other Financing Sources (Uses):				
Transfers in	27,471	27,471	27,500	(29)
Total Other Financing Sources (Uses)	27,471	27,471	27,500	29
Net Change in Fund Balance	(42,219)	(42,219)	302,906	345,125
Fund Balances, Beginning of Year	848,294	848,294	848,294	-
Fund Balances, End of Year	\$ 806,075	\$ 806,075	\$ 1,151,200	\$ 345,125

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 POLICE GRANTS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 334,072	\$ 334,072	\$ 283,433	\$ (50,639)
Total Revenues	334,072	334,072	283,433	(50,639)
Expenditures:				
Current:				
Public safety	258,261	258,261	317,700	(59,439)
Total Expenditures	258,261	258,261	317,700	(59,439)
Excess (Deficiency) of Revenues Over (Under) Expenditures	75,811	75,811	(34,267)	(110,078)
Fund Balances, Beginning of Year	1,839	1,839	1,839	-
Fund Balances, End of Year	\$ 77,650	\$ 77,650	\$ (32,428)	\$ (110,078)

CITY OF CITRUS HEIGHTS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SUPPLEMENTAL LAW ENFORCEMENT SERVICES (SLES)
YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 133,000	\$ 133,000	\$ 388,224	\$ 255,224
Use of money and property	-	-	(1,141)	(1,141)
Total Revenues	133,000	133,000	387,083	254,083
Expenditures:				
Current:				
Public safety	172,700	172,700	293,989	(121,289)
Capital outlay	-	-	93,094	(93,094)
Total Expenditures	172,700	172,700	387,083	(214,383)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,700)	(39,700)	-	39,700
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ (39,700)	\$ (39,700)	\$ -	\$ 39,700

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ROADWAY DEVELOPMENT FEES
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 98,345	\$ 98,345	\$ 193,171	\$ 94,826
Use of money and property	5,000	5,000	(6,858)	(11,858)
Total Revenues	103,345	103,345	186,313	82,968
Expenditures:				
Current:				
Public ways and facilities	125,000	125,000	21,163	103,837
Total Expenditures	125,000	125,000	21,163	103,837
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,655)	(21,655)	165,150	186,805
Other Financing Uses:				
Transfers out	(325,000)	(325,000)	(365,486)	(40,486)
Total Other Financing Uses	(325,000)	(325,000)	(365,486)	(40,486)
Net Change in Fund Balance	(346,655)	(346,655)	(200,336)	146,319
Fund Balances, Beginning of Year	818,252	818,252	818,252	-
Fund Balances, End of Year	\$ 471,597	\$ 471,597	\$ 617,916	\$ 146,319

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 HOUSING MITIGATION DEVELOPMENT FEES
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 16,480	\$ 16,480	\$ 8,117	\$ (8,363)
Use of money and property	-	-	(4,167)	(4,167)
Total Revenues	16,480	16,480	3,950	(12,530)
Expenditures:				
Current:				
Community development	51,500	51,500	-	51,500
Total Expenditures	51,500	51,500	-	51,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,020)	(35,020)	3,950	38,970
Fund Balances, Beginning of Year	374,718	374,718	374,718	-
Fund Balances, End of Year	\$ 339,698	\$ 339,698	\$ 378,668	\$ 38,970

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 TREE MITIGATION FEES
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 36,050	\$ 36,050	\$ 64,964	\$ 28,914
Use of money and property	-	-	(2,305)	(2,305)
Total Revenues	36,050	36,050	62,659	26,609
Expenditures:				
Current:				
Community enhancements	36,050	36,050	14,339	21,711
Total Expenditures	36,050	36,050	14,339	21,711
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	48,320	48,320
Fund Balances, Beginning of Year	155,330	155,330	155,330	-
Fund Balances, End of Year	\$ 155,330	\$ 155,330	\$ 203,650	\$ 48,320

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 PARK FACILITIES DEVELOPMENT FEES
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 76,000	\$ 76,000	\$ 123,053	\$ 47,053
Use of money and property	-	-	(2,525)	(2,525)
Total Revenues	76,000	76,000	120,528	44,528
Expenditures:				
Current:				
Community enhancements	51,500	51,500	-	51,500
Total Expenditures	51,500	51,500	-	51,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,500	24,500	120,528	96,028
Fund Balances, Beginning of Year	102,181	102,181	102,181	-
Fund Balances, End of Year	\$ 126,681	\$ 126,681	\$ 222,709	\$ 96,028

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 TRANSIT DEVELOPMENT FEES
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 27,847	\$ 27,847	\$ 54,177	\$ 26,330
Use of money and property	530	530	(1,985)	(2,515)
Total Revenues	28,377	28,377	52,192	23,815
Expenditures:				
Current:				
Public ways and facilities	-	-	4,894	(4,894)
Capital outlay	25,000	25,000	-	25,000
Total Expenditures	25,000	25,000	4,894	20,106
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,377	3,377	47,298	43,921
Other Financing Sources(Uses):				
Transfers out	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	(50,000)	(50,000)	(50,000)	-
Net Change in Fund Balance	(46,623)	(46,623)	(2,702)	43,921
Fund Balances, Beginning of Year	186,690	186,690	186,690	-
Fund Balances, End of Year	\$ 140,067	\$ 140,067	\$ 183,988	\$ 43,921

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 OTHER GRANTS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 46,050	\$ 166,050	\$ 165,781	\$ (269)
Total Revenues	46,050	166,050	165,781	(269)
Expenditures:				
Current:				
Economic development	-	120,000	48,713	71,287
Community enhancements	-	-	117,068	(117,068)
Total Expenditures	-	120,000	165,781	(45,781)
Excess (Deficiency) of Revenues Over (Under) Expenditures	46,050	46,050	-	(46,050)
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ 46,050	\$ 46,050	\$ -	\$ (46,050)

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ASSESSMENT DISTRICT ZONE 1
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 10,523	\$ 10,523	\$ 10,457	\$ (66)
Use of money and property	115	115	(305)	(420)
Total Revenues	10,638	10,638	10,152	(486)
Expenditures:				
Current:				
Public ways and facilities	16,492	16,492	17,916	(1,424)
Total Expenditures	16,492	16,492	17,916	(1,424)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,854)	(5,854)	(7,764)	(1,910)
Fund Balances, Beginning of Year	36,645	36,645	36,645	-
Fund Balances, End of Year	\$ 30,791	\$ 30,791	\$ 28,881	\$ (1,910)

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ASSESSMENT DISTRICT ZONE 2
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 12,413	\$ 12,413	\$ 12,271	\$ (142)
Use of money and property	500	500	(782)	(1,282)
Total Revenues	12,913	12,913	11,489	(1,424)
Expenditures:				
Current:				
Public ways and facilities	13,774	13,774	18,535	(4,761)
Total Expenditures	13,774	13,774	18,535	(4,761)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(861)	(861)	(7,046)	(6,185)
Fund Balances, Beginning of Year	77,582	77,582	77,582	-
Fund Balances, End of Year	\$ 76,721	\$ 76,721	\$ 70,536	\$ (6,185)

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ASSESSMENT DISTRICT ZONE 3
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 6,550	\$ 6,550	\$ 6,399	\$ (151)
Total Revenues	6,550	6,550	6,399	(151)
Expenditures:				
Current:				
Public ways and facilities	15,221	15,221	14,628	593
Total Expenditures	15,221	15,221	14,628	593
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,671)	(8,671)	(8,229)	442
Other Financing Sources(Uses):				
Transfers in	-	-	8,274	8,274
Total Other Financing Sources (Uses)	-	-	8,274	8,274
Net Change in Fund Balance	(8,671)	(8,671)	45	8,716
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ (8,671)	\$ (8,671)	\$ 45	\$ 8,716

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ASSESSMENT DISTRICT ZONE 4
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 4,718	\$ 4,718	\$ 4,650	\$ (68)
Total Revenues	4,718	4,718	4,650	(68)
Expenditures:				
Current:				
Public ways and facilities	19,141	19,141	19,701	(560)
Total Expenditures	19,141	19,141	19,701	(560)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,423)	(14,423)	(15,051)	(628)
Other Financing Sources:				
Transfers in	5,959	5,959	15,051	9,092
Total Other Financing Sources	5,959	5,959	15,051	9,092
Net Change in Fund Balance	(8,464)	(8,464)	-	8,464
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ (8,464)	\$ (8,464)	\$ -	\$ 8,464

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ASSESSMENT DISTRICT 98-01
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 10,640	\$ 10,640	\$ 10,621	\$ (19)
Use of money and property	950	950	(1,562)	(2,512)
Total Revenues	11,590	11,590	9,059	(2,531)
Expenditures:				
Current:				
Public ways and facilities	11,601	11,601	11,115	486
Total Expenditures	11,601	11,601	11,115	486
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11)	(11)	(2,056)	(2,045)
Fund Balances, Beginning of Year	142,970	142,970	142,970	-
Fund Balances, End of Year	\$ 142,959	\$ 142,959	\$ 140,914	\$ (2,045)

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ASSESSMENT DISTRICT 98-02
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 22,200	\$ 22,200	\$ 22,005	\$ (195)
Use of money and property	525	525	(771)	(1,296)
Total Revenues	22,725	22,725	21,234	(1,491)
Expenditures:				
Current:				
Public ways and facilities	30,858	30,858	26,171	4,687
Total Expenditures	30,858	30,858	26,171	4,687
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,133)	(8,133)	(4,937)	3,196
Fund Balances, Beginning of Year	73,519	73,519	73,519	-
Fund Balances, End of Year	\$ 65,386	\$ 65,386	\$ 68,582	\$ 3,196

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ASSESSMENT DISTRICT 03-01
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 88,700	\$ 88,700	\$ 88,729	\$ 29
Use of money and property	6,000	6,000	(10,210)	(16,210)
Total Revenues	94,700	94,700	78,519	(16,181)
Expenditures:				
Current:				
Public ways and facilities	199,650	199,650	184,409	15,241
Total Expenditures	199,650	199,650	184,409	15,241
Excess (Deficiency) of Revenues Over (Under) Expenditures	(104,950)	(104,950)	(105,890)	(940)
Fund Balances, Beginning of Year	931,674	931,674	931,674	-
Fund Balances, End of Year	\$ 826,724	\$ 826,724	\$ 825,784	\$ (940)

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ASSESSMENT DISTRICT 98-02 ZONE 2
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 16,288	\$ 16,288	\$ 16,246	\$ (42)
Use of money and property	200	200	114	(86)
Total Revenues	16,488	16,488	16,360	(128)
Expenditures:				
Current:				
Public ways and facilities	14,253	14,253	12,008	2,245
Total Expenditures	14,253	14,253	12,008	2,245
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,235	2,235	4,352	2,117
Fund Balances, Beginning of Year	30,722	30,722	30,722	-
Fund Balances, End of Year	\$ 32,957	\$ 32,957	\$ 35,074	\$ 2,117

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ASSESSMENT DISTRICT 03-01 ZONE 2
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 19,343	\$ 19,343	\$ 19,961	\$ 618
Use of money and property	350	350	(322)	(672)
Total Revenues	19,693	19,693	19,639	(54)
Expenditures:				
Current:				
Public ways and facilities	57,478	57,478	31,417	26,061
Total Expenditures	57,478	57,478	31,417	26,061
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,785)	(37,785)	(11,778)	26,007
Fund Balances, Beginning of Year	34,455	34,455	34,455	-
Fund Balances, End of Year	\$ (3,330)	\$ (3,330)	\$ 22,677	\$ 26,007

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 LIGHTING ASSESSMENT DISTRICT
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 348,655	\$ 348,655	\$ 361,118	\$ 12,463
Total Revenues	348,655	348,655	361,118	12,463
Expenditures:				
Current:				
Public ways and facilities	464,623	464,623	411,165	53,458
Total Expenditures	464,623	464,623	411,165	53,458
Excess (Deficiency) of Revenues Over (Under) Expenditures	(115,968)	(115,968)	(50,047)	65,921
Other Financing Sources:				
Transfers out	-	-	(420,321)	(420,321)
Transfers in	85,250	85,250	73,517	(11,733)
Other debts issued	-	-	396,601	396,601
Total Other Financing Sources	85,250	85,250	49,797	(35,453)
Net Change in Fund Balance	(30,718)	(30,718)	(250)	30,468
Fund Balances, Beginning of Year	250	250	250	-
Fund Balances, End of Year	\$ (30,468)	\$ (30,468)	\$ -	\$ 30,468

CITY OF CITRUS HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 POLICE DONATIONS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Contributions	\$ -	\$ -	\$ 2,826	\$ 2,826
Total Revenues	-	-	2,826	2,826
Expenditures:				
Current:				
Public safety	1,500	1,500	991	509
Community enhancements	-	-	100	(100)
Total Expenditures	1,500	1,500	1,091	409
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,500)	(1,500)	1,735	3,235
Fund Balances, Beginning of Year	14,251	14,251	14,251	-
Fund Balances, End of Year	\$ 12,751	\$ 12,751	\$ 15,986	\$ 3,235

CITY OF CITRUS HEIGHTS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL CAPITAL IMPROVEMENT CAPITAL PROJECT FUND
YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ -	\$ -	\$ 136,004	\$ 136,004
Total Revenues	-	-	136,004	136,004
Expenditures:				
Current:				
Economic development	-	-	82,333	(82,333)
Total Expenditures	-	-	82,333	(82,333)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	53,671	53,671
Other Financing Sources:				
Transfers out	(857,192)	(857,192)	-	857,192
Total Other Financing Sources	(857,192)	(857,192)	-	857,192
Net Change in Fund Balance	(857,192)	(857,192)	53,671	910,863
Fund Balances, Beginning of Year	3,946,574	3,946,574	3,946,574	-
Fund Balances, End of Year	\$ 3,089,382	\$ 3,089,382	\$ 4,000,245	\$ 910,863

CITY OF CITRUS HEIGHTS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MEASURE A CONSTRUCTION
YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 668,846	\$ 668,846
Use of money and property	-	-	(13,765)	(13,765)
Miscellaneous	549,521	549,521	-	(549,521)
Total Revenues	549,521	549,521	655,081	105,560
Expenditures:				
Current:				
Public ways and facilities	275,000	275,000	130,704	144,296
Total Expenditures	275,000	275,000	130,704	144,296
Excess (Deficiency) of Revenues Over (Under) Expenditures	274,521	274,521	524,377	249,856
Other Financing Uses:				
Transfers out	(857,192)	(857,192)	(858,563)	(1,371)
Total Other Financing Uses	(857,192)	(857,192)	(858,563)	(1,371)
Net Change in Fund Balance	(582,671)	(582,671)	(334,186)	248,485
Fund Balances, Beginning of Year	1,596,046	1,596,046	1,596,046	-
Fund Balances, End of Year	\$ 1,013,375	\$ 1,013,375	\$ 1,261,860	\$ 249,856

CITY OF CITRUS HEIGHTS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY CAPITAL REPLACEMENT
YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 18,540	\$ 18,540	\$ 18,313	\$ (227)
Intergovernmental	-	-	37,428	37,428
Total Revenues	18,540	18,540	55,741	37,201
Expenditures:				
Current:				
General government	-	-	9,569	(9,569)
Public safety	65,000	65,000	228	64,772
Culture and recreation	130,000	130,000	52,643	77,357
Community enhancements	-	-	38,184	(38,184)
Capital outlay	485,000	485,000	254,671	230,329
Total Expenditures	680,000	680,000	355,295	324,705
Excess (Deficiency) of Revenues Over (Under) Expenditures	(661,460)	(661,460)	(299,554)	361,906
Other Financing Sources:				
Transfers in	390,000	390,000	390,000	-
Proceeds from sale of capital asset	-	-	150,676	150,676
Transfers out	(857,192)	(857,192)	-	857,192
Total Other Financing Sources	(467,192)	(467,192)	540,676	1,007,868
Net Change in Fund Balance	(1,128,652)	(1,128,652)	241,122	1,369,774
Fund Balances, Beginning of Year	665,731	665,731	665,731	-
Fund Balances, End of Year	\$ (462,921)	\$ (462,921)	\$ 906,853	\$ 1,369,774

CITY OF CITRUS HEIGHTS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STREETS
YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,485,240	\$ 5,485,240	\$ 3,268,099	\$ (2,217,141)
Miscellaneous	-	-	-	-
Total Revenues	5,485,240	5,485,240	3,268,099	(2,217,141)
Expenditures:				
Current:				
Public ways and facilities	1,246,000	1,727,012	26,030	1,700,982
Community enhancements	-	-	15,464	(15,464)
Capital outlay	12,346,771	12,346,771	10,234,978	2,111,793
Total Expenditures	13,592,771	14,073,783	10,276,472	3,797,311
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,107,531)	(8,588,543)	(7,008,373)	1,580,170
Other Financing Sources:				
Transfers in	8,107,531	8,107,531	10,756,655	2,649,124
Transfers out	(857,192)	(857,192)	(16,106)	841,086
Total Other Financing Sources	7,250,339	7,250,339	10,740,549	3,490,210
Net Change in Fund Balance	(857,192)	(1,338,204)	3,732,176	5,070,380
Fund Balances, Beginning of Year	(380,518)	(380,518)	(380,518)	-
Fund Balances, End of Year	\$ (1,237,710)	\$ (1,718,722)	\$ 3,351,658	\$ 5,070,380

CITY OF CITRUS HEIGHTS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 ALL CUSTODIAL FUNDS
 JUNE 30, 2022

	<u>Fire Capital Facilities Fee</u>	<u>STA Fees</u>	<u>WISN ESAC</u>	<u>Totals</u>
Assets:				
Cash and cash equivalents	\$ 25,665	\$ 138,950	\$ 162,432	\$ 327,047
Total Assets	25,665	138,950	162,432	327,047
Net Position:				
Restricted for individuals, organizations and other governments	25,665	138,950	162,432	327,047
Total Net Position	\$ 25,665	\$ 138,950	\$ 162,432	\$ 327,047

CITY OF CITRUS HEIGHTS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 ALL CUSTODIAL FUNDS
 YEAR ENDED JUNE 30, 2022

	Fire Capital Facilities Fee	STA Fees	WISN ESAC	Totals
Additions:				
Intergovernmental	\$ 352,875	\$ 373,348	\$ 8,114	\$ 734,337
Total Additions	352,875	373,348	8,114	734,337
Deductions:				
Contractual services	516,232	234,400	1,965	752,597
Total Deductions	516,232	234,400	1,965	752,597
Changes in Net Position	(163,357)	138,948	6,149	(18,260)
Net Position - Beginning of the Year	189,022	2	156,283	345,307
Net Position - End of the Year	\$ 25,665	\$ 138,950	\$ 162,432	\$ 327,047

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STATISTICAL SECTION

This part of the City of Citrus Heights' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, footnotes, and required supplementary information says about the City's overall financial health.

