CITY OF CITRUS HEIGHTS
CITY COUNCIL
Regular Meeting of Wednesday, April 8, 2026
City Hall Council Chambers 6360 Fountain Square Drive, Citrus Heights, CA 95621
Teleconference Location - 6412 Oakcreek Way, Citrus Heights, CA 95621
6:00 PM REGULAR MEETING

This meeting will be conducted in accordance with the Brown Act, Government Code Section 54953, Teleconferencing. Any member of the public may attend this meeting either at the Council Chambers or at the teleconference location.

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. If you wish to address the Council during the meeting, please fill out a Speaker Identification Sheet and give it to the City Clerk before the item is heard. When you are called upon to speak, step forward to the podium and state your name for the record. Normally, speakers are limited to three (3) minutes each. 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 by completion of an online Speaker Card at https://www.citrusheights.net/FormCenter/City-Council-Meetings-Speaker-Card-36 . 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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LEVINE ACT:
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April 8, 2026 City Council Agenda Packet

Documents:

04 -08 -26 REGULAR COUNCIL AGENDA PACKET.PDF

CALL REGULAR MEETING TO ORDER

1. Flag Salute

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

3. Video Statement

APPROVAL OF AGENDA

PRESENTATIONS

4. Proclamation Of The City Of Citrus Heights Proclaiming April 19-25, 2026 As National Volunteer Week

5. Proclamation Of The City Of Citrus Heights Proclaiming April 19-25, 2026 As National Library Week

6. Proclamation Of The City Of Citrus Heights Proclaiming April 12-18, 2026 As National Public Safety Telecommunicators Week

7. Proclamation Of The City Of Citrus Heights Proclaiming April 12-18, 2026 As National Animal Care & Control Appreciation Week

8. Police Department Annual Report

9. Presentation By The General Services Department - Capital Improvement Projects Update

PUBLIC COMMENT
Members of the public are entitled to address the City Council concerning any item within the City Council's subject matter jurisdiction. Pursuant to the Brown Act, the City Council is prohibited from discussing or acting on any item raised during " Public Comment " not appearing on the posted agenda.

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.

10. SUBJECT: Approval Of Minutes

RECOMMENDATION: Approve the Minutes of the Special and Regular Meetings of February 11, 2026

11. SUBJECT: Adoption Of Annual Strategic Planning Objectives

STAFF REPORT: A. Feeney
RECOMMENDATION: Adopt Resolution No. 2026 -___, A Resolution of the City Council of the City of Citrus Heights, California, Adopting the Strategic Objectives for April 2026 to June 2027

12. SUBJECT: Primrose Drive And Various Repairs Project Award Of Construction Contract

STAFF REPORT: R. Cave / L. Blomquist
RECOMMENDATION: Adopt Resolution No. 2026 -___, A Resolution of the City Council of the City of Citrus Heights, California, Authorizing the City Manager to Execute an Agreement with All-American Construction, Inc. for Construction of the Primrose Drive and Various Repairs Project and Finding the Project is Exempt from the California Environmental Quality Act (CEQA) Under Section 15301

13. SUBJECT: Resolution Authorizing Applications For Grant Funding From The Sacramento Area Council Of Governments (SACOG) 2026 Federal Funding Programs

STAFF REPORT: R. Cave / L. Blomquist / M. Poole
RECOMMENDATION: Adopt Resolution No. 2026 -___, A Resolution of the City Council of the City of Citrus Heights, California, Authorizing the Submittal of Applications for Grant Funding from the Sacramento Area Council of Governments (SACOG) 2026 Federal Funding Programs and Identifying Priority Projects for the Various Funding Programs

14. SUBJECT: Sunrise Tomorrow Frontage Improvement Project (Sunrise Boulevard & Greenback Lane) Project GS 25-15 Professional Engineering Services Agreement

STAFF REPORT: C. Kempenaar / R. Cave / M. Poole
RECOMMENDATION: Adopt Resolution No. 2026 -___, A Resolution of the City Council of the City of Citrus Heights, California, Authorizing the City Manager to Execute a Professional Services Agreement with Mark Thomas & Company, Inc. for the Sunrise Tomorrow Frontage Improvement Project (Sunrise Boulevard & Greenback Lane)

15. SUBJECT: Annual Comprehensive Financial Report, Single Audit Report, And Audited Financial Statements And Compliance Report For Transportation Development Act Funds