Contents	Page(s)
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Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	138-141
Revenue Capacity	
These schedules contain information to help the reader assess the City's ability to generate revenues. Property taxes, sales and use taxes, charges for services, licenses, permits and fees and intergovernmental revenue are the City's most	142-147
Debt Capacity	
These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional	148-150
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	151-152
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	153-155

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Citrus Heights, California
 Net Position by Component
 Last Ten Fiscal Years
 (Fiscal year ended June 30)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Invested in capital assets	\$ 369,630,853	\$ 366,354,751	\$ 362,247,604	\$ 351,834,754	\$ 355,292,096	\$ 344,507,138	\$ 336,912,872	\$ 328,594,520	\$ 319,214,442	\$ 316,887,986
Restricted	22,751,540	15,749,227	15,682,624	15,279,052	15,935,790	16,266,052	13,375,587	19,575,754	25,779,873	25,868,240
Unrestricted	25,246,205	28,626,101	12,581,607	14,663,297	4,264,024	1,755,048	1,882,908	(6,606,540)	(7,281,556)	4,318,206
Total governmental activities net position	\$ 417,628,598	\$ 410,730,079	\$ 390,511,835	\$ 381,777,103	\$ 375,491,910	\$ 362,528,238	\$ 352,171,367	\$ 341,563,734	\$ 337,712,759	\$ 347,074,432
Business-type activities										
Invested in capital assets	\$ -	\$ 200,000	\$ 200,000	\$ 321,123	\$ 389,449	\$ 381,575	\$ 373,702	\$ 365,829	\$ 357,956	\$ 350,082
Unrestricted	655,163	614,441	406,354	265,517	160,563	219,434	1,306,142	533,964	775,308	1,131,508
Total business-type activities net position	\$ 655,163	\$ 814,441	\$ 606,354	\$ 586,640	\$ 550,012	\$ 601,009	\$ 679,844	\$ 899,793	\$ 1,133,264	\$ 1,481,590
Primary government										
Invested in capital assets	\$ 369,630,853	\$ 366,554,751	\$ 362,447,604	\$ 352,155,877	\$ 355,681,545	\$ 344,888,713	\$ 337,286,574	\$ 328,960,349	\$ 319,572,398	\$ 317,238,068
Restricted	22,751,540	15,749,227	15,682,624	15,279,052	15,935,790	16,266,052	13,375,587	19,575,754	25,779,873	25,868,240
Unrestricted	25,901,368	29,240,542	12,987,961	14,928,814	4,424,587	1,974,482	2,189,050	(6,072,576)	(6,506,248)	5,449,714
Total primary government net position	\$ 418,283,761	\$ 411,544,520	\$ 391,118,189	\$ 382,363,743	\$ 376,041,922	\$ 363,129,247	\$ 352,851,211	\$ 342,463,527	\$ 338,846,023	\$ 348,556,022

Source: City Administrative Services Department

City of Citrus Heights, California
Changes in Net Position
Last Ten Fiscal Years
(Fiscal year ended June 30)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 4,905,500	\$ 4,825,401	\$ 5,401,023	\$ 4,704,899	\$ 5,463,122	\$ 6,106,557	\$ 6,909,949	\$ 7,360,783	\$ 10,210,576	\$ 7,729,201
Public safety	18,371,871	19,595,533	18,092,747	17,355,288	18,378,242	21,698,128	24,025,017	24,443,611	23,338,398	15,877,629
Public ways and facilities	25,152,231	27,499,125	30,037,037	34,185,103	24,188,701	24,395,899	21,730,069	19,019,629	18,149,133	17,660,038
Culture and recreation	692,989	613,235	555,342	654,183	722,254	669,948	720,442	830,572	540,427	906,037
Economic development	114,616	172,083	159,243	214,978	402,904	353,608	296,233	950,409	916,027	55,751
Community enhancements	4,429,170	4,407,068	4,319,791	4,313,943	4,710,977	4,664,278	3,953,127	3,928,848	3,877,993	4,085,740
Interest on long-term debt	-	-	-	-	-	-	70,962	151,957	144,455	131,908
Total governmental activities expenses	53,666,377	57,112,445	58,565,183	61,428,394	53,813,894	57,940,724	57,705,799	56,685,809	57,177,009	46,446,304
Business-type activities:										
Solid waste	752,084	529,464	903,522	757,028	798,694	751,291	809,466	675,849	732,927	788,023
Total business-type activities expenses	752,084	529,464	903,522	757,028	798,694	751,291	809,466	675,849	732,927	788,023
Total primary government expenses	54,418,461	57,641,909	59,468,705	62,185,422	54,612,588	58,692,015	58,515,265	57,361,658	57,909,936	47,234,327
Program revenues										
Governmental activities:										
Charges for services:										
General government	305,057	331,675	381,923	1,120,688	1,151,570	1,185,547	1,888,219	1,902,206	1,904,861	1,745,213
Public safety	366,726	459,073	337,199	1,547,840	1,759,927	1,488,252	1,978,407	2,133,898	2,074,980	2,173,237
Public ways and facilities	4,789,239	4,730,893	4,666,240	4,359,774	4,500,372	4,324,674	4,474,641	5,344,895	4,759,239	5,357,787
Culture and recreation	343,817	374,244	311,350	352,401	354,517	449,711	32,526	22,473	-	18,313
Economic development	-	-	100	50	-	-	-	-	-	-
Community enhancements	842,151	1,036,139	1,298,079	1,912,936	1,597,005	498,673	1,242,148	1,508,999	2,730,818	3,221,746
Operating grants and contributions	10,909,700	13,558,056	13,179,453	10,236,552	6,087,515	6,265,040	7,165,367	6,053,305	11,072,674	10,921,489
Capital grants and contributions	7,590,789	7,173,645	2,418,225	4,489,329	2,006,396	1,483,643	7,101,580	3,790,741	3,589,794	5,389,435
Total governmental activities program revenues	25,147,479	27,663,725	22,592,569	24,019,570	17,457,302	15,695,540	23,882,888	20,756,517	26,132,366	28,827,220
Business-type activities:										
Charges for services:										
Solid waste	651,300	657,027	710,618	732,401	761,614	798,838	839,030	829,397	904,130	1,092,589
Total business-type activities program revenues	651,300	657,027	710,618	732,401	761,614	798,838	839,030	829,397	904,130	1,092,589
Total primary government program revenues	25,798,779	28,320,752	23,303,187	24,751,971	18,218,916	16,494,378	24,721,918	21,585,914	27,036,496	29,919,809
Net (Expense)/Revenue										
Governmental activities	(28,518,898)	(29,448,720)	(35,972,614)	(37,408,824)	(36,356,592)	(42,245,184)	(33,822,911)	(35,929,292)	(31,044,643)	(17,619,084)
Business-type activities	(100,784)	127,563	(192,904)	(24,627)	(37,080)	47,547	29,564	153,548	171,203	304,566
Total primary government net expense	(28,619,682)	(29,321,157)	(36,165,518)	(37,433,451)	(36,393,672)	(42,197,637)	(33,793,347)	(35,775,744)	(30,873,440)	(17,314,518)

City of Citrus Heights, California
Changes in Net Position
Last Ten Fiscal Years
(Fiscal year ended June 30)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Continued from previous page:										
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes:										
Property taxes	270,913	139,634	138,659	946,113	991,552	758,653	339,571	306,250	383,773	638,183
Sales and use tax	11,261,741	11,195,869	11,230,382	15,977,575	15,412,345	15,653,986	12,542,158	12,083,836	13,373,483	14,412,009
Utility users tax	2,770,644	2,739,486	2,768,562	2,810,771	2,881,617	2,932,236	2,739,888	2,650,891	2,717,945	2,794,196
Other taxes	1,362,446	1,332,334	1,416,552	1,601,229	1,616,163	1,600,300	2,225,772	2,019,859	1,412,898	1,807,986
Shared intergovernmental revenues	6,659,357	6,652,222	7,015,174	7,260,670	7,611,171	8,037,540	8,436,657	8,887,426	9,303,916	9,683,155
Investment earnings	(299,378)	455,531	246,710	527,734	1,108,551	254,162	32,181	458,727	1,650	-
Transfers	2,918	35,125	-	-	-	-	-	-	-	-
Total governmental activities	22,028,641	22,550,201	22,816,039	29,124,092	29,621,399	29,236,877	26,316,227	26,406,989	27,193,665	29,335,529
Business-type activities:										
Investment earnings	(968)	31,715	4,158	4,913	452	3,450	49,255	66,401	1,117	(14,531)
Other revenue									61,151	58,444
Transfers	(2,918)	-	-	-	-	-	-	-	-	-
Total business-type activities	(3,886)	31,715	4,158	4,913	452	3,450	49,255	66,401	62,268	43,913
Total primary government	22,024,755	22,581,916	22,820,197	29,129,005	29,621,851	29,240,327	26,365,482	26,473,390	27,255,933	29,379,442
Changes in Net Position										
Governmental activities	(6,490,257)	(6,898,519)	(13,156,575)	(8,284,732)	(6,735,193)	(13,008,307)	(10,356,855)	(10,607,634)	(3,850,978)	9,361,673
Business-type activities	(104,670)	159,278	(188,746)	(19,714)	(36,628)	50,997	78,819	219,949	233,471	348,480
Total primary government	\$ (6,594,927)	\$ (6,739,241)	\$ (13,345,321)	\$ (8,304,446)	\$ (6,771,821)	\$ (12,957,310)	\$ (10,278,036)	\$ (10,387,685)	\$ (3,617,507)	\$ 9,710,153

Source: City Administrative Services Department

City of Citrus Heights, California
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Nonspendable	\$ 1,233,199	\$ 1,144,639	\$ 962,457	\$ 298,407	\$ 32,159	\$ 279,210	\$ 135,485	\$ 302,545	\$ 145,343	\$ 64,859
Restricted	-	6,443	14,148	14,613	23,394	21,143	-	-	-	-
Committed	29,080,819	27,279,124	19,395,418	18,616,257	4,559,378	4,559,378	4,561,978	4,486,978	4,486,978	4,486,978
Unassigned	855,369	925,202	64,943	146,734	1,101,504	314,061	1,833,065	490,603	4,258,505	7,380,554
Total general fund	31,169,387	29,355,408	20,436,966	19,076,011	5,718,435	5,173,792	6,530,528	5,280,126	8,890,826	11,932,391
All Other Governmental Funds:										
Nonspendable	512,312	643,352	-	-	-	2,784,600	2,285,330	1,980	2,345	8,083
Restricted	3,454,581	9,994,202	9,479,154	9,723,591	10,067,839	8,702,340	13,375,587	20,775,754	25,779,873	25,868,240
Assigned	9,705,971	-	1,652,198	928,925	894,318	1,374,838	945,767	1,141,407	1,172,209	1,467,001
Unassigned (deficit)	(578,904)	950,267	(570,131)	(122,707)	(132,660)	(262,719)	(181,979)	(140,450)	(415,934)	(32,428)
Total all other governmental funds	13,093,960	11,587,821	10,561,221	10,529,809	10,829,497	12,599,059	16,424,705	21,778,691	26,538,493	27,310,896
Total all governmental funds	\$44,263,347	\$40,943,229	\$30,998,187	\$29,605,820	\$16,547,932	\$17,772,851	\$22,955,233	\$27,058,817	\$35,429,319	\$39,243,287

NOTE: Information was not available from the City's pension plan to report both the pension liability and changes in pension liability under GASB Statement No. 68 prior to 2015. Consequently, the amounts reported above in 2014 and prior years are prior to restatement.

City of Citrus Heights, California
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Taxes and assessments	\$ 20,405,852	\$ 15,419,083	\$ 15,582,175	\$ 16,984,351	\$ 16,631,964	\$ 16,522,415	\$ 16,837,829	\$ 16,252,772	\$ 17,671,002	\$ 19,197,868
Licenses, permits and fees	1,069,757	1,162,034	1,467,405	1,524,848	1,631,147	1,462,504	1,567,925	1,949,980	3,000,422	3,540,116
Fines and forfeitures	898,734	947,834	1,454,939	1,084,980	1,247,094	1,147,719	1,127,317	1,154,133	1,227,526	1,265,820
Intergovernmental	22,909,194	24,645,011	19,573,316	22,748,760	19,003,009	18,839,531	21,159,815	17,640,156	23,490,200	25,327,254
Use of money and property	803,392	890,087	577,893	874,978	1,398,709	515,517	944,989	761,884	191,732	311,632
Charges for services	1,080,785	6,281,132	6,197,842	6,470,344	6,598,162	6,594,424	7,049,858	7,694,919	7,317,943	7,726,053
Contributions	26,522	25,520	27,126	1,807,470	155,409	19,726	26,872	42,369	103,390	4,416
Other revenues	83,037	52,826	6,031	216,226	1,082,642	491,114	1,580,426	1,430,106	328,076	710,956
Total revenues	47,277,273	49,423,527	44,886,727	51,711,957	47,748,136	45,592,950	50,295,031	46,926,319	53,330,291	58,084,115
Expenditures:										
General government	4,472,530	4,472,814	4,732,760	4,940,481	5,547,678	5,582,583	6,364,953	6,481,755	8,989,692	8,086,021
Public safety	17,944,997	18,945,346	18,954,246	19,537,621	19,631,973	20,018,189	21,352,292	21,743,031	21,077,282	20,242,145
Public ways and facilities	18,506,469	12,507,432	14,809,940	16,288,336	12,303,244	11,251,339	10,177,443	7,469,779	6,347,685	6,348,281
Culture and recreation	682,528	608,931	560,376	667,099	724,750	704,866	673,253	787,545	478,510	961,940
Economic development	114,395	171,271	159,924	223,753	405,901	298,781	289,440	927,770	907,684	576,313
Community enhancements	4,406,960	4,348,398	4,388,846	4,425,724	4,714,654	4,306,626	3,920,072	3,708,522	3,573,622	4,139,680
Capital outlay	8,278,153	12,620,848	25,084,392	7,036,250	4,144,138	2,318,319	5,103,347	4,060,450	3,737,928	10,695,156
Debt service:										
Lease principal ¹	-	-	7,638,960	-	13,749,031	-	-	-	-	-
Principal retirement ²	-	-	-	-	-	-	-	-	76,169	3,583,049
Interest and fiscal charges	-	-	-	-	-	-	70,962	76,664	154,731	184,839
Total expenditures	54,406,032	53,675,040	76,329,444	53,119,264	61,221,369	44,480,703	47,951,762	45,255,516	45,343,303	54,817,424
Reconciliation of Governmental Revenues										
Less Expenditures to Fund Equity:										
Revenues over (under) expenditures	(7,128,759)	(4,251,513)	(31,442,717)	(1,407,307)	(13,473,233)	1,112,247	2,343,269	1,670,803	7,986,988	3,266,691
Other financing sources (uses):										
Tax sharing payments	-	-	21,387,991	-	-	-	-	-	-	-
Loan issued	-	-	-	-	-	-	-	-	347,268	396,601
Draw on line of credit	-	-	-	-	-	-	50,001	3,470,000	-	-
Proceeds from sale of capital assets	24,321	105,911	109,684	14,940	415,345	112,672	32,181	48,112	36,246	150,676
Transfers in	4,938,773	3,106,136	2,642,014	2,514,601	15,236,333	1,514,764	320,356	4,176,222	2,148,207	11,428,316
Transfers out	(4,935,855)	(3,106,136)	(2,642,014)	(2,514,601)	(15,236,333)	(1,514,764)	(320,356)	(4,176,222)	(2,148,207)	(11,428,316)
Total other financing sources (uses)	27,239	105,911	21,497,675	14,940	415,345	112,672	82,182	3,518,112	383,514	547,277
Net change in fund balances	\$ (7,101,520)	\$ (4,145,602)	\$ (9,945,042)	\$ (1,392,367)	\$ (13,057,888)	\$ 1,224,919	\$ 2,425,451	\$ 5,188,915	\$ 8,370,502	\$ 3,813,968
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	14.91%	0.00%	24.09%	0.00%	0.17%	0.19%	0.55%	8.54%

¹ In 2015, the City entered into a capital lease payable agreement for a new City Hall building and utility yard. In 2017, the City exercised its option to purchase the City Hall building and utility yard by making payments totaling \$13,749,031.

² In 2022, the City repaid the outstanding revolving line of credit balance. Due to the purchase, the capital lease liability was extinguished.

Source: City Administrative Services Department

City of Citrus Heights, California
Direct and Overlapping Tax Rates
For the last ten fiscal years
(Rate per \$100 of taxable value)

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Grant Joint High	0.08230	0.07280	0.04850	0.03060	0.06480	0.01460	0.03320	0.02940	0.02000	0.02360
Los Rios College Gob	0.01930	0.01810	0.01130	0.00910	0.01410	0.01300	0.01310	0.02320	0.02230	0.02490
North Sacto Elementary Gob	0.01670	0.02060	0.01850	0.01260	0.01680	0.00000	0.00000	0.00000	0.00000	0.00000
Rio Linda Elementary Bond	0.05760	0.05570	0.05290	0.04890	0.05210	0.00000	0.00000	0.00000	0.00000	0.00000
San Juan Unified	0.10030	0.16300	0.15090	0.15470	0.15220	0.21150	0.19930	0.17930	0.18090	0.18870
Twin Rivers Unified	0.01170	0.00990	0.05520	0.03890	0.04810	0.14430	0.07340	0.10330	0.10610	0.09840
Total Direct & Overlapping² Tax Rates	1.28790	1.34010	1.33730	1.29480	1.34810	1.38340	1.31900	1.33520	1.32930	1.33560

City's Share of 1% Levy Per Prop 13³ 0.08431 0.08431 0.08431 0.08431 0.08431 0.08431 0.08431 0.08431 0.08431 0.08431

Voter Approved City Debt Rate
 Redevelopment Rate⁴ 0.12388 0.07634 0.07664 0.07735 0.07759 0.08140 0.07837 0.07908 0.07943 0.07966

Total Direct Rate⁵

¹ In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

² Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

³ City's Share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF general fund tax shifts are unknown and may not be subtracted from the City's share.

⁴ Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

⁵ Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

Source: Sacramento County Assessor 2012/13 - 2021/22 Tax Rate Table
 Source: HDL Coren & Cone

City of Citrus Heights, California
Assessed Value and Actual Value of Taxable Property
For the Last Ten Fiscal Years
(In thousands of dollars)

	City *										Redevelopment Agency			
	Residential Property	Commercial Property	Industrial Property	Other Property	Total Real Secured Property	Unsecured Property	Total Assessed	Estimated Full Market	Total Direct Tax Rate	Secured	Unsecured	Less: Exceptions	Table Assessed Value	Total Direct Tax Rate
FY 12-13	4,125,843,469	987,468,004	24,340,107	40,991,950	5,178,643,530	136,454,777	5,315,098,307	5,315,098,307	0.12	53,586,652	53,083,982	434,000	588,518,634	0.084%
FY 13-14	4,392,797,873	948,260,199	23,975,394	41,160,931	5,406,194,397	130,148,077	5,536,342,474	5,536,342,474	0.08	52,136,337	51,620,891	434,000	572,549,228	0.084%
FY 14-15	4,722,373,921	946,555,612	24,549,642	36,971,515	5,730,450,690	129,655,189	5,860,105,879	5,860,105,879	0.08	51,903,049	48,319,149	420,000	566,932,198	0.084%
FY 15-16	4,904,511,049	959,298,396	25,096,287	51,406,049	5,940,311,781	108,308,288	6,048,620,069	6,048,620,069	0.08	50,536,074	38,951,421	378,000	543,941,495	0.084%
FY 16-17	5,123,458,670	995,114,927	26,777,317	48,869,328	6,194,220,242	127,456,727	6,321,676,969	6,321,676,969	0.08	51,520,283	39,266,230	371,000	554,095,513	0.084%
FY 17-18	5,436,063,995	1,071,328,921	27,361,771	44,407,597	6,579,162,284	125,883,733	6,705,046,017	6,705,046,017	0.08	53,299,401	36,254,710	322,000	568,926,111	0.084%
FY 18-19	5,759,511,551	1,094,930,040	31,158,659	47,155,289	6,932,755,539	131,198,394	7,063,953,933	7,195,152,327	0.08	-	-	-	-	0.0000%
FY 19-20	6,063,826,197	1,109,893,409	28,709,180	54,462,552	7,256,891,338	129,920,746	7,386,812,084	7,516,732,830	0.08	-	-	-	-	0.0000%
FY 20-21	6,368,025,400	1,142,931,179	29,220,643	63,644,340	7,603,821,562	133,241,641	7,737,063,203	7,870,304,844	0.08	-	-	-	-	0.0000%
FY 21-22	6,676,628,818	1,104,565,332	29,522,369	86,849,964	7,897,566,483	126,225,115	8,023,791,598	8,150,016,713	0.08	-	-	-	-	100.0000%

Source: Sacramento County Assessor 2012/13-2021/22 Combined Tax Rolls
 Source: HDL-Coren & Cone

* Due to a Revenue Neutrality law, the City has entered into a contract with the County, whereby the County will keep all of the City's property tax revenue through June 2022. Numbers above represent estimates provided by the County.

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is assessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

City of Citrus Heights, California
Principal Property Tax Payers
Current Year and 9 Years Ago

Property Owner	2021-2022			2012-2013		
	Assessed Valuation	Rank	% of Total	Assessed Valuation	Rank	% of Total
Montage Apartments Property	\$ 80,929,813	1	1.01%			
Birdcage Marketplace LLC	68,967,620	2	0.86%	58,944,341	2	1.11%
Lakeview Gold 101305 LP	49,294,232	3	0.61%			
MG Atwood Apartments Ria LLC	48,436,658	4	0.60%			
Spring Creek Apartments LP	46,981,740	5	0.59%			
Mitchell Sippola LP	43,810,911	6	0.55%			
Wal-Mart Real Estate/Sam's Club	27,776,345	7	0.35%	24,131,913	6	0.45%
Wedgewood Commons Apartments LLC	26,586,840	8	0.33%			
Marshall Field Stores Inc	26,408,603	9	0.33%	23,310,903	8	0.44%
Ethan Conrad	26,346,181	10	0.33%			
Steadfast Sunrise LLC				78,628,110	1	1.48%
FOAF Oak Creek LLC				51,230,651	3	0.96%
J. And M. Marlow Family Trust				42,690,867	4	0.80%
Grove at Sunrise LLC				29,091,565	5	0.55%
Ashley 2012 Family Trust				23,897,032	7	0.45%
Sears Roebuck Company				21,531,948	9	0.41%
Costco Wholesale Corporation				21,351,728	10	0.40%
	<u>\$ 445,538,943</u>		<u>5.56%</u>	<u>\$ 374,809,058</u>		<u>7.05%</u>

Information collected by: HDL Coren & Cone

Data Source: Sacramento County Assessor 2021/22 & 2012/13 Combined Tax Rolls and the SBE Non Unitary Tax Roll

City of Citrus Heights, California
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>City</u> <u>Direct Rate</u>	<u>Sacramento</u> <u>County</u>	<u>STA Measure A</u>	<u>State of</u> <u>California</u>	<u>Total</u> <u>Sales Tax Rate</u>
2013	1.00	0.25	0.50	6.25	8.00%
2014	1.00	0.25	0.50	6.25	8.00%
2015	1.00	0.25	0.50	6.25	8.00%
2016	1.00	0.25	0.50	6.25	8.00%
2017	1.00	0.25	0.50	6.00	7.75%
2018	1.00	0.25	0.50	6.00	7.75%
2019	1.00	0.25	0.50	6.00	7.75%
2020	1.00	0.25	0.50	6.00	7.75%
2021	1.00	0.25	0.50	6.00	7.75%
2022	1.00	0.25	0.50	6.00	7.75%

Source: California State Board of Equalization

City of Citrus Heights, California
Schedule of Top 25 Principal Sales Tax Remitters (listed in alphabetical order)
Current year and Nine Years Ago
Fiscal Year Ended June 30, 2021

2022 (represents 50.93% of total sales tax)	2013 (represents 53.85% of total sales tax)
7 Eleven	Arco AM PM
76 Market	Arco AM PM
A&A Stepping Stone Manufacturing	AT&T Mobility
Arco AM PM	Barnes & Noble
Arco AM PM	Best Buy
Best Buy	Burlington
Burlington	Chevron
Chevon	Costco
Citrus Heights Shell	JC Penney
Costco	Kmart
Green Acres Nursery & Supply	Kohls
JC Penny	Lowe's
Kohls	Macy's
Lowes	Maita Honda
Maita Honda	Marshalls
Marshalls	Old Navy
McDonalds	Pastor Auto Care
Pastor Auto Care	Ross
Quik Stop	Sams Club w/Fuel
Ross	Sears
Sams Club w/Fuel	Shell
Target	Target
Texas Roadhouse	Toys R Us
Walgreens	Walgreens
Walmart Supercenter	Walmart Supercenter

* Firms Listed Alphabetically

Period: July 2021 thru June 2022

Period: July 2012 thru June 2013

Note: The lists above includes both public and private entities and therefore the dollar values have been omitted because the information is not public information and is not provided by HDL. Rankings are determined by the sales dollar volume.

Source: HDL & Associates, State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office

City of Citrus Heights, California
Property Tax Levies and Collections
For the last ten fiscal years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	3,952,063	3,952,063	100%	-	3,952,063	100%
2014	4,180,600	4,180,600	100%	-	4,180,600	100%
2015	4,481,889	4,481,889	100%	-	4,481,889	100%
2016	4,801,882	4,662,052	100%	-	4,662,052	100%
2017	4,960,511	4,774,258	100%	-	4,774,258	100%
2018	5,286,616	4,885,101	100%	-	4,885,101	100%
2019	5,593,319	5,593,319	100%	-	5,593,319	100%
2020	5,888,260	5,888,260	100%	-	5,888,260	100%
2021	6,203,470	6,203,470	100%	-	6,203,470	100%
2022	6,521,191	6,521,191	100%	-	6,521,191	100%

Source: Sacramento County Auditor-Controller's Office

* Due to a Revenue Neutrality law, the City has entered into a contract with the County of Sacramento (County), whereby the County will keep all of the City's property tax revenue through June 2022. Numbers above were provided by the County.

Note: Amounts reported and collected under the Teeter Plan in which all taxes are distributed to the City in the year of the levy with the County retaining any interest or penalties on uncollected balances.

City of Citrus Heights, California
Direct and Overlapping Debt
Current Year
June 30, 2022

2021-22 Assessed Valuation \$8,022,787,813

	Total Debt 6/30/2022	% Applicable ¹	City's Share of Debt 6/30/2022
DIRECT & OVERLAPPING TAX & ASSESSMENT DEBT:			
Los Rios Community College District	495,095,000	3.480%	17,229,306
San Juan Unified School District	752,168,565	19.242	144,732,275
Twin Rivers Unified School District	51,225,000	0.221	113,207
Twin Rivers Unified School District (former Grant Joint UHSD)	259,153,860	0.174	450,928
CA Statewide Communities Development Authority Assessment District No. 19-14Ca	4,641,000	100	4,561,000
City of Citrus Heights	604,652	100	604,652
TOTAL DIRECT & OVERLAPPING TAX & ASSESSMENT DEBT			167,691,368
OVERLAPPING GENERAL FUND DEBT:			
Sacramento County General Fund Obligations	128,277,354	4.192%	5,377,387
Sacramento County Pension Obligation Bonds	625,201,330	4.192	26,208,440
Sacramento Board of Education Certificates of Participation	2,635,000	4.192	110,459
Twin Rivers Unified School District Certificates of Participation	8,090,000	0.174	14,077
City of Citrus Heights General Fund Obligations	3,520,001	100	3,520,001
Sacramento Metropolitan Fire District General Fund Obligations	8,030,000	10.334	829,820
Sacramento Metropolitan Fire District Pension Obligations Bonds	27,530,000	10.334	2,844,950
Orangevale Recreation and Park District Certificates of Participation	902,000	0.034	307
Sunrise Recreation and Park District Certificates of Participation	5,060,000	54.823	2,774,044
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			41,679,485
Less: Sacramento County supported obligations			575,870
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$ 41,103,615
TOTAL DIRECT DEBT			\$4,124,653
TOTAL GROSS OVERLAPPING DEBT			205,246,200
TOTAL NET OVERLAPPING DEBT			204,670,330
GROSS COMBINED TOTAL DEBT			209,370,853 ²
NET COMBINED TOTAL DEBT			208,794,983

⁽¹⁾The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and non-bonded capital lease obligations.

Ratios to 2021-22 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.08%
Direct Debit	0.04%
Gross Combined Total Debt	2.60%
Net Combined Total Debt	2.59%

Source: California Municipal Statistics, Inc.

City of Citrus Heights, California
Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed Value	\$ 5,315,098,307	\$ 5,536,342,474	\$ 5,860,105,879	\$ 6,048,620,069	\$ 6,321,676,969	\$ 6,705,046,017	\$ 7,063,953,933	\$ 7,386,812,084	\$ 7,737,063,203	\$ 7,897,566,483
Conversion Percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted Assessed Value	1,328,774,577	1,384,085,619	1,465,026,470	1,512,155,017	1,580,419,242	1,676,261,504	1,765,988,483	1,846,703,021	1,934,265,801	1,974,391,621
Debt Limit Percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	199,316,187	207,612,843	219,753,970	226,823,253	237,062,886	251,439,226	264,898,272	277,005,453	290,139,870	296,158,743
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 199,316,187	\$ 207,612,843	\$ 219,753,970	\$ 226,823,253	\$ 237,062,886	\$ 251,439,226	\$ 264,898,272	\$ 277,005,453	\$ 290,139,870	\$ 296,158,743
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: City Administrative Services Department

Notes: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed secured tax valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of the assessed value for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

The City does not have any outstanding general obligation debt subject to the limit.

City of Citrus Heights, California
Ratios of Outstanding Debt by Type - Government Activities
Last Ten Calendar Years

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Debt</u>	<u>Percentage of</u> <u>Personal Income</u>	<u>Per Capita</u>
2013	\$ -	-	\$ -
2014	-	-	-
2015	13,749,031	652.44%	162.61
2016	13,749,031	651.70%	159.33
2017	-	-	-
2018	-	-	-
2019	50,001	2.10%	0.57
2020	3,520,001	138.10%	40.09
2021	3,791,100	140.49%	43.17
2022	604,652	21.44%	18.51

Source: City Administrative Services Department

City of Citrus Heights, California
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ w/ High School Degree	% of Pop 25+ w/ Bachelor's Degree
2012	84,345	\$ 2,168,257	\$ 25,707	5.8%	37.1	89.2%	18.5%
2013	84,544	2,163,481	25,590	4.9%	37.0	89.9%	19.2%
2014	84,550	2,107,324	24,924	7.7%	37.0	89.2%	18.9%
2015	86,291	2,109,711	24,448	6.3%	37.8	89.2%	18.9%
2016	87,013	2,097,135	24,101	5.6%	37.3	89.9%	18.8%
2017	87,731	2,193,100	24,997	4.5%	37.7	89.6%	19.0%
2018	88,095	2,377,290	26,985	3.7%	37.6	90.2%	20.0%
2019	87,811	2,548,891	29,027	3.5%	37.7	90.2%	20.7%
2020	87,811	2,698,425	30,729	9.0%	38.0	90.3%	20.4%
2021	86,367	2,820,690	32,659	6.6%	37.6	90.2%	21.6%

Notes and Data Sources:

Information collected by: HDL Coren & Cone

Population: California State Department of Finance. Unemployment Data: California Employment Development Department

2000-2009 Income, Age and Education Data: ESRI - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries

2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey

City of Citrus Heights, California
Principal Employers
Current Year and Ten Years Ago

Employer	2022*			2013*		
	Employees	Rank	Percentage of Top 10 Employment	Employees	Rank	Percentage of Top 10 Employment
State of California	82,894	1	50.17%	70,548	1	52.92%
UC Davis/US Davis Health System	16,075	2	9.73%	9,985	3	7.49%
Sacramento County	12,760	3	7.72%	10,634	2	7.98%
Kaiser Permanente	12,301	4	7.45%	5,696	8	4.27%
U.S. Government	10,698	5	6.48%	5,750	7	4.31%
Sutter Health Sacramento Sierra Region	9,595	6	5.81%	6,507	4	4.88%
Dignity Health	7,488	7	4.53%	5,756	6	4.32%
Intel Corp	5,300	8	3.21%	6,000	5	4.50%
San Juan Unified School District	5,126	9	3.10%	4,700	10	3.53%
Raley's	2,980	10	1.80%			
Elk Grove Unified School District				7,735	9	5.80%
Total	165,217		100.00%	133,311		100.00%

Notes:

* Information presented is for the Sacramento Region Largest Sacramento County Employers and Largest Private-Sector Employers, since separate data is not available for the City of Citrus Heights. Companies surveyed for this list have offices in Sacramento County. Not all responded to inquiries.

Source: Sacramento Business Journal

City of Citrus Heights, California
Full-time and Part-time City Employees by Function
Last Ten Fiscal Years
(Fiscal year ended June 30)

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	22	22	22	25	28	28	23	31	31	27
Public safety	141	150	145	144	144	151	149	149	133	138
Public works	27	25	25	20	18	16	28	16	19	17
Community development	19	16	17	18	18	18	15	14	13	12
Community center	11	15	14	14	11	9	8	6	4	8
Total	220	228	223	221	219	222	223	216	200	202

Source: City Administrative Services Department

City of Citrus Heights, California
Operating Indicators by Function
Last Ten Fiscal Years
(Fiscal year ended June 30)

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Arrests	3,276	3,348	3,185	2,990	2,730	2,452	2,249	1,966	2,054	1,411
Parking citations issued	724	539	685	520	650	908	906	581	393	681
Total police actions	4,000	3,887	3,870	3,510	3,380	3,360	3,155	2,547	2,447	2,092
Fire **	n/a									
Public works										
Street resurfacing (miles)	1	4	2	4	1	-	-	2	-	-
Parks and recreation **	n/a									
Water **	n/a									
Sewer **	n/a									
Building:										
Commercial/Industrial Construction	2	1	3	12	2	1	2	1	5	2
Residential Construction	7	10	43	28	9	17	26	24	140	189
Total building actions	9	11	46	40	11	18	28	25	145	191

** Services are provided by Special Districts, which are separate from the City. Information not available.

Source: City Administrative Services Department

City of Citrus Heights, California
Capital Asset Statistics by Function
Last Ten Fiscal Years
(Fiscal year ended June 30)

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police: Stations	1	1	1	1	1	1	1	1	1	1
Fire * Fire stations	5	5	5	4	4	4	4	4	4	4
Public works Streets (miles)	237	237	237	237	237	237	214	237	237	242
Streetlights	4337	4365	4407	4497	4480	4702	4714	4736	4741	4810
Parks and recreation Parks *	14	14	14	15	15	15	15	17	17	17
Community centers	3	3	3	3	3	3	3	3	3	3
Water * Water mains (miles)	225	225	225	225	225	225	225	340	340	366.66
Daily average consumption in MGD **	17.8	17.8	17.8	12	12	12	12	14.052	13.415	13.53
Sewer * Sanitary sewers (miles)	235	235	235	235	235	235	235	238	240	240
Number of pump stations	1	1	1	1	1	1	1	2	2	2
Building Commercial/Industrial Construction Value	\$ 1,202,480	\$ 1,600,000	\$ 4,387,549	\$ 22,135,000	\$ 7,105,826	\$ 680,000	\$ 9,950,000	\$ 875,001	\$ 591,141	\$ 11,269,708
Residential Construction Value	1,275,716	1,675,004	10,993,691	6,898,647	6,306,226	2,753,290	4,495,473	2,720,549	1,047,021	50,274,112

* Services are provided by Special Districts, which are separate from the City. The data provided are for those portions of the system located within the City of Citrus Heights.