STAFF REPORT: S. Talwar / D. Jenkins
RECOMMENDATION: Receive and file the City of Citrus Heights Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025, the City of Citrus Heights Popular Annual Financial Report for the Fiscal Year Ended June 30, 2025, the Audit Communication Letter, the Independent Auditors ' Report on Internal Control over Financial Reporting and on Compliance and Other Matters, the Single Audit Report for the fiscal year ended June 30, 2025, and the City of Citrus Heights Transportation Development Act (TDA) Funds Audited Financial Statements and Compliance Report for the fiscal year ended June 30, 2025

Item 15 Staff Report - Revised 4/8/26

Documents:

(REVISED) STAFF REPORT - ACFR AUDITOR REPORTS SINGLE AUDIT TDA AUDIT.PDF

16. SUBJECT: Approval Of Investment Policy Updates

STAFF REPORT: S. Talwar / D. Jenkins
RECOMMENDATION: Adopt Resolution No. 2026 -_____, A Resolution of the City Council of the City of Citrus Heights, California, Approving the Investment Policy and Delegating Authority to the Administrative Services Director to Invest Funds in Accordance with the Investment Policy

REGULAR CALENDAR

17. SUBJECT: Approval Of Sunrise MarketPlace Property-Based Improvement District 2025 Annual Report

STAFF REPORT: M. Huber
RECOMMENDATION: Adopt Resolution No. 2026 -____, A Resolution of the City
Council of the City of Citrus Heights, California, Approving the Sunrise MarketPlace 2025 Annual Report

18. SUBJECT: Consider Policy Adoption For Public Meeting Disruption Procedures Under Brown Act Amendments (SB 707)

STAFF REPORT: A. Van
RECOMMENDATION: Adopt Resolution No. 2026 -___, A Resolution of the City Council of the City of Citrus Heights, California, Adopting a City Council Policy on Disruption of Telephonic or Internet Service during Public Meetings

CITY MANAGER ITEMS

ITEMS REQUESTED BY COUNCIL MEMBERS / FUTURE AGENDA ITEMS

19. SUBJECT: Discussion Of City's Regulations For Temporary Signs Placed In The Public Right -Of- Way

STAFF REPORT: A. Van

ADJOURNMENT

AMERICANS WITH DISABILITIES ACT:

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MariJane Lopez-Taff, *Mayor*
Porsche Middleton, *Vice Mayor*
Dr. Jayna Karpinski-Costa, *Council Member*
Kelsey Nelson, *Council Member*
Tim Schaefer, *Council Member*

CITY OF CITRUS HEIGHTS
CITY COUNCIL
Regular Meeting of Wednesday, April 8, 2026
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April 3, 2026

Amy Van, City Clerk

5:00 – 5:45 PM
Reception for Citrus Heights Volunteers – Citrus Heights City Hall

REGULAR CITY COUNCIL MEETING
6:00 PM

CALL REGULAR MEETING TO ORDER

1. Flag Salute

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

3. Video Statement

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9. Presentation by the General Services Department – Capital Improvement Projects Update

PUBLIC COMMENT
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COMMENTS BY COUNCIL MEMBERS AND REGIONAL BOARD UPDATES

CONSENT CALENDAR (Estimated Start Time 7:45 p.m.)
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STAFF REPORT: S. Talwar / D. Jenkins
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STAFF REPORT: S. Talwar / D. Jenkins
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REGULAR CALENDAR (Estimated Start Time 7:50 p.m.)

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STAFF REPORT: M. Huber
RECOMMENDATION: Adopt Resolution No. 2026-____, A Resolution of the City Council of the City of Citrus Heights, California, Approving the Sunrise MarketPlace 2025 Annual Report

18. **SUBJECT:** Consider Policy Adoption for Public Meeting Disruption Procedures under Brown Act Amendments (SB 707)
STAFF REPORT: A. Van
RECOMMENDATION: Adopt Resolution No. 2026-___, A Resolution of the City Council of the City of Citrus Heights, California, Adopting a City Council Policy on Disruption of Telephonic or Internet Service during Public Meetings

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STAFF REPORT: A. Van

ADJOURNMENT

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CITY OF CITRUS HEIGHTS
CITY COUNCIL
MINUTES
Special and Regular Meetings of Wednesday, February 11, 2026
City Hall Council Chambers
6360 Fountain Square Dr., Citrus Heights, CA 95621

CALL SPECIAL MEETING TO ORDER

The special meeting was called to order at 5:03 p.m. by Mayor Lopez-Taff.