** MGD = Million Gallons per Day.

Source: City Administrative Services Department



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: March 9, 2023

TO: Mayor and City Council Member
Ashley J. Feeney, City Manager

FROM: Casey Kempenaar, Community Development Director
Eric Singer, Associate Planner

SUBJECT: **2022 General Plan Annual Progress Report**

Summary and Recommendation

Staff recommends the City Council adopt Resolution 2023-__ accepting the 2022 General Plan Annual Progress Report and directing staff to forward the report to the appropriate state agencies in accordance with Government Code Section 65400.

Fiscal Impact

There is no fiscal impact associated with this action.

Background and Analysis

State law requires all cities and counties submit to their legislative bodies an Annual Progress Report on the status of the General Plan and progress in its implementation. The City's General Plan contains 66 goals to guide overall City development. As a basis for local government decision-making, and to maintain the city's commitment to transparency and accountability, these goals and policies are analyzed and serve as the guiding action to achieve the overall vision for the community.

State law requires each jurisdiction submit a report to the Governor's Office of Planning and Research (OPR) to ensure the goals, polices, and action items of the General Plan are being implemented. Furthermore, a report on the progress made to implement the Housing Element of the General Plan must be provided to the Department of Housing and Community Development (HCD). Staff has combined the reporting elements of OPR and HCD into a single Annual Progress Report (Attachment 1a). This report provides an analysis of those General Plan polices and action items that have made notable progress during calendar year 2022, including the annual Housing Element progress report for all action items.

Following the City Council's review and acceptance of the General Plan Annual Progress Report, staff will forward the report to OPR and HCD as required by law.

2022 General Plan Annual Progress Report
March 9, 2023
Page 2 of 2

Planning Commission Review

On February 22, 2023, the Planning Commission reviewed the General Plan Annual Progress Report. The Planning Commission recommended forwarding the report to the City Council for review and adoption of a Resolution accepting the 2022 General Plan Annual Progress Report.

Attachments

1. Resolution of the City Council of Citrus Heights, California, Accepting the 2022 General Plan Annual Progress Report
 - a. 2022 General Plan Annual Progress Report

RESOLUTION NO. 2023-_____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS,
CALIFORNIA, ACCEPTING THE 2022 GENERAL PLAN ANNUAL PROGRESS
REPORT**

WHEREAS, Government Code Section 65400 mandates the city submit an annual report on the status of the General Plan’s implementation to the Governor’s Office of Planning and Research;

WHEREAS, the report contains the Housing Element reporting requirements in accordance with state housing law and Housing and Community Development’s housing element guidelines;

WHEREAS, the guidelines require the annual report be presented to the City Council for its review and acceptance;

WHEREAS, on February 22, 2023, the Planning Commission reviewed and accepted the General Plan Annual Progress Report as presented by staff;

WHEREAS, the Planning Commission acted to forward the General Plan Annual Progress Report to the City Council; and

WHEREAS, on March 9, 2023, the City Council reviewed and accepted the General Plan Annual Progress Report.

NOW, THEREFORE, BE IT RESOLVED the Citrus Heights City Council hereby accepts the General Plan Annual Progress Report and forwards the report to the appropriate State Agencies.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights this 9th day of March, 2023 by the following vote:

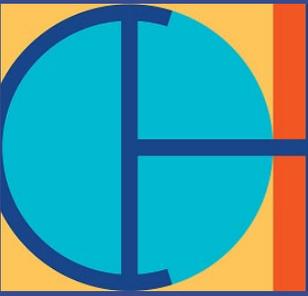
AYES: Council Members:
NOES: Council Members:
ABSENT: Council Members:
ABSTAIN: Council Members:

Tim Schaefer, Mayor

ATTEST:

Amy Van, City Clerk

Attachment A:
2022 General Plan Annual Progress Report



City of Citrus Heights General Plan Annual Progress Report 2022

CITY OF CITRUS HEIGHTS
COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING DIVISION
6360 FOUNTAIN SQUARE DRIVE
CITRUS HEIGHTS, CA 95621
(916) 727-4740

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Purpose of this Document

Section 65400(b) of the State of California Government Code requires planning agencies to provide an annual report to their legislative body, the Governor's Office of Planning and Research (OPR), and the State Department of Housing and Community Development (HCD) on the status of the General Plan and progress in its implementation. The four basic purposes of the annual report are as follows:

- To provide information to assess progress on implementation of the General Plan in accordance with the stated goals, policies and implementation measures.
- Provide information to identify necessary course adjustments or modifications to the General Plan as a means to improve implementation.
- To provide a clear correlation between land use decisions made during the reporting period, and the goals, policies and implementation measures in the General Plan.
- To provide information regarding local agency progress in meeting its share of regional housing needs and local efforts to remove governmental constraints to the development of housing.

State law requires that the General Plan Annual Progress Report (APR) be completed and submitted to the state each year for the previous calendar year. This APR looks at the City of Citrus Heights's progress toward implementing its General Plan during the 2022 planning year.

General Plan Background

Upon incorporation in January 1997, the City adopted the Sacramento County General Plan. Soon thereafter, the City embarked on an intensive process of crafting the first General Plan. The resulting plan was adopted on November 15, 2000. Citizen participation played an important role in preparing the City's General Plan. Because a General Plan needs to reflect community goals and aspirations, citizens were involved with issue identification and goal formulation. The public as well as various civic and professional organizations were consulted during the General Plan preparation stage whenever possible. Numerous public meetings were held to discuss the General Plan. In 2011, a *focused* update to the General Plan was completed that addressed the areas of mobility/complete streets, water quality, climate change/sustainability. The Housing Element of the General Plan was updated in 2013 and again in 2021 to reflect the planning periods 2013-2021 and 2021-2029.

The General Plan addresses State General Plan requirements. California law requires that every city and county adopt a long-term General Plan that addresses seven specific topics or "elements," organized in any format or structure preferred by the community. The General Plan may also address other topics the community feels are relevant. Regardless of the format or issues addressed, the Plan must be internally consistent. The City's Plan is organized into three elements that meet the State requirements, as shown in Table 1: General Plan Content.

**Table 1
General Plan Content**

Citrus Heights Plan Elements	Required Plan Topics	Issues Covered
Community Development	Land Use Circulation Housing	Community character, neighborhoods, corridors, economic development, gateways, public spaces, housing, transportation and mobility, regional coordination
Resource Conservation	Conservation Open Space	Biological resources, open space, energy conservation, cultural resources
Community Health	Noise Safety	Flooding, seismic activity, hazardous materials, noise, air quality, climate change, services, parks and recreation, education, utilities

City's Responsibility

The effectiveness of the General Plan ultimately depends on how it is implemented and maintained over time. State law requires that most actions of local governments affecting the physical environment be consistent with the General Plan. The implementation of the Plan is the responsibility of numerous departments and divisions including:

- City Manager's Office (City Clerk, Economic Development and Communications Divisions)
- City Attorney
- Community Development Department (Planning, Building and Housing Divisions)
- Police Department (Includes Code Enforcement, Animal Control, Fleet, and Rental Housing Inspection Divisions)
- General Services Department (Public Works and Engineering, Community Services and Facilities, Grounds Divisions)
- Administrative Services Department (Finance, Information Technology, and Human Resources Divisions)

Additionally, several other governmental agencies provide services within the City's boundary. While these agencies are neither part of the City's operational structure nor directly responsible for implementation of the General Plan, the City does coordinate its activities with these other agencies and relies upon their assistance for full implementation of the General Plan. These agencies include, but are not limited to the following:

- Water Districts (3)
- Sacramento Metropolitan Fire District
- San Juan Unified School District
- Sunrise Recreation and Park District
- Sacramento Area Sewer District

Amendments to the General Plan

State law allows the City to amend its General Plan no more than four times per year. Amendments may be proposed and acted upon at any time during the year and one action may include multiple amendments. Any changes to the General Plan require public hearing by the City Council and evaluation of the environmental impacts as required by the California Environmental Quality Act.

In 2022 the City amended the General Plan one time(s), which included changes to the Community Health chapter to remain in compliance with state requirements for the City's Local Hazard Mitigation Plan (LHMP).

Major Project Developments

Construction was approved, initiated or completed within Citrus Heights for the following major projects during the 2022 planning year:

Mitchell Farms – In 2022 the Mitchell Farms subdivision was issued building permits to begin construction on 68 of the projected 260 total single-family residential dwelling units located on approximately 32 acres, with 54 units being issued certificates of occupancy.

Northridge Grove Subdivision – The Northridge Grove subdivision was issued building permits to begin construction on twelve (12) single family homes, with six (6) receiving certificates of occupancy in 2022. The entire project will construct 46 homes on an approximately 7.1-acre site.

Wyatt Ranch Subdivision – Originally entitled in 2016, the Wyatt Ranch subdivision issued building permits to begin construction on nine (9) single-family dwelling units.

Sunrise Village Retail Center – Originally approved in 2019, this high-visibility retail center at the corner of Sunrise Blvd and Madison Avenue has been undergoing a significant remodel and site refresh for over a year. New businesses include Starbucks, Firehouse Subs, City Sports Gym, and an undisclosed grocery tenant.

Other Major Milestones and Projects that Support the Goals of the General Plan

Arcade-Cripple Creek Groundbreaking – The Arcade-Cripple Creek Trail (ACCT) broke ground in November 2022 and will continue through August of 2023, weather permitting. The City is constructing a 2.9 mile long multi-use trail between Sunrise Boulevard (near Arcade Creek Park Preserve) and Wachtel Way that will largely follow an existing Sacramento Municipal Utility District (SMUD) electric corridor easement. The project is located in the City and unincorporated Orangevale, and connects several neighborhoods to eight parks, several schools and the Sunrise MarketPlace.

Citrus Heights Cares – The City launched its Beautification Crew program in October 2022 to provide maintenance and beautification services, including litter and weed abatement, illegal sign removal, minor graffiti removal, cleaning of debris along sidewalks and trails, among other things.

Greenback Lane Complete Streets Project – Rehabilitation of this major arterial corridor between Sunrise Boulevard and Fair Oaks Boulevard was completed this year, and included enhanced pedestrian and bike mobility, improved traffic flow and improved rideability and aesthetics of the corridor.

2022 Citrus Heights Homeless Outreach Navigator End-of-Year Report – The Homeless Navigator program achieved several notable objectives and participated in several community partnerships in the 2022 calendar year, including:

- Navigator’s weekly attendance at HART’s Winter Shelter
- Antelope Christian Fellowship mail program
- Added an additional Navigator to the team
- Partnership with Advent Lutheran Church to host weekly Navigator office hours on Thursdays
- Navigator Respite center at Living Waters Church on Mondays. This respite led to a partnership with Sunrise Christian Food Ministry to provide food to the community through the respite and outreach
- Success with a Citrus Heights Homeless individual of 30+ years, who is now sober and living at Grace House. He reconnected with his family and spent the holidays traveling and visiting.

2022 Homeless Outreach Navigator Statistics:

- Active caseload: 139 individuals
- 215 enrollments in 2022
- 70 households housed (totaling 112 individuals)
- Average 5.8 households a month housed
- 12 families with minors were placed in a shelter
- 16 individuals went into a recovery program

Status of General Plan Implementation Actions

The table below analyzes selected General Plan policies and action items that made notable progress in 2022. The table is not a comprehensive list of all policies and action items in the General Plan; many policies/actions are under ongoing implementation, and may not be listed here. A majority of the General Plan policies and related action items have been implemented through the adoption of ordinances or resolutions, incorporated into the regular governmental activities, or considered during the review of development proposals. The policy implementations below provide a streamlined review to highlight the annual progress efficiently. A comprehensive list of all General Plan policies and action items with status and/or implementation can be viewed in prior General Plan APRs.

A review of the Housing Element implementation status for all action items, and progress toward meeting the City’s Regional Housing Needs Assessment, is provided in the subsequent section, beginning on page 14.

Community Character and Identity		
Goal 2: Preserve the unique character of Citrus Heights, and create a distinctive community identity		
Goal/Action #	Policy/Action	Status/Implementation
2.3	<p><i>Maintain a high level of services for all citizens, including high standards of public safety.</i></p> <p>At the May 26, 2022 City Council meeting, City Council adopted a Focus Area Work Plan that outlined and clarified strategic objectives for the City to accomplish by March of 2024. Part of those objectives included the creation of a Beautification Crew. The crew began working in November of 2022, and provides expeditious cleanup and response, active enforcement of encampments and nuisance situations that impede public right-of-ways and other public areas that are detrimental to public enjoyment and safety.</p> <p>Additionally, at the October 27, 2022 City Council meeting, Council adopted a Shopping Cart ordinance to aid businesses in the retention of carts and reduce long-term costs for businesses relative to shopping cart replacement and addressing the public nuisance created by stolen shopping carts that become community blight and litter.</p>	

Housing		
Goal 25: Provide adequate sites for a variety of housing opportunities to serve all residents		
Goal/Action #	Policy/Action	Status/Implementation
25.1	<i>Promote development of a variety of housing types in terms of location, cost, design, style, type, and tenure, while ensuring compatibility with adjacent uses of land.</i>	
25.1A	Support development of secondary dwelling units, cluster housing, work/live units, co-op housing, and other innovative housing types as allowed by the Zoning Code	In the 2022 year alone, the City issued 32 building permits for the construction of Accessory Dwelling Units (ADUs). Six of these permits were from the City's Permit-Ready Accessory Dwelling Unit Program (PRADU), providing 18 different ADU plans to prospective applicants free of charge. This is all part of the City's efforts to create more housing opportunities within single-family zoned neighborhoods.
25.2	<i>Strive to meet the City's fair share housing allocation based on the Regional Housing Needs Assessment.</i>	
25.2A	Develop an inventory of land suitable within the City for the development of housing for all segments of the community.	In 2022, a development proposal for the 11.34-acre property near Sylvan Corners was received. The plan includes 95 single-family, detached for-sale homes. The development concept will provide walkability to nearby retail and schools, and attract new families to the

		<p>established corridor. Attracting new families will help support the existing commercial nodes in the area and provide an economic impact and ensure neighborhood vitality. The project is under review and will go through the City’s normal development review process, including public hearings at the Planning Commission and City Council. Woodside Homes will work with the City on project review and approval, including obtaining all necessary entitlements and ongoing communication with the community.</p>
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Goal 26: Develop, conserve, and improve the housing stock to ensure decent accommodations for all segments of the community		
Goal/Action #	Policy/Action	Status/Implementation
26.1	<i>Encourage the conservation and improvement of existing housing.</i>	
26.1.A	Promote the use of administrative remedies to remediate substandard rental units.	The City’s Rental Housing Inspection Program officially launched in 2019. Since then, the team has been in the field conducting inspections and working with rental property owners and property managers to resolve code violations that are negatively impacting the quality of the City’s housing stock. In 2022, the RHIP team identified 583 individual housing units with violations and identified a total of 3,431 total violations, of which 2,119 violations were cleared. In most cases, each one of these violations has the potential to cause a hazard that could result in great bodily harm or death. These impressive results highlight and underscore the need and importance of having a program dedicated to improving the City’s rental housing.
26.1.F	Continue and expand the City's Owner Occupied Rehabilitation Program where feasible.	The City’s Critical Home Repair Grant Program helped four (4) eligible homeowners with health, safety, and ADA repairs to their

		homes in 2022. This program is funded with CDBG Revolving Loan Funds. Additionally, the City’s Critical Home Repair Grant Program assisted six (6) eligible mobile home owners with health and safety repairs to their homes. This program is funded with CARES Act funds.
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Goal 28: Ensure housing opportunities for all segments of the community		
Goal/Action #	Policy/Action	Status/Implementation
28.1	<i>Enforce Code requirements to ensure that housing is accessible to the disabled</i> The City’s General Service Department used a portion of CDBG funding on accessibility improvements to public infrastructure, ADA-compliant sidewalks (six) and curb/ramps (twenty-nine).	
28.2	<i>Endeavor to meet the housing needs of homeless persons.</i>	
28.2.B	Continue to work with the Sacramento County Department of Housing Assistance to provide emergency shelters and other support services	The City offered a variety of public service activities using CDBG and CARES Act funds in 2022, including an emergency food closet, an after-school youth program at the Sayonara Center, meals to seniors, housing counseling, permanent housing placement services, workforce development services to youth, and a free Renters Helpline to provide information and assist with fair housing disputes.
28.3	<i>Support and cooperate with regional and community-based organizations in the delivery of special needs housing resources.</i>	
28.3.A	Support SHRA efforts to provide housing assistance within the community.	The City continues to have a great working relationship with SHRA. The City has issued building permits for Sunrise Pointe, a 46 unit deed restricted affordable and supportive housing project, which utilized a variety of regional funding sources. Construction began in 2022 and is ongoing.

Resource Conservation		
Goal 36: Preserve, protect and increase plantings of trees within the City		
Goal/Action #	Policy/Action	Status/Implementation
36.1	<i>Incorporate existing trees into development projects. Avoid adverse effects on health and longevity of native oaks or other significant trees through appropriate design measures and construction practices. When tree preservation is not possible, require appropriate tree replacement.</i>	
36.1.B	Prepare a plan to systematically increase tree canopy in the City.	<p>For the fifth year in a row, the City of Citrus Heights has been named a Tree City USA by the Arbor Day Foundation, in honor of the City's ongoing commitment to effective urban forest management.</p> <p>Citrus Heights achieved Tree City USA recognition by meeting four requirements set by the Arbor Day Foundation, including having a tree board or department, a tree care ordinance, an annual community forestry budget of at least \$2 per capita, and an Arbor Day observance and proclamation. A tree planting event was held at the 2022 Sunday Funday event at Rusch Park.</p>

Open Space		
Goal 38: Establish a system of creekside trails, passive open space and parks for public use		
Goal/Action #	Policy/Action	Status/Implementation
38.1	<i>Provide for recreational trail rights-of-way along local creek channels through development easements and agreements.</i>	
38.1.A	Pursue development of recreational trails that respect privacy of adjoining properties, safety of users, and maintenance of natural areas.	<p>The Arcade-Cripple Creek Trail (ACCT) broke ground in November 2022 and will continue through August of 2023, weather permitting. The City is constructing a 2.9 mile long multi-use trail between Sunrise Boulevard (near Arcade Creek Park Preserve) and Wachtel Way that will largely follow an existing Sacramento Municipal Utility District (SMUD) electric corridor easement. The project is located in the City and unincorporated Orangevale, and connects several neighborhoods to eight parks, several schools and the Sunrise MarketPlace.</p>

Public Safety		
Goal 58: Ensure excellent public safety services and rapid and effective emergency response		
Goal/Action #	Policy/Action	Status/Implementation
58.1	<i>Provide police staffing as necessary to meet community needs</i>	
	IMPACT Detectives and the SWAT Team, in conjunction with Code Enforcement and the City’s Building Division, were successful in shutting down an illegal gambling operation within the City limits. The neighboring businesses and landlord were extremely appreciative for the police department’s assistance.	
	The IMPACT Unit and the Homeless Outreach Navigators proactively partnered with other City government departments and the City Attorney's Office to look for strategies and best practices to tackle issues concerning blight and chronic nuisances that have negatively affected the quality of life in Citrus Heights. This collaboration led to forming a Community Prosecutor position through the City Attorney's Office. A chronic nuisance offender (CNO) is any person who negatively affects the quality of life in our city through repeated violations of the City Municipal Codes and Ordinances and is a drain on City resources. This program aims to have an efficient way for the City of Citrus Heights and the Police Department to work with our Community Prosecutor to hold those accountable who are chronic nuisance offenders.	

Housing Element Annual Progress Report

Overview

Preserving and enhancing the range and affordability of housing is an important goal of the General Plan. A goal of the Plan is to continue to address the housing needs for all, including move-up homeowners, low-income renters, seniors, disabled persons, and other with special needs. The Plan includes a variety of goals, policies and actions primarily directed toward the following objective:

- Increase the level of home ownership in the community
- Preserve the existing housing supply and assure its continuing quality.

This annual report includes a review of the Plan's goals as they relate to housing. Table D, included within this report, provides the status/progress of the programs within the housing element section of the General Plan.

Regional Housing Needs Plan

In an effort to address statewide housing needs, the state of California requires regions to address housing issues and needs based on future growth projections for the area. Housing and Community Development (HCD) allocates regional housing needs to councils of government throughout the state. The Regional Housing Needs Plan (RHNP) then allocates to each city and unincorporated county their "fair share" of the region's projected housing needs by household income level. This distribution is commonly referred to as the Regional Housing Needs Allocation (RHNA).

The intent of the RHNP is to ensure that local jurisdictions address not only the needs of their immediate areas but also fill the housing needs for the entire region. Additionally, a major goal of the RHNP is to ensure that every community provides an opportunity for a mix of affordable housing to all economic segments of its population.

For the City, the RHNP is developed by the Sacramento Area Council of Governments (SACOG). State law requires the City to identify its progress in meeting its share of the RHNA as well as local efforts to remove governmental constraints to housing. The City's General Plan Housing Element includes programs and actions to be taken to meet these objectives, and reflects the RHNP and RHNA for the Sacramento region.

SACOG, along with the City and the other jurisdictions in the region, prepared the Regional Housing Needs Plan (RHNP) and the Regional Housing Needs Assessment (RHNA) for the 2021–2029 planning period. The RHNP identified a total of 697 dwelling units as the City's fair share of the regional needs total. Table 2 identifies the breakdown of this number for each of the income categories covered by the RHNP for the City.

Table 2
Regional Housing Needs Allocation (6th Cycle – June 1, 2021 – Dec 31, 2022)

Income Category	RHNA	Total Units to Date of Current Planning Period*	Total Remaining RHNA by Income Level
Extremely Low Income/Very Low	132	--	132
Low Income	79	32	47
Moderate Income	144	--	144
Above Moderate	342	95	247
Total	697	127	570

*Numbers from Table B of the Annual Housing Element Report

Summary of Units

The information below is a summary of housing unit activity of the City of Citrus Heights during 2022. This information is a summary of Tables A through J submitted to the State of California's Housing and Community Development Department.

Housing Element Program Implementation

The City adopted its 2021–2029 Housing Element on May 27, 2021. It was subsequently certified by HCD.

Jurisdiction	Citrus Heights	
Reporting Year	2022	(Jan. 1 - Dec. 31)
Building Permits Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	0
	Non-Deed Restricted	0
Low	Deed Restricted	0
	Non-Deed Restricted	32
Moderate	Deed Restricted	0
	Non-Deed Restricted	0
Above Moderate		91
Total Units		123

Note: Units serving extremely low-income households are included in the very low-income permitted units totals

Units by Structure Type	Entitled	Permitted	Completed
SFA	0	0	0
SFD	0	91	59
2 to 4	0	0	0
5+	0	0	0
ADU	0	32	3
MH	0	0	0
Total	0	123	62

Housing Applications Summary			
Total Housing Applications Submitted:			2
Number of Proposed Units in All Applications Received:			111
Total Housing Units Approved (that were submitted in 2021):			0
Total Housing Units Disapproved (that were submitted in 2021):			0
Use of SB 35 Streamlining Provisions			
Number of Applications for Streamlining			0
Number of Streamlining Applications Approved			0
Total Developments Approved with Streamlining			0
Total Units Constructed with Streamlining			0
Units Constructed - SB 35 Streamlining Permits			
Income	Rental	Ownership	Total
Very Low	0	0	0
Low	0	0	0
Moderate	0	0	0
Above Moderate	0	0	0
Total	0	0	0

Cells in grey contain auto-calculation formulas

State law requires the City to complete a specific review of the implementation of the programs in the Housing Element. Table D lists each of the programs in the Housing Element and indicates the timeframe to complete the program and the City’s efforts to date. As the table shows, the City is on track with implementation of its Housing Element.

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	Citrus Heights		
Reporting Year	2022	(Jan. 1 - Dec. 31)	
Table D			
Program Implementation Status pursuant to GC Section 65583			
Housing Programs Progress Report			
Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.			
1	2	3	4
Name of Program	Objective	Timeframe in H.E	Status of Program Implementation
24.1A	Use City Housing funds to leverage private funds to create home ownership opportunities	Ongoing	Ongoing
24.1B	Continue to participate in programs that encourage people to own homes close to their workplaces	Ongoing	The City has continued to promote a variety of housing types in the community in in-fill locations. Due to the built out nature, most of these in-fill locations are located in or adjacent to existing commercially zoned land. This type of development enables residents to live near where they work. For example, the Sunrise Tomorrow Specific Plan adopted in 2021 will introduce over 1,200 housing units on the 100-acre site, located in the heart of the city’s commercial and business core known as the Sunrise MarketPlace. In addition, in 2022 the city continued issuing building permits and certificates of occupancy for 260 new small lot single family homes on the site of a former golf course. This project is located adjacent to the Sunrise MarketPlace in close proximity to hundreds of jobs and businesses.
24.1C	Develop and distribute the housing resource materials to potential homebuyers	Ongoing	The City has developed a Home-ownership Resource Guide as well as Housing resource materials, available on the City’s website and at various City functions, or at City Hall. The City also partners with NeighborWorks, a non-profit group that offers homeownership classes and additional resources for prospective home buyers.
24.1D	Use available state and federal funds for the city-wide first time home buyer assistance program	Ongoing	Ongoing
24.1E	Create and participate in partnerships that encourage home ownership	Ongoing	The City has forged partnerships with several housing agencies including Habitat for Humanity, Mercy Housing, Sacramento Valley Apartment Association, the Sacramento Housing Alliance, Neighbor-Works, and the Sacramento Home Loan Counseling Center. The City also participates in education for first-time homebuyers on issues facing new homeowners.

24.1F	Explore and pursue innovative ways of creating opportunities for increased home ownership	Ongoing	Ongoing
24.1G	Assist homeowners facing possible foreclosure with technical assistance and support to prevent foreclosure	Ongoing	The City has provided funding to assist homeowners with foreclosure prevention assistance. The City has assisted numerous owners during the peak of the foreclosure crisis and continues to provide assistance as necessary. The subsidence of the foreclosure crisis has reduced the amount of assistance required almost entirely.
24.2A	Develop a program to allow and encourage conversion of small rental properties to owner occupancy	Ongoing	The City has purchased and demolished several dilapidated rental units on Sayonara and developed a Sayonara Replacement Housing Plan. The city has initiated a partnership with a nonprofit housing builder to replace the demolished units with ownership housing for income restricted persons and families. The project began its planning phase in fall 2022 and is expected to take three years to complete.
24.2B	Investigate ways to provide ownership of mobile home parks by their residents	Ongoing	The City Created a Mobile Home Task Force to investigate methods. The City adopted a Mobile Home Conversion Ordinance to protect mobile home owners. The City will continue to monitor future opportunities for Mobile Home Conversion to ownership.
25.1A	Support development of secondary dwelling units, cluster housing, work/live units, co-op housing, and other innovative housing types as allowed by the Zoning Code	Ongoing	The City has adopted a zoning code that removes the constraints to development of innovative housing types. The City saw its highest number of ADUs permitted (32) in 2022. In addition, the city has adopted pre-approved plans for ADUs and educational events to encourage ADUs. In 2022, the city also issued and finalled dozens of new building permits for Mitchell Farms, a 260 unit single family development project on a former golf course.
25.2A	Develop an inventory of land suitable within the City for the development of housing for all segments of the community	Ongoing	In 2022, a development proposal for the 11.34-acre property near Sylvan Corners was received. The plan includes 95 single-family, detached for-sale homes. The development concept will provide walkability to nearby retail and schools, and attract new families to the established corridor. Attracting new families will help support the existing commercial nodes in the area and provide an economic impact and ensure neighborhood vitality. The project is under review and will go through the City's normal development review process, including public hearings at the Planning Commission and City Council. Woodside Homes will work with the City on project review and approval, including obtaining all necessary entitlements and ongoing communication with the community.

25.2B	Prepare an Annual General Plan Progress Report to analyze the City's progress to meet the fair share allocation based on the RHNP.	Ongoing	Ongoing
25.2C	Establish a housing monitoring program that includes annual review of the following: <ul style="list-style-type: none"> · Inventory of land suitable within the City for the development of housing for all segments of the community - Proposed and approved residential projects and building permits issued · Home and apartment vacancies · Rental and home sales survey and Multiple Listing Service summary - Infrastructure and public services capacity. 	Ongoing	Ongoing
25.3A	Implement mixed-use development along the City's major corridors	Ongoing	The Auburn Boulevard Specific Plan, the revised Zoning Code, and the Sunrise Tomorrow Specific Plan encourage this type of development.
26.1A	Promote the use of administrative remedies to remediate substandard rental units	Ongoing	The city's Rental Housing Inspection Program officially launched in 2019. Since then, the team has been in the field conducting inspections and working with rental property owners and property managers to resolve code violations that are negatively impacting the quality of the city's housing stock. In 2022, the RHIP team identified 583 individual housing units with violations and identified a total of 3,431 total violations, of which 2,119 violations were cleared. In most cases, each one of these violations has the potential to cause a hazard that could result in great bodily harm or death. These impressive results highlight and underscore the need and importance of having a program dedicated to improving the city's rental housing.
26.1B	Remove unsafe or dilapidated housing through the Neighborhood Enhancement Program, secure vacant nuisance residential structures and require resolution through the Neighborhood Enhancement Program	Ongoing	The Rental Housing Inspection Program will assist in improving dilapidated housing.
26.1C	Offer incentives and financing assistance for affordable housing and housing rehabilitation	Ongoing	The city offers affordable housing assistance through its First-Time Homebuyer Program and Housing Repair Program. The City has also implemented Zoning Code modifications to incentivize construction of ADUs throughout the City. The City has used LEAP funding to help create pre-approved ADU plans and offer other educational opportunities related to ADUs.

26.1D	Work with financial institutions, nonprofit organizations and government agencies to promote housing rehabilitation	Ongoing	The City has teamed with local organizations to provide housing repair assistance, access improvements, and maintenance to several homeowners. The City has allocated CDBG funding to expand the program.
26.1E	Support the efforts of all local service organizations and, schools, and other community groups to provide housing repair assistance, including the Rebuilding Together Program	Ongoing	<p>The City has teamed with local organizations to provide housing repair assistance, access improvements, and maintenance to several homeowners.</p> <p>The City has lead efforts for housing rehabilitation of residential projects and cleanup annually through the Sacramento Valley Association of Building Officials.</p> <p>The City continues to search for opportunities to partner with non-profits, local partners, and community groups to assist with housing repair efforts.</p>
26.1F	Continue and expand the City's Owner Occupied Rehabilitation Program where feasible	Ongoing	The City has teamed with local organizations to provide housing repair assistance, access improvements, and maintenance to several homeowners. The City has allocated CDBG funding to expand the program.
26.1G	Examine the feasibility of creating a Resale Inspection Program	N/A	<p>The City has evaluated the feasibility of a Resale Inspection Program and determined a program of this nature is not feasible. Instead, in 2019, the City created the Rental Housing Inspection Program (RHIP). The RHIP requires regular inspections of the rental housing stock. This program funds several code enforcement officers to ensure rental housing stock is properly maintained.</p> <p>Since a majority of code enforcement complaints are affiliated with rental housing, this has enabled the City's regular code enforcement team to more proactively respond to ownership housing as well.</p>
26.1H	Continue to provide interest free housing repair loans to senior residents through the City's Owner-Occupied Rehabilitation Program.	Ongoing	Ongoing
26.1I	Use available housing funds to assist in rehabilitating housing.	Ongoing	Ongoing

26.1J	Pursue a variety of funding sources such as the Housing Stock Fee and the Abandoned Vehicle Abatement Program to fund and strengthen the code enforcement activities.	Ongoing	Ongoing
26.1K	Use a system of cumulative and substantial fines to gain compliance from the owners of nuisance properties	Ongoing	The Municipal Code provides for a system of cumulative and substantial fines to gain compliance from nuisance property owners. The Code Enforcement Division has successfully implemented the system and over \$25,000 in fines are issued annually.
26.1L	Work with community based organizations to create self-help housing in the City	Ongoing	The City has attempted to create partnerships to create self-help housing, however, no projects have come to fruition.
26.1M	Seek new ownership opportunities to redevelop existing problematic housing developments	Ongoing	The City has invested over \$6.2 million to revitalize the Sayonara Neighborhood. The City leveraged the Community Reinvestment Act and other resources to acquire and demolish 15 substandard multi-family structures on Sayonara Drive. The City's replacement housing plan calls for the future construction of a variety of housing. The City's Permanent Local Housing Application includes funding to begin the pre-development work on this important project. The City has utilized receivership options in cases with problematic properties as well. This has worked well recently and the City plans on using this resource again with problem properties.
26.1N	Encourage the use of Green Building practices for the revitalization or redevelopment of the existing housing stock	Ongoing	Ongoing
26.1O	Seek grants and other funding mechanisms to assist in redevelopment of existing housing stock	Ongoing	Ongoing
26.2A	Promote the development of mixed-use housing including clustered, live-work and above-retail uses in appropriate zones	Ongoing	The Auburn Boulevard Specific Plan, the revised Zoning Code, and the Sunrise Tomorrow Specific Plan encourage this type of development.
26.2B	Continue streamlining the review process to minimize any constraints on or disincentives to housing development	Ongoing	Ongoing
26.2C	Promote quality design by offering flexible housing development standards	Ongoing	Ongoing
26.2D	Use available funding to assist in developing a variety of housing types.	Ongoing	Ongoing
26.2E	Encourage and offer incentives to developments that include Green practices including LEED Certification and/or Photovoltaic Systems	Ongoing	Ongoing

26.2F	Encourage and offer incentives to developments that promote Universal Housing	Ongoing	Ongoing
26.3A	The City will investigate the feasibility of establishing a rental inspection program. The City will consider incorporating the concept of a resale inspection program as a priority as a part of the Climate Action plan, addressing energy efficiency into older homes. Investigate the feasibility of establishing a rental inspection program	Ongoing	In 2019, the City approved the Rental Housing Inspection Program (RHIP) to require regular inspections of the rental housing stock. This program funds several code enforcement officers to ensure rental housing stock is properly maintained. Since a majority of code enforcement complaints are affiliated with rental housing, this has enabled the City's regular code enforcement team to more proactively respond to ownership housing as well.
26.3B	Work with the local housing authority (Sacramento) to enhance the quality and appearance of public housing in the City	Ongoing	City staff has met with the local housing authority (Sacramento), toured local public housing, and discussed ways the City can help enhance the quality and appearance of public housing in the City. Since that time, all SHRA owned housing in Citrus Heights has been upgraded and improved. The City will continue to look for funding opportunities to partner with SHRA.
26.4A	Implement the Design Guidelines within the Zoning Code	Ongoing	Ongoing
26.5A	Continue to pursue the use of local, state, and federal funds to make physical improvements to existing mobile home parks	Annually	The City has been unsuccessful in obtaining funds for this purpose. The City will conduct annual assessment with Mobile Home Park owners and residents to evaluate the potential for partnerships to achieve this task.
26.5B	Continue to offer Community Development Block Grant (CDBG) funds to rehabilitate mobile and manufactured homes	Ongoing	CDBG funds allow for individual grants for mobile home repairs. The City will continue to look into ongoing funding opportunities for these programs.
26.5C	Continue to fund the emergency repair program for lower income owners of mobile and manufactured homes	Ongoing	CDBG funds allow for individual grants for mobile home repairs. The City will continue to look into ongoing funding opportunities for these programs.
26.5D	The City will investigate the feasibility of converting mobile home parks to resident owned or similar ownership. The City will conduct annual assessment with Mobile Home Park owners and residents to evaluate the potential for partnerships to achieve resident ownership in mobile home parks	Annually	The City remains open to working with Mobile Home Park owners and residents to evaluate the potential for partnerships to achieve this task.