1. Roll Call: Council Members present: Karpinski-Costa, Nelson, Schaefer, Middleton, Lopez-Taff
   Council Members absent: None
   Staff Members present: Feeney, D. Jones, R. Jones, Van

PUBLIC COMMENT

None

CLOSED SESSION

2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
   Initiation of litigation pursuant to Government Code Section 54956.9(d)(4)
   Number of potential cases: 1

The City Council, City Manager and City Attorney participated in the closed session.

REPORT OUT OF CLOSED SESSION

There was no reportable action from closed session.

ADJOURNMENT

Mayor Lopez-Taff adjourned the special meeting at 5:55 p.m.

CALL REGULAR MEETING TO ORDER

The regular meeting was called to order at 6:00 p.m. by Mayor Lopez-Taff.

1. The Flag Salute was led by Council Member Karpinski-Costa.

2. Roll Call: Council Members present: Karpinski-Costa, Nelson, Schaefer, Middleton, Lopez-Taff
   Council Members absent: None
   Staff Members present: Aguirre, Cuffe, Feeney, Huber, D. Jones, R. Jones, Kempenaar, Van and department directors.

3. The video statement was read by Acting City Clerk Jones.

APPROVAL OF AGENDA

ACTION: On a motion by Council Member Schaefer, seconded by Council Member Nelson, the City Council approved the agenda.

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

PRESENTATIONS

4. Proclamation of the City of Citrus Heights Proclaiming February 2026 as Black History Month

Mayor Lopez-Taff read and presented the Proclamation to Lisa D. Taylor and members of the Purple Pageant.

PUBLIC COMMENT

Josh Gumacal with Congressman Bera's office spoke about the bipartisan resolution introduced in the House of Representatives that declares the first Saturday after the Spring Equinox as "National Day of Play". The resolution encourages people to get off their devices and connect with their community, friends and family. He expressed appreciation to the City for bringing forward its own resolution.

Charles Stone, Commander of American Legion Post 637, spoke about the annual Veteran's Picnic scheduled for April 18, 2026. Richard Tkach spoke about a flag retirement ceremony planned for February 18. Mr. Stone announced that the annual Battle of the Bands will be on September 12.

Lisa Sanchez with the River City Waterway Alliance spoke about the group's efforts to clean, restore and protect local waterways. The Alliance seeks to bring awareness to the health issues of Citrus Heights creeks, namely due to trash and debris. The City's General Services Department has been partnering with the Alliance by disposing of the materials removed from the creeks. Ms. Sanchez thanked Construction/Maintenance Inspector Supervisor Velasquez and his crew, as well as Republic Services for their partnership. She encouraged the City to provide more attention and resources to the creeks within its jurisdiction. She announced that the Alliance's 1,000th Event celebration will take place next week.

Randy Smith with the River City Waterway Alliance spoke about scheduling a meeting at Sylvan Oaks Library with residents, property owners and business owners who adjoin the creek to discuss the creek debris and issues with encampments. He would like to include District 1 Council Member Nelson, District 3 Council Member Schaefer, Sunrise Recreation & Park District, the Citrus Heights Police Department, and others.

Acting City Clerk Jones read the following public comment submitted by Bethany Brown, "I continue to urge to Citrus Heights City Council to adopt or reaffirm legislation that would designate our city as a sanctuary for all who live here. In addition, I urge you to update the Citrus Heights website to include answers to frequently asked questions regarding immigration and constitutional rights, resources for immigrants, refugees, protesters, and observers, as well as clear messaging from the Citrus Heights police department regarding their role in immigration enforcement and whether or not they will ask for immigration status or report immigration status to DHS. I look forward to seeing these issues addressed

on future council meeting agendas. Thank you for your consideration and your commitment to ensuring the safety of our community."

COMMENTS BY COUNCIL MEMBERS AND REGIONAL BOARD UPDATES

Council Member Nelson attended the State of Public Safety Address by Sacramento County District Attorney Thien Ho. She attended a meeting of the Arts & Cultural 2x2 and reviewed grant applications. She went to a Citrus Heights Neighborhood Area 3 (CHANT) meeting.

Council Member Karpinski-Costa attended "History of Citrus Heights You Never Knew", one of the free quarterly presentations hosted by the Citrus Heights Historical Society. She went to the Citrus Heights Rotary Club's Annual Crab Feed. She attended a Sacramento Area Sewer District meeting and reported that the district won a national award for its Septic-to-Sewer Conversion Project.

Council Member Schaefer discussed his recent health issues and diagnosis and apologized for missing some commitments. He reported on a Sacramento Area Council of Governments (SACOG) Policy & Innovation Committee meeting. He went to a Sacramento Regional Transit District (SacRT) Board meeting and reported that SacRT has discontinued its contract with the Sacramento Police Department and has retained an agreement with the Sacramento County Sheriff's Department. He discussed the SacRT Flex program.