26.5E	Redevelop / Rehabilitate existing deteriorated mobile home parks or manufactured homes	Ongoing	CDBG funds allow for individual grants for mobile home repairs. The City will continue to look into ongoing funding opportunities for these programs.
27.1A	Annually review the status of housing projects whose government restrictions are expiring or near expiration to determine the need for intervention	Ongoing	The City has annually reviewed housing projects to determine the best method to preserve affordable housing. The City has worked closely with several of the subject property owners to intervene where appropriate.
27.1B	Work with the federal Housing and Urban Development Department (HUD), Sacramento Housing and Redevelopment Agency (SHRA), and other agencies to determine the City's options in preserving at risk units	Ongoing	The City works with available agencies when necessary, however, the need has been limited as the vast majority of at-risk units have been renewed recently, aren't at-risk, or are under stable ownership.
27.1C	Work with nonprofit housing organizations, SHRA, and other agencies to help purchase complexes where the owner wishes to convert to market rate	Ongoing	The City works with available agencies when necessary, however, the need has been limited as the vast majority of at-risk units have been renewed recently, aren't at-risk, or are under stable ownership.
27.1D	If preservation of an "at-risk" development cannot be accomplished, work with the owners to ensure proper federal notification and moving assistance is provided	Ongoing	Ongoing
27.1E	Use CDBG, Redevelopment funds and other available resources to subsidize identified "at-risk" units, rehabilitate substandard units, and/or fund self-help projects, to retain their availability as low-income housing	Ongoing	Ongoing
27.1F	Continue to implement strategies to redevelop Sayonara Drive (Sunrise to Lialana)"	Ongoing	The City has invested over \$6.2 million to revitalize the Sayonara Neighborhood. The City leveraged the Community Reinvestment Act and other resources to acquire and demolish 15 substandard multi-family structures on Sayonara Drive. The City's replacement housing plan calls for the future construction of a variety of housing. The City's Permanent Local Housing Application includes funding to begin the pre-development work on this important project.
28.1A	Enforce Code requirements to ensure that housing is accessible to the disabled	Ongoing	Ongoing
28.1B	The City will consider development of Universal/Adaptable Design Guidelines for disabled and aging populations	Ongoing	The City encourages Universal Design and Adaptable Design during the development review process.

28.2A	Work with other jurisdictions to assess need for transitional housing and develop plans to address this problem.	Ongoing	A City representative currently serves on the advisory board for the regional Continuum of Care, which meets on a monthly basis. The City will continue to explore opportunities to partner on a regional transitional housing plan as they become available. The city has also approved Sunrise Pointe, a 46 unit deed restricted affordable and supportive housing project, which utilized a variety of regional funding sources. Construction began in 2022, and is ongoing.
28.2B	Continue to work with the Sacramento County Department of Housing Assistance to provide emergency shelters and other support services	Ongoing	A City representative currently serves on the advisory board of the regional Continuum of Care, which meets on a monthly basis. Sacramento Steps Forward has taken on the role of administering Sacramento County's HUD grants and emergency shelter responsibilities, which for the most part have been transferred to the non-profit. The City has locally increased funding to Sacramento Self Help Housing for case management services to the homeless and near homeless.
28.2C	Provide CDBG funds and other resources as available to help finance the City's fair share of homeless services	Ongoing	The City dedicates close to a quarter of the available human services portion of the CDBG annual entitlement funds towards funding the Homeless Navigator Program.
28.3A	Support SHRA efforts to provide housing assistance within the community	Ongoing	The City continues to have a great working relationship with SHRA. The city has issued building permits for Sunrise Pointe, a 46 unit deed restricted affordable and supportive housing project, which utilized a variety of regional funding sources. Construction began in 2022 and is ongoing.
28.3B	Enforce Federal and State anti-discrimination laws.	Ongoing	The City currently contracts with Sacramento Self-Help Housing. Their Renter's Help Line serves as a resource for tenants and landlords, and helps mitigate any potential discriminatory housing practices.
28.3C	Continue to educate, and be a conduit of information for residents and landlords regarding the fair housing and landlord-tenant dispute services available to them in the community. Use CDBG and other grants to fund these programs where appropriate.	Ongoing	The City currently contracts with Sacramento Self-Help Housing. Their Renter's Help Line serves as a resource for tenants and landlords, and helps mitigate any potential discriminatory housing practices.
28.4A	Conduct annual review as part of the submittal of the Annual Report to HCD as required by law	Annually	The City continues to report annually to HCD on the effectiveness and appropriateness of housing related goals, policies, and actions.

28.4B	Seek grant funding to implement housing programs.	Annually	The City aggressively monitors the availability of new housing resources and program funds.
28.4C	Ensure existing affordable housing developments are meeting their rent and income restrictions	Annually	The City has an exclusive agreement with SHRA to monitor and ensure that all existing affordable housing developments are meeting their rent and income restrictions. The City monitors its rehab and first time home buyer loans to verify occupancy and income requirements.
28.4D	Monitor market conditions to determine the effect of density and land costs on development of affordable housing.	Bi-Annually	In 2018, the City commissioned a study by UCLA on the feasibility of increasing affordability in Citrus Heights via increased density, based on current market conditions. The study showed that the market conditions in Citrus Heights do not necessitate an increase in density to provide more affordability. The City will continue to monitor market conditions as they relate to density and affordability.
28.5A	Review the City's available land inventory annually to ensure that sufficient land is designated for an appropriate range of housing types	Annually	In 2012, the City prepared a Vacant, Pending, and Underutilized Land Inventory (VLI). This inventory was subsequently updated in 2020 for the 2021-2029 Housing Element cycle. The VLI has identified sites that provide the potential for up to 831 housing units. Additionally, the City has identified other sites that may have the potential for housing should one of the other sites not be developed.
28.6A	Continue to educate residents on the fair housing resources available to them in the community, and provide public funding to these organizations where appropriate.	Annually	The City currently contracts with Sacramento Self-Help Housing. Their Renter's Help Line serves as a resource for tenants and landlords, and helps mitigate any potential discriminatory housing practices.
28.7A	Continue to staff the Interdepartmental Development Review Committee to ensure timely processing of development applications	Ongoing	The City Interdepartmental Development Review Committee (IDRC) continues to meet twice a month to ensure projects are reviewed accurately and in a timely manner.
28.7B	Continue to make development decisions at the lowest level possible (e.g. staff approvals) in order to expedite development decision making.	Ongoing	The Zoning Ordinance, as amended in 2006 allows staff level approvals for Minor Use Permits, Minor Variances, Zoning Clearances, Multi-family units (less than 10), and other minor applications.
28.7C	Continue to use density bonuses, federal funds and other available resources to promote housing opportunities, especially for low-income persons and those with special needs, including developmental disabilities.	Ongoing	The Zoning Ordinance allows density bonuses for a variety of project types including targeting low-income and senior populations. The City provides material to distribute to non-profits and developers informing them about the opportunities the City has available on its website. The Fair Oaks Senior Apartments project utilized the density bonus to provide additional housing in their development.

28.7D	Examine all City development fees to ensure they are fair, necessary and not an undue impediment to housing production. Consult with outside agencies such as the Human Rights and Fair Housing Agency, housing advocates, building trade organizations, Chamber of Commerce, and other private interests in making this assessment.	Ongoing	The city went through a comprehensive fee update in 2019 that took effect January 1, 2020. Development and impact fees will be updated in the future.
28.7E	Establish Council policy on fee waivers and deferrals for future development.	Jul-09	The Council currently grants fee waivers and deferrals on a case-by-case basis. Such requests have been considered and granted.
28.7F	Partner with outside agencies including the Sacramento Metropolitan Fire District, San Juan Unified School District, Sunrise Recreation and Park District, and Sacramento Regional Sanitation District to provide input in evaluating how these agencies' fees impact housing production.	Ongoing	<p>The City continually monitors total fee packages in comparison to other jurisdictions to determine impacts to development of housing.</p> <p>The City closely reviews fee increases by other agencies that impact the cost of developing housing in Citrus Heights and provides feedback where appropriate.</p>
28.7G	Research the access to services, facilities, and transportation for special needs populations, including the adequacy of major streets and sidewalks.	Ongoing	The City continually evaluates the service capacity of services, facilities, and transportation needs for special populations. The City continually makes improvements to major streets, rehabilitates sidewalks to meet ADA standards and has installed new sidewalk to ensure adequate pedestrian access throughout the City.
28.8A	Leverage available funding to obtain Federal, State, or other funds for low and moderate housing projects.	Ongoing	The City participates in the Sacramento County Continuum of Care, making an annual contribution of its CDBG funds to the Continuum. The city has also approved Sunrise Pointe, a 46 unit deed restricted affordable and supportive housing project. Construction began in 2022 and is ongoing. The City will continue to leverage all available funding sources for low and moderate income housing projects.
General Comments:			

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CITY OF CITRUS HEIGHTS
CITY COUNCIL STAFF REPORT
MEMORANDUM

DATE: March 9, 2023
TO: Mayor and City Council Members
Ashley J. Feeney, City Manager
FROM: Alex Turcotte, Chief of Police
Ryan Jones, City Attorney
SUBJECT: Second Reading – Proposed Ordinance Prohibiting Commercial Vehicle Parking on Public Streets in the City; and Resolution to Approve Fine

Summary and Recommendation

On February 23, 2023, the City Council introduced, read by title only and waived the first full reading of an ordinance adopting an Ordinance of the City Council of the City of Citrus Heights adding Section 94-281 to Article IV Division I of the Citrus Heights Municipal Code Prohibiting Commercial Vehicle Parking on Public Streets in the City. Background materials associated with this item are contained in the February 23, 2023 City Council Meeting Staff Report available on the City’s website

Citrus Heights Municipal Code Section 94-267(f) currently prohibits commercial vehicle parking in residential districts. This amendment would extend this prohibition to non-residential districts. Commercial vehicles (tractor trailers, semi-trucks, etc.) have been utilizing City streets for overnight or longer-term parking causing a variety of concerns ranging from traffic safety, visibility and blight. In particular, the roadways on or around Sunrise Vista Drive, near Sunrise Rollerland, and Desimone Lane near Judi’s Cleaners have been impacted by repeated commercial vehicle parking. These locations, like elsewhere in the City, have the potential to create public safety concerns as well as negative business impacts due to reduced visibility and limited on-street parking for customers.

At the February 23, 2023, City Council meeting, the Council made a motion to amend the draft ordinance to insert language that provides better clarity as to the parking prohibition. Accordingly, the following modification was incorporated into the proposed ordinance:

No person shall park any commercial vehicle for more than one hour on any public street or move and repark such vehicle on any public street within 300 feet of the original

Subject: Second Reading – Ordinance to Prohibit Commercial Vehicle Parking on City Streets; and Resolution to Approve Fine**Date: March 9, 2023****Page 2 of 3**

parking site within any 24-hour period except while loading or unloading property or in connection with and in the aid of the performance of a service to or on a property adjacent to the block in which such vehicle is parked and only for such time in addition to one hour that is reasonably necessary to complete such loading, unloading or service.

As discussed during the staff presentation at the February 23rd City Council meeting, a Resolution setting the fine amount for violating this ordinance is also being brought forward for action. The attached Resolution would set the fine amount at \$112.50, which is consistent with the fine amount for unlawfully parking a commercial vehicle on a public street in a residential district.

In order to address this ongoing concern, staff recommends the following motion:

Motion 1 : Move adopt Ordinance No. 2023-001, as shown in Attachment 1, an Ordinance of the City Council of the City of Citrus Heights adding Section 94-281 to Article IV Division I of the Citrus Heights Municipal Code Prohibiting Commercial Vehicle Parking on Public Streets in the City.

Motion 2 : Move adopt Resolution No. 2023-___, a Resolution of the City Council of the City of Citrus Heights, California, establishing a fine for of \$112.50, which is consistent with the fine amount for unlawfully parking a commercial vehicle on a public street in a residential district.

If Council approves this second reading this proposed ordinance amendment will take effect on or around April 9, 2023. The Resolution would take effect immediately, but could not be enforced until the Ordinance is effective on or around April 9th.

Nothing within the ordinance will prohibit the use of public streets while rendering service; however, parking for extended periods of time will no longer be permissible.

City Council Strategic Goal/Objective

This staff report aligns with the following Citrus Heights City Council Strategic Plan Objectives:

Goal: Preserve and Enhance Public Safety

Objective: Present to City Council for discussion and direction on issues related to commercial vehicle parking on city streets.

Fiscal Impact

There is no direct fiscal impact associated with this action. The Police Department will be responsible for the enforcement of the ordinance as with all other established on-street parking violations throughout the City.

**Subject: Second Reading – Ordinance to Prohibit Commercial Vehicle Parking on City Streets; and
Resolution to Approve Fine**

Date: March 9, 2023

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Outreach

As part of the consideration of this ordinance, the Police Department created an outreach flyer to notify commercial vehicle owners and drivers of the proposed ordinance to prohibit commercial vehicle parking. The Police Department began distributing the flyers throughout the City on January 23, 2023, and has not received any feedback from the community to date. The Police Department also reviewed the draft ordinance with the Sunrise MarketPlace and the Citrus Heights Chamber of Commerce, each expressing support for the Amendment.

Attachments

1. Ordinance No. 2023-001, an Ordinance of the City Council of the City of Citrus Heights adding Section 94-281 to Article IV Division I of the Citrus Heights Municipal Code (Prohibiting Commercial Vehicle Parking on Public Streets in the City)
2. Resolution No. 2023-____, a Resolution of the City Council of the City of Citrus Heights, California, establishing a fine for \$112.50, which is consistent with the fine amount for unlawfully parking a commercial vehicle on a public street in a residential district.

CITY OF CITRUS HEIGHTS

ORDINANCE NO. 2023-001

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS
ADDING SECTION 94-281 TO ARTICLE IV DIVISION I OF THE CITRUS HEIGHTS
MUNICIPAL CODE RELATING TO PROHIBITING COMMERCIAL VEHICLE
PARKING ON PUBLIC STREETS IN THE CITY**

**THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS HEREBY ORDAINS AS
FOLLOWS:**

SECTION 1. Declaration of Intent

The purpose of this ordinance is to promote public safety and walkability in the City by prohibiting the parking of commercial vehicles on public streets in the City.

SECTION 2. Add Section 94-281 to Article IV Division I to the Citrus Heights Municipal Code

Section 94-281, Commercial Vehicle Parking Ban, is hereby added to the Citrus Heights Municipal Code and shall read as set forth below:

Section 94-281. – Commercial Vehicle Parking Ban.

Commercial Vehicles (Semi-Trucks, Trailers, STAA Trucks, and similar) are prohibited from parking on all public streets within the City Limits. Temporary loading and unloading of commercial vehicles is allowed.

Commercial Vehicles means a motor vehicle used or maintained for the transportation of persons for hire, compensation, or profit or designed, used or maintained primarily for the transportation of property, as set forth in Vehicle Code Section 260, and Citrus Heights Municipal Code Section 94-172.

No person shall park any commercial vehicle for more than one hour on any public street or move and repark such vehicle on any public street within 300 feet of the original parking site within any 24-hour period except while loading or unloading property or in connection with and in the aid of the performance of a service to or on a property adjacent to the block in which such vehicle is parked and only for such time in addition to one hour that is reasonably necessary to complete such loading, unloading or service.

SECTION 3. Severability. If any section, subdivision, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

SECTION 4. Effective Date and Notice. This ordinance shall take effect thirty (30) days after its adoption, provided it is published in full or in summary within fifteen (15) days of its adoption, in a newspaper of general circulation published and circulated in the City of Citrus Heights.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights this 9th day of March, 2023, by the following vote:

AYES: **Council Members:**
NOES: **Council Members:**
ABSENT: **Council Members:**
ABSTAIN: **Council Members:**

Tim Schaefer, Mayor

Amy Van, City Clerk

RESOLUTION NO. 2023- ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS, CALIFORNIA, UPDATING THE CITRUS HEIGHTS PARKING VIOLATION FINE SCHEDULE

WHEREAS, Sections 94-48 and 94-49 of Chapter 94 of the Citrus Heights Municipal Code provide that the City Council, subject to limitations imposed by State law, shall by resolution establish penalties, fines, fees, and related charges for parking and related violations under both the California Vehicle Code and the Citrus Heights Municipal Code; and

WHEREAS, Section 4203.5 of the California Vehicle Code requires City Council to establish a schedule of fines and related penalties for parking violations within the City, and such fines shall be standardized, to the extent possible, among agencies within the same county; and

WHEREAS, consistent with Section 4203.5 of the California Vehicle Code the City Council of the City of Citrus Heights wishes to update parking and related penalties in the City of Citrus Heights, taking into consideration those penalties applicable for the same violations outside of the City within Sacramento County; and

WHEREAS, on February 23, 2023 the City Council of the City of Citrus Heights requested amendments to the proposed ordinance of Section 94-281 to Article IV Division I of the Citrus Heights Municipal Code prohibiting commercial vehicles parking on public streets in the city; and

WHEREAS, the current fines for parking and related penalties is updated to reflect the addition of Section 94-281; and

WHEREAS, the fines and charges set forth in the "City of Citrus Heights Parking Violation Fine Schedule" attached hereto as Exhibit A comply with the limitations imposed by State law; and

NOW THEREFORE BE IT RESOLVED AND ORDERED that the City of Citrus Heights does hereby adopt the updated Citrus Heights Parking Violation Fine Schedule.

The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights, California, this 9th day of March 2023 by the following vote, to wit:

- AYES: Council Members:**
- NOES: Council Members:**
- ABSTAIN: Council Members:**
- ABSENT: Council Members:**

Tim Schaefer, Mayor

ATTEST:

Amy Van, City Clerk

Exhibits

- A. Citrus Heights Parking Violation Fine

Exhibit A
Citrus Heights Parking Violation Fine Schedule Updates

Description	Code	Section	Current Fine	Proposed Fine
Prohibited Zone Within Park	CHMC	9.36.065(d)	\$62.50	
Parking Within Closed Park	CHMC	9.36.065(e)	\$62.50	
Curb marking – Red	CHMC	10.24.0101	\$62.50	
Curb marking – Yellow	CHMC	10.24.0102	\$62.50	
Curb marking – Green	CHMC	10.24.0103	\$62.50	
Curb marking – Blue (disabled)	CHMC	10.24.0104	\$412.50	
Washing vehicle on highway	CHMC	94-8	\$62.50	
Repairing vehicle on highway	CHMC	94-9	\$62.50	
Obstruction of emergency vehicle	CHMC	94-137	\$62.50	
Prohibited Stop/Stand/Park	CHMC	94-263	\$62.50	
Narrow Streets/Special Places	CHMC	94-264	\$62.50	
Emergency Parking Signs	CHMC	94-265	\$62.50	
Alleys – Parkways	CHMC	94-266	\$62.50	
Vehicles for Sale	CHMC	94-267(a)	\$62.50	
72 Hours or More – Parking or Storing	CHMC	94-267(b)	\$62.50	
Left-hand Parking on Divided Highway	CHMC	94-267(c)	\$62.50	
Parking on Public Right-of-Way	CHMC	94-267(d)	\$62.50	
Prohibit Parking in Residential District/Commercial	CHMC	94-267(f)	\$112.50	
Prohibit Parking in Residential District/Recreational Vehicle	CHMC	94-267(g)	\$112.50	
One-Way Streets	CHMC	94-268	\$62.50	
Loading Zone	CHMC	94-269(d)	\$62.50	
Limited-Time Parking (7AM-6PM)	CHMC	94-270(a)	\$62.50	
Limited-Time Parking (Signs)	CHMC	94-270(b)	\$62.50	
Continuing Parking Violation	CHMC	94-271	\$62.50	
Curb Parking – Right of Way	CHMC	94-272	\$62.50	
Parking in Intersection	CHMC	94-273	\$62.50	
Angle Parking	CHMC	94-274	\$62.50	
Keys in Ignition	CHMC	94-276	\$62.50	
Prohibited Parking on City Property	CHMC	94-277(b)	\$62.50	
Prohibited Parking in City Parking Areas	CHMC	94-278	\$62.50	
Parking on Private Property without Permission	CHMC	94-279	\$62.50	
Prohibit Parking on Public Streets / Commercial Vehicle	CHMC	94-281	New	\$112.50
Parking Outside Space Markings	CHMC	94-370(b)	\$62.50	
Current Tabs	CVC	5204(a)	\$120.50	
Vehicle on School or Public Grounds	CVC	21113(a)	\$62.50	

Obstruction of Bikeway/Bicycle Path or Trail	CVC	21211(b)	\$62.50	
Prohibit Stop/Park – Intersection	CVC	22500(a)	\$62.50	
Prohibit Stop/Park – Crosswalk	CVC	22500(b)	\$62.50	
Prohibit Stop/Park – Safety Zone	CVC	22500(c)	\$62.50	
Prohibit Stop/Park – Fire Station Driveway	CVC	22500(d)	\$62.50	
Prohibit Stop/Park – Driveway	CVC	22500(e)	\$62.50	
Prohibit Stop/Park – Sidewalk	CVC	22500(f)	\$62.50	
Prohibit Stop/Park – Blocking Excavation	CVC	22500(g)	\$62.50	
Prohibit Stop/Park – Double Park	CVC	22500(h)	\$62.50	
Prohibit Stop/Park – Bus Zone	CVC	22500(i)	\$372.50	
Prohibit Stop/Park – Tunnels	CVC	22500(j)	\$62.50	
Prohibit Stop/Park – Bridges	CVC	22500(k)	\$62.50	
Prohibit Stop/Park – Block Wheelchair Curb	CVC	22500(l)	\$412.50*	
Prohibit Stop/Park – Fire Lane	CVC	22500.1	\$112.50	
Curb Parking	CVC	22502	\$62.50	
Angled Parking or More than 18 Inches	CVC	22502(a)	\$62.50	
Wrong Side of Street	CVC	22502(b)	\$62.50	
Parallel Parking (left) One Way Street	CVC	22502(e)	\$62.50	
State Highway Parking Restricted Area	CVC	22505(b)	\$62.50	
Disabled Space	CVC	22507.8(a)	\$412.50	
Blocking Disabled Space	CVC	22507.8(b)	\$412.50	
Parked on Lines/Boundaries of Disabled Space	CVC	22507.8(c)(1)	\$412.50	
Disabled Parking Crosshatched	CVC	22507.8(c)(2)	\$412.50	
Fire Hydrant	CVC	22514	\$112.50	
Unattended Vehicle/Motor Running/No Brake Set	CVC	22515(a)	\$62.50	
Parking Upon/Near Railroad Track	CVC	22521	\$62.50	
Parking Near Sidewalk Access Ramp	CVC	22522	\$392.50	
Abandoned Vehicle	CVC	22523	\$112.50	
Repeat Violations – Second Within One Year	CVC	42001(a)(2)	Base, plus 100%, up to \$200**	
Repeat Violations – Third and Subsequent Within One Year	CVC	42001(a)(3)	Base, plus 150%, up to \$250**	
	**Increased fines for repeat violations do not apply to: CVC 22500(l), CVC 22507.8 and CVC 22522.			



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: March 9, 2023

TO: Mayor and City Council Members
Ashley Feeney, City Manager

FROM: Susan Talwar, Administrative Services Director
Tammy Nossardi, Finance Manager

SUBJECT: **Fiscal Year 2022-23 Mid-Year Budget Adjustment and Financial Forecast Update**

Summary and Recommendation

Staff recommends the City Council review the General Fund revenues and expenditures for the first seven months of Fiscal Year 2022-23 and the updated Ten-Year Financial Forecast, and adopt Resolution No. 2023-___ approving amendments to the Fiscal Year 2022-23 Budget.

The Budget and Financial Forecast is typically reviewed quarterly. The last review was for the first quarter of FY22-23 at the October 27, 2022 Council Meeting. There were no amendments recommended at that time as there was not enough data to accurately forecast any needed revenue amendments, and expenditure projections were on target.

The proposed amendments to revenues and expenditures result in a projected net increase to General Fund reserves of \$ 8 million. The allocation of budget funds in city service areas will be discussed as part of the upcoming two-year budget preparation cycle.

Fiscal Impact

The proposed budget amendments will increase General Fund revenue appropriations by \$1,584,035 with \$200,000 adjustments to General Fund expenditure appropriations to reflect updated projections for the 2022-23 fiscal year.

Background and Analysis

FISCAL YEAR 2022-23 MID-YEAR BUDGET REVIEW

The City's budget for Fiscal Years 2021-22 and 2022-23 was adopted by the City Council on April 22, 2021. The Fiscal Year 2022-23 amended budget (excluding ARPA fund 101) for all City funds anticipated revenue of \$73.1 million and expenditures of \$67.5 million. As of

January 31, 2023, \$32.3 million (40.7 percent) of the budgeted revenue have been received and \$31.6 million (42.8 percent) of the budgeted expenditures have been incurred.

The City's main operating fund is the General Fund. The amended General Fund budget for Fiscal Year 2022-23 anticipated revenue of \$42.1 million to fund expenditures of \$35.3 million (excluding American Rescue Plan Act funds). As of January 31, 2023 General Fund revenues totaled \$20.0 million (48 percent of the budgeted amount). General Fund expenditures totaled \$20.3 million (57.4 percent of the annual budgeted amount). General Fund expenditures exceeded General Fund revenues by \$240,000 at the end of the first seven months of the fiscal year. As the City Council has previously discussed, the General Fund operates in a deficit cash flow position during the first portion of the fiscal year due to the timing of the receipt of major sources of revenue including property tax, motor vehicle-in-lieu fees and sales tax. During this period, the General Fund relies on the available fund balance and in recent years has also utilized available cash in other funds to temporarily bridge the cash shortage.

Based upon fiscal activities during the first seven months of the fiscal year and information currently available, staff is proposing adjustments to the Fiscal Year 2022-23 General Fund Budget to more closely align the budget with anticipated revenues and expenditures.

GENERAL FUND REVENUE

The Fiscal Year 2022-23 General Fund amended budget projected revenue of \$42.1 million. This projection was based upon information available at the time the budget was developed in June 2022. Based upon actual revenue received as of January 31st and projected revenue for the remaining five months of the fiscal year, staff is recommending adjustments to the General Fund revenue budget which will increase the budgeted revenues by \$1.1 million.

The proposed adjustments to General Fund budgeted revenue include:

Taxes and Franchises

The largest source of revenue to the General Fund is sales tax. Sales tax revenue was amended at \$14.3 million. Based upon a combination of increased gas prices and gas consumption, auto sales and the opening of new retail businesses, the City's sales tax consultant has increased the projected sales tax revenue by \$282,000 to \$14.6 million.

After 25 years, the City received its first property tax payment on Feb 1st. Property tax revenue was amended at \$6.9 million (66 percent of annual budget amount) mainly attributable to one-time payments and the real estate market conditions. Budgeted revenue, including the next payment in May, is forecasted an increase of \$400,000 to \$7.3 million.

Revenue from the transient occupancy tax is also coming in higher than anticipated by \$77,000 due to the additional tax being collected for short-term rentals.

Intergovernmental Revenue

The State of California is responsible for reimbursing public agencies for certain state-mandated activities. The State is very slow in processing these payments which can take years to receive.

In Fiscal Year 2022-23, the City received \$153,714 for the Great Plates program reimbursable in Fiscal Year 2021-22.

The second largest source of General Fund revenue is motor vehicle-in-lieu fees which is paid by Sacramento County in two installments – 50 percent in January and the remaining 50 percent in May of each year. The City has been notified that the Fiscal Year 2022-23 vehicle-in-lieu fee revenue will total \$11,026,823 which is \$707,823 more than the budgeted amount.

Investment Revenue

Continued high interest rates have resulted in an increase of \$80,000 in projected interest earnings. Interest revenue will still be higher than last fiscal year due to the earned interest on unexpended American Rescue Plan Act funds.

A summary of General Fund revenues through January 31, 2023 and the recommended budget adjustments is provided below:

CITY OF CITRUS HEIGHTS					
FY 2022-23 General Fund Revenue					
As of January 31, 2023					
	FY 2021-22 Actual	FY 2022-23 Budget	YTD Actual (1/31/2023)	Year-End Projection	Budget Adjustment
TAXES AND FRANCHISES					
Property Tax	0	6,883,000	3,939,694	7,319,348	436,348
Sales and Use Tax	14,412,009	14,323,000	6,088,505	14,605,864	282,864
Utility Users Tax	2,794,196	2,850,000	1,476,503	2,850,000	
Franchise Fees	747,106	725,000	-	725,000	
Franchise Fees Solid Waste	543,059	520,000	375,290	520,000	
Property Transfer Tax	638,183	500,000	194,838	500,000	
Transient Occupancy Tax	32,595	23,000	61,349	100,000	77,000
Total Taxes and Franchises	19,167,147	25,824,000	12,136,179	26,620,212	796,212
LICENSES AND PERMITS					
Business License	283,407	287,950	211,913	287,950	
Building Plan Check	682,365	348,000	178,567	348,000	
Cardroom Table Tax	30,720		15,360	-	
Engineering Fees Private Dev	33,193	33,700	14,956	33,700	
Zone Check	20,030	10,000	9,324	10,000	
Building Permits	2,049,031	1,340,700	838,380	1,340,700	
Engineering Fees Utilities	76,429	60,000	65,677	60,000	
Tree Permit	1,441	2,000	780	2,000	
Transportation Permits	15,186	15,000	4,974	15,000	
Records Processing/Strong Motion	7,446	10,925	4,564	10,925	
Fireworks License	1,000		-	-	
Animal License	39,756	40,000	24,298	40,000	
Total Licenses and Permits	3,240,003	2,148,275	1,368,794	2,148,275	-
FINES AND FORFEITURES					
Non-Sufficient Funds Penalty	157	100	102	100	
Vehicle Fines	118,254	130,000	29,856	130,000	
Red Light Camera Fines	668,884	645,000	313,108	645,000	
Total Fines and Forfeitures	787,296	775,100	343,067	775,100	-
INTERGOVERNMENTAL					
State Mandated Reimbursements	46,154	500	1	500	
Federal Grants/ Reimbursements	186,926	-	(153,714)	(153,714)	
State Grants/ Reimbursements	-	-	-	-	
Motor Vehicle-in-Lieu Fee	9,683,155	10,319,000	5,210,179	11,026,823	707,823
Total Intergovernmental	9,916,235	10,319,500	5,056,466	10,873,609	707,823
USE OF MONEY					
Investment Revenue	(83,249)	50,000	82,581	130,000	80,000
Total Use of Money	(83,249)	50,000	82,581	130,000	80,000
CHARGES FOR SERVICES					
Filing / Copies	5,047	5,700	6,941	5,700	
Product Sales	2,585	2,000	936	2,000	
Lease Payments	337,238	256,609	189,767	256,609	
Administrative Fees	60,267	43,000	15,394	43,000	
Police - Reimbursement Contract Overtime	145,463	100,000	77,167	100,000	
Livescan Fees	96	200	-	200	
False Alarm/Alarm Permit Fees	40,603	55,000	7,395	55,000	
Vehicle Release / Towing	57,527	55,200	43,955	55,200	
Community Center Rentals	212,059	300,000	254,816	300,000	
Planning Fees	107,615	107,000	106,128	107,000	
Animal Non-Compliance/Boarding Fees	5,488	-	3,526	-	
Animal Surrender Fees	1,374	7,000	960	7,000	
Rabies, Spay/Neuter Fees	55	-	-	-	
Total Charges for Services	975,417	931,709	706,985	931,709	-
CONTRIBUTIONS					
Donations	1,590	3,000	18,380	3,000	
Developer Contributions	-	-	10,000	-	
Total Contributions	1,590	3,000	28,380	3,000	-
OTHER					
Miscellaneous Revenue	391,841	157,900	10,810	157,900	
Reimbursement Revenue	499,858	8,400	71,625	8,400	
Internal Service Fund Charges	1,440,305	1,501,937	-	1,501,937	
Cash Over/Short	(2)	-	(0)	-	
Recovery of Labor & Benefits	222,559	259,301	137,328	259,301	
Temp Disability Recovery	155,304	100,000	85,012	100,000	
Restitution/Public Property Damage Recovery	52,000	50,000	1,431	50,000	
Police Department Sales	2,031	6,000	524	6,000	
Transfers In	120,994	-	-	-	
Total Other	2,884,889	2,083,538	306,731	2,083,538	-
Total General Fund Revenue	\$ 36,889,328	\$ 42,135,122	\$ 20,029,183	\$ 43,565,443	\$ 1,584,035

GENERAL FUND EXPENDITURES

The Fiscal Year 2022-23 amended budget includes General Fund expenditure appropriations of \$35.4 million, with \$20.3 million (66.4 percent) expended as of January 31, 2023. It is recommended that the City Council consider the following adjustments to the General Fund expenditure appropriations with \$200,000 adjustment to expenditures:

Non-Departmental

It is recommended that the non-Departmental budget be increased by \$200,000 to fund higher than anticipate annual pension liability payment to CalPERS.

A summary of General Fund expenditures as of January 31, 2023 and the recommended budget adjustment is provided below:

CITY OF CITRUS HEIGHTS					
Fiscal Year 2022-23 General Fund Expenditures By Department					
As of January 31, 2023					
	FY 2021-22 Actual	FY 2022-23 Budget	YTD Actual (1/31/23)	Year-End Projection	Budget Adjustment
City Council	128,050	144,118	64,334	144,118	
City Manager	418,278	708,008	272,885	708,008	
Economic Development	447,017	559,463	306,984	559,463	
City Attorney	307,903	318,270	118,663	318,270	
City Clerk	267,972	293,564	174,167	293,564	
Elections	-	51,000	45,231	51,000	
Human Resources	626,151	716,670	326,657	716,670	
Information Services	1,005,014	1,097,371	714,729	1,097,371	
Risk Management	1,990,077	2,460,950	1,432,097	2,460,950	
Finance	935,103	973,239	537,998	973,239	
Non Departmental	6,057,128	2,566,908	1,990,393	2,766,908	200,000
Police	16,691,528	19,370,421	10,252,724	19,370,421	
Animal Control	568,199	771,165	375,663	771,165	
Community Events	137,758	239,031	156,565	239,031	
Community Center Operations	543,719	685,427	356,118	685,427	
Sylvan Community Center	15,878	23,152	9,925	23,152	
Sayonara Community Center	19,327	19,656	10,267	19,656	
Housing	135,919	86,420	71,265	86,420	
Planning	557,046	651,869	339,790	651,869	
Building Inspection	908,864	979,664	580,382	979,664	
Engineering	618,568	488,913	413,077	488,913	
Facility Management - City Hall	413,677	469,808	224,079	469,808	
Facility Management - Police Bldg.	244,294	271,341	195,276	271,341	
Fleet Management	140,681	174,458	91,896	174,458	
Planning Commission	8,340	17,186	2,035	17,186	
History & Arts Commission	5,000	20,000	10,000	20,000	
Transfer Out	477,000	1,197,000	1,197,000	1,197,000	
Subtotal General Fund Expenditures	\$33,668,490	\$35,355,072	\$20,270,200	\$35,555,072	\$ 200,000

American Rescue Plan Act Funds

The City received American Rescue Plan Act (ARPA) funds in the amount of \$15,676,972. These funds were deposited into a sub-account of the General Fund so that the expenditure of ARPA funds could be properly tracked for reporting and audit purposes. As of January 31, 2023, \$9,956,340 ARPA funds have been committed with an additional committed and proposed allocation through March 23, 2023 of \$1.047 million. A summary of ARPA funds with remaining balance is below.

ARPA Approved Committed Funds				
	Total Award	\$	15,676,972.00	
	Committed	Actual thru	01/30/23	Running Balance
6/24/2021 Rehire Public Safety staff to pre-pandemic levels FY 21/22	\$ 2,541,434.00	1,570,104.50		\$ 14,106,867.50
6/24/2021 Rehire Public Safety staff to pre-pandemic levels FY 22/23	\$ 2,811,775.00	1,016,779.63		\$ 11,295,092.50
1/13/2022 Small Business COVID Recovery Grant	\$ 320,000.00	281,111.00		\$ 11,013,981.50
6/23/2022 Beautification Crew Pilot Program	\$ 875,000.00	106,177.01		\$ 10,138,981.50
6/23/2022 Police Fleet Vehicles & Equipment	\$ 1,400,000.00	0.00		\$ 8,738,981.50
6/23/2022 Public Safety Communications Center Critical Needs	\$ 600,000.00	64,253.55		\$ 8,138,981.50
6/23/2022 Block Party Trailer - Economic Development	\$ 50,000.00	20,276.79		\$ 8,088,981.50
9/22/2022 Community Projects Grant Program	\$ 50,000.00	-		\$ 8,038,981.50
10/27/2022 I.T. Critical, Major Projects; Execute Contract Tyler Technologies	\$ 1,198,350.00	-		\$ 6,840,631.50
12/8/2022 Infrastructure Financing Strategies for Sunrise Tomorrow	\$ 40,000.00	-		\$ 6,800,631.50
12/8/2022 REAP 2.0 Higher Impact Transformative Allocation	\$ 1,000,000.00	-		\$ 5,800,631.50
1/26/2023 Patriotic Event	\$ 80,000.00	-		\$ 5,720,631.50
2/23/2023 Cares Community Pride and Cleanliness Campaign*	\$ 47,000.00	-		\$ 5,673,631.50
3/23/2023 Business Attraction Incentive Program*	\$ 1,000,000.00	-		\$ 4,673,631.50
	Spent	\$	3,058,702.48	
	Remaining Committed	\$	7,944,638.02	
	Remaining Balance	\$	4,673,631.50	

* \$47,000 allocated for the Citrus Heights Cares Campaign at the February 23, 2023 City Council meeting; and \$1,000,000 for the Business Attraction Grant Program proposed but not yet approved, to be deliberated on by City Council at the March 23, 2023 meeting.

TEN YEAR FINANCIAL FORECAST

As a strategic fiscal planning tool, the City maintains a long-term financial forecast. Because this forecast is based upon data currently available, it is updated periodically to reflect new information regarding anticipated future revenues and expenditures. The financial forecast covers a ten-year period for the City’s General Fund. The City Council last reviewed the Ten-Year Financial Forecast on October 27, 2022. The Ten-Year Financial Forecast has been updated and includes the following changes:

- Fiscal Year 2021-22 – Year-end audited revenue and expenditures
- Fiscal Year 2022-23 - To reflect the Mid-Year budget projections.

A summary of the Ten-Year Financial Forecast is provided below. A more detailed version is attached to this report.

General Fund Ten Year Financial Forecast
 With Partial Street Funding
 Jan-23

	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Budget Jan Forecast	FY 2023-24 Projected	FY 2024-25 Projected	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected	FY 2029-30 Projected	FY 2030-31 Projected	FY 2031-32 Projected
TOTAL REVENUE	36,889,329	42,135,122	43,565,443	43,061,799	44,495,313	45,916,179	47,357,828	48,494,731	49,660,807	50,805,099	51,863,533	53,053,470
TOTAL OPERATING EXPENDITURES	33,665,777	35,355,072	35,555,072	39,917,212	40,214,417	41,393,156	42,623,174	43,840,133	45,093,470	46,384,293	47,713,706	49,083,896
STREET REPAIRS				2,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Auburn Blvd - Phase 2 Match				4,000,000								
Net Operating Position	3,223,552	6,780,050	8,010,371	(2,855,412)	280,897	523,023	734,654	654,597	567,337	420,806	149,826	(30,426)
Beginning Reserve Balance (Unassigned/Comm)	8,419,923	11,643,475	11,643,475	19,653,846	16,798,434	17,079,330	17,602,353	18,337,007	18,991,605	19,558,942	19,979,748	20,129,574
Ending Reserve Balance	\$ 11,643,475	\$ 18,423,525	\$ 19,653,846	\$ 16,798,434	\$ 17,079,330	\$ 17,602,353	\$ 18,337,007	\$ 18,991,605	\$ 19,558,942	\$ 19,979,748	\$ 20,129,574	\$ 20,099,147
Minimum Reserve per City Council Policy (17%)	\$ 5,723,182	\$ 6,010,362	\$ 6,044,362	\$ 7,805,926	\$ 7,516,451	\$ 7,716,836	\$ 7,925,940	\$ 8,132,823	\$ 8,345,890	\$ 8,565,330	\$ 8,791,330	\$ 9,024,262
Over(under) Reserve Target	5,920,293	12,413,163	13,609,484	8,992,508	9,562,879	9,885,517	10,411,068	10,858,782	11,213,052	11,414,418	11,338,244	11,074,885
City Manager Target Reserve @25%	8,416,444	8,838,768	8,888,768	11,479,303	11,053,604	11,348,289	11,655,794	11,960,033	12,273,368	12,596,073	12,928,427	13,270,974
Over(under) Reserve Target	3,227,031	9,584,757	10,765,078	5,319,131	6,025,726	6,254,064	6,681,214	7,031,572	7,285,574	7,383,674	7,201,147	6,828,173

The information on Fiscal Year 2022-23 General Fund Mid-Year budget analysis and the updated Ten-Year Financial Forecast was reviewed with the Finance and Administration Committee on March 2, 2023.

Attachments

1. Resolution
2. Ten Year Financial Forecast

RESOLUTION NO. 2023 - ____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS APPROVING AMENDMENTS TO THE FISCAL YEAR 2022-23 BUDGET

WHEREAS, on April 22, 2021, the City Council adopted the budget for the City of Citrus Heights for Fiscal Year 2022-23; and

WHEREAS, based upon a review of revenues and expenditures, staff has recommended amendments to the Fiscal Year 2022-23 Budget; and

WHEREAS, the Finance and Administration Committee reviewed the proposed budget amendments on March 2, 2023; and

WHEREAS, the City Council has reviewed information on the status of revenues and expenditures for the 2022-23 Fiscal Year which is the basis for the recommended budget amendments .

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Citrus Heights approves amendments to the Fiscal Year 2022-23 Budget as provided for in the attached Exhibit A.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights, California, this 9th day of March 2023, by the following vote, to wit:

AYES: Council Members:

NOES: Council Members:

ABSTAIN: Council Members:

ABSENT: Council Members:

Tim Schaefer, Mayor

ATTEST:

Amy Van, City Clerk

Exhibit

- a. FY 2022-23 Budget Amendments

Exhibit A

Fiscal Year 2022-23 Mid-Cycle Budget Adjustments

CITY OF CITRUS HEIGHTS					
FY 2022-23 General Fund Revenue					
As of January 31, 2023					
	FY 2021-22 Actual	FY 2022-23 Budget	YTD Actual (1/31/2023)	Year-End Projection	Budget Adjustment
TAXES AND FRANCHISES					
Property Tax	0	6,883,000	3,939,694	7,319,348	436,348
Sales and Use Tax	14,412,009	14,323,000	6,088,505	14,605,864	282,864
Utility Users Tax	2,794,196	2,850,000	1,476,503	2,850,000	
Franchise Fees	747,106	725,000	-	725,000	
Franchise Fees Solid Waste	543,059	520,000	375,290	520,000	
Property Transfer Tax	638,183	500,000	194,838	500,000	
Transient Occupancy Tax	32,595	23,000	61,349	100,000	77,000
Total Taxes and Franchises	19,167,147	25,824,000	12,136,179	26,620,212	796,212
LICENSES AND PERMITS					
Business License	283,407	287,950	211,913	287,950	
Building Plan Check	682,365	348,000	178,567	348,000	
Cardroom Table Tax	30,720	-	15,360	-	
Engineering Fees Private Dev	33,193	33,700	14,956	33,700	
Zone Check	20,030	10,000	9,324	10,000	
Building Permits	2,049,031	1,340,700	838,380	1,340,700	
Engineering Fees Utilities	76,429	60,000	65,677	60,000	
Tree Permit	1,441	2,000	780	2,000	
Transportation Permits	15,186	15,000	4,974	15,000	
Records Processing/Strong Motion	7,446	10,925	4,564	10,925	
Fireworks License	1,000	-	-	-	
Animal License	39,756	40,000	24,298	40,000	
Total Licenses and Permits	3,240,003	2,148,275	1,368,794	2,148,275	-
FINES AND FORFEITURES					
Non-Sufficient Funds Penalty	157	100	102	100	
Vehicle Fines	118,254	130,000	29,856	130,000	
Red Light Camera Fines	668,884	645,000	313,108	645,000	
Total Fines and Forfeitures	787,296	775,100	343,067	775,100	-
INTERGOVERNMENTAL					
State Mandated Reimbursements	46,154	500	1	500	
Federal Grants/ Reimbursements	186,926	-	(153,714)	(153,714)	
State Grants/ Reimbursements	-	-	-	-	
Motor Vehicle-in-Lieu Fee	9,683,155	10,319,000	5,210,179	11,026,823	707,823
Total Intergovernmental	9,916,235	10,319,500	5,056,466	10,873,609	707,823
USE OF MONEY					
Investment Revenue	(83,249)	50,000	82,581	130,000	80,000
Total Use of Money	(83,249)	50,000	82,581	130,000	80,000
CHARGES FOR SERVICES					
Filing / Copies	5,047	5,700	6,941	5,700	
Product Sales	2,585	2,000	936	2,000	
Lease Payments	337,238	256,609	189,767	256,609	
Administrative Fees	60,267	43,000	15,394	43,000	
Police - Reimbursement Contract Overtime	145,463	100,000	77,167	100,000	
Livescan Fees	96	200	-	200	
False Alarm/Alarm Permit Fees	40,603	55,000	7,395	55,000	
Vehicle Release / Towing	57,527	55,200	43,955	55,200	
Community Center Rentals	212,059	300,000	254,816	300,000	
Planning Fees	107,615	107,000	106,128	107,000	
Animal Non-Compliance/Boarding Fees	5,488	-	3,526	-	
Animal Surrender Fees	1,374	7,000	960	7,000	
Rabies, Spay/Neuter Fees	55	-	-	-	
Total Charges for Services	975,417	931,709	706,985	931,709	-
CONTRIBUTIONS					
Donations	1,590	3,000	18,380	3,000	
Developer Contributions	-	-	10,000	-	
Total Contributions	1,590	3,000	28,380	3,000	-
OTHER					
Miscellaneous Revenue	391,841	157,900	10,810	157,900	
Reimbursement Revenue	499,858	8,400	71,625	8,400	
Internal Service Fund Charges	1,440,305	1,501,937	-	1,501,937	
Cash Over/Short	(2)	-	(0)	-	
Recovery of Labor & Benefits	222,559	259,301	137,328	259,301	
Temp Disability Recovery	155,304	100,000	85,012	100,000	
Restitution/Public Property Damage Recovery	52,000	50,000	1,431	50,000	
Police Department Sales	2,031	6,000	524	6,000	
Transfers In	120,994	-	-	-	
Total Other	2,884,889	2,083,538	306,731	2,083,538	-
Total General Fund Revenue	\$ 36,889,328	\$ 42,135,122	\$ 20,029,183	\$ 43,565,443	\$ 1,584,035

Exhibit A

CITY OF CITRUS HEIGHTS					
Fiscal Year 2022-23 General Fund Expenditures By Department					
As of January 31, 2023					
	FY 2021-22 Actual	FY 2022-23 Budget	YTD Actual (1/31/23)	Year-End Projection	Budget Adjustment
City Council	128,050	144,118	64,334	144,118	
City Manager	418,278	708,008	272,885	708,008	
Economic Development	447,017	559,463	306,984	559,463	
City Attorney	307,903	318,270	118,663	318,270	
City Clerk	267,972	293,564	174,167	293,564	
Elections	-	51,000	45,231	51,000	
Human Resources	626,151	716,670	326,657	716,670	
Information Services	1,005,014	1,097,371	714,729	1,097,371	
Risk Management	1,990,077	2,460,950	1,432,097	2,460,950	
Finance	935,103	973,239	537,998	973,239	
Non Departmental	6,057,128	2,566,908	1,990,393	2,766,908	200,000
Police	16,691,528	19,370,421	10,252,724	19,370,421	
Animal Control	568,199	771,165	375,663	771,165	
Community Events	137,758	239,031	156,565	239,031	
Community Center Operations	543,719	685,427	356,118	685,427	
Sylvan Community Center	15,878	23,152	9,925	23,152	
Sayonara Community Center	19,327	19,656	10,267	19,656	
Housing	135,919	86,420	71,265	86,420	
Planning	557,046	651,869	339,790	651,869	
Building Inspection	908,864	979,664	580,382	979,664	
Engineering	618,568	488,913	413,077	488,913	
Facility Management - City Hall	413,677	469,808	224,079	469,808	
Facility Management - Police Bldg.	244,294	271,341	195,276	271,341	
Fleet Management	140,681	174,458	91,896	174,458	
Planning Commission	8,340	17,186	2,035	17,186	
History & Arts Commission	5,000	20,000	10,000	20,000	
Transfer Out	477,000	1,197,000	1,197,000	1,197,000	
Subtotal General Fund Expenditures	\$33,668,490	\$35,355,072	\$20,270,200	\$35,555,072	\$ 200,000

General Fund Ten Year Financial Forecast

*With Partial Street Funding
Jan-23*

	<u>FY 2021-22</u> Actual	<u>FY 2022-23</u> Budget	<u>FY 2022-23</u> Budget Jan Forecast	<u>FY 2023-24</u> Projected	<u>FY 2024-25</u> Projected	<u>FY 2025-26</u> Projected	<u>FY 2026-27</u> Projected	<u>FY 2027-28</u> Projected	<u>FY 2028-29</u> Projected	<u>FY 2029-30</u> Projected	<u>FY 2030-31</u> Projected	<u>FY 2031-32</u> Projected
TOTAL REVENUE	36,889,329	42,135,122	43,565,443	43,061,799	44,495,313	45,916,179	47,357,828	48,494,731	49,660,807	50,805,099	51,863,533	53,053,470
TOTAL OPERATING EXPENDITURES	33,665,777	35,355,072	35,555,072	39,917,212	40,214,417	41,393,156	42,623,174	43,840,133	45,093,470	46,384,293	47,713,706	49,083,896
STREET REPAIRS				2,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Auburn Blvd - Phase 2 Match				4,000,000								
Net Operating Position	3,223,552	6,780,050	8,010,371	(2,855,412)	280,897	523,023	734,654	654,597	567,337	420,806	149,826	(30,426)
Beginning Reserve Balance (Unassigned/Committed)	8,419,923	11,643,475	11,643,475	19,653,846	16,798,434	17,079,330	17,602,353	18,337,007	18,991,605	19,558,942	19,979,748	20,129,574
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<i>Minimum Reserve per City Council Policy (17%)</i>	\$ 5,723,182	\$ 6,010,362	\$ 6,044,362	\$ 7,805,926	\$ 7,516,451	\$ 7,716,836	\$ 7,925,940	\$ 8,132,823	\$ 8,345,890	\$ 8,565,330	\$ 8,791,330	\$ 9,024,262
Over(under) Reserve Target	5,920,293	12,413,163	13,609,484	8,992,508	9,562,879	9,885,517	10,411,068	10,858,782	11,213,052	11,414,418	11,338,244	11,074,885
<i>City Manager Target Reserve @25%</i>	8,416,444	8,838,768	8,888,768	11,479,303	11,053,604	11,348,289	11,655,794	11,960,033	12,273,368	12,596,073	12,928,427	13,270,974
Over(under) Reserve Target	3,227,031	9,584,757	10,765,078	5,319,131	6,025,726	6,254,064	6,681,214	7,031,572	7,285,574	7,383,674	7,201,147	6,828,173