Vice Mayor Middleton attended the Arts & Cultural 2x2 and the State of Public Safety Address. She participated in the "Fill the Boot for Burns" fundraiser.

Mayor Lopez-Taff went to the Big Day of Service kick-off, with the first large planning meeting. She announced the next planning meeting and reported that she has been coordinating with the Citrus Heights project co-captains to manage and promote all the projects within the City. She participated in the "Fill the Boot for Burns" fundraiser and displayed a plaque presented to the City by the Firefighters Burn Institute. She went to the Rotary Club's Annual Crab Feed. She has attended several ribbon cutting ceremonies, including Gateway Nails & Spa. She reported on a meeting of the League of CA Cities Sacramento Valley Division, where she is now a board member. She is also on the Cal Cities Environmental Quality Policy Committee.

CONSENT CALENDAR

5. **SUBJECT:** Support for Annual Designation of the First Saturday After the Spring Equinox as "National Day of Play"
   STAFF REPORT: A. Van
   RECOMMENDATION: Adopt Resolution No. 2026-005, A Resolution of the City Council of the City of Citrus Heights, California, Expressing Support for the Annual Designation of the first Saturday after the Spring Equinox as "National Day of Play"

6. **SUBJECT:** Updated Housing Rehabilitation Program Guidelines to Incorporate the Permanent Local Housing Allocation as a Funding Source
   STAFF REPORT: C. Kempenaar / N. Piva
   RECOMMENDATION: Adopt Resolution No. 2026-006, A Resolution of the City Council of the City of Citrus Heights, California, Adopting the Updated Housing Rehabilitation Program Guidelines to Incorporate the Permanent Local Housing Allocation as a Funding Source

7. **SUBJECT:** Quarterly Treasurer's Report
STAFF REPORT: S. Talwar / D. Jenkins
RECOMMENDATION: Staff recommends the City Council receive and file the Quarterly Treasurer's Report for the quarter ending December 31, 2025.

ACTION: On a motion by Council Member Karpinski-Costa, seconded by Council Member Schaefer, the City Council adopted Consent Calendar Items 5, 6 and 7.

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

REGULAR CALENDAR

8. **SUBJECT:** History and Arts Grant Requests – Committee Recommendation for Approval
STAFF REPORT: M. Huber
RECOMMENDATION: Adopt Resolution 2026-007, A Resolution of the City Council of the City of Citrus Heights, California, Approving the History and Arts Grant Requests

Director Huber introduced the item. She reported that the City received two requests: from Royal Stage and the Citrus Heights Veterans Memorial Project. Both requests meet the program guidelines and were reviewed by the City Council's Arts & Cultural 2x2.

Public Comment

Tiffany Corona with Royal Stage spoke about the organization's theater and arts offerings and thanked the City for its support.

Kermit Schayltz and Scott Miller with the Citrus Heights Veterans Memorial Project provided a presentation detailing the project located at Calvary Cemetery and thanked the City for its support and partnership.

City Council questions and comments followed.

ACTION: On a motion by Council Member Schaefer, seconded by Council Member Nelson, the City Council adopted Resolution No. 2026-007, A Resolution of the City Council of the City of Citrus Heights, California, Approving the History and Arts Grant Requests.

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

9. **SUBJECT:** Second Reading – Ordinance Establishing Commercial Property Reoccupancy Program
STAFF REPORT: M. Huber / C. Kempenaar / A. Turcotte / S. Lui / A. Aguirre

RECOMMENDATION: Adopt Ordinance No. 2026-001, An Ordinance of the City Council of the City of Citrus Heights, California, Adding Chapter 52 to the Citrus Heights Municipal Code to Establish a Commercial Property Reoccupancy Program

Director Kempenaar provided a summary presentation for the benefit of stakeholders not in attendance at the January 28, 2026 City Council meeting. He reviewed the changes made to the program in response to feedback received. He discussed the proposed fees and noted that if businesses proactively register and meet the requirements, the fees would not apply.

Public Comment

Additional written public comment received since the posting of the agenda was distributed to the City Council, posted to the City website and copies were available for the public.

Greg Hall inquired about vacancy rates versus occupancy rates to better understand the impact of the program. Directors Kempenaar and Huber provided responses and summary metrics.

City Council questions and comments followed.

ACTION: On a motion by Council Member Karpinski-Costa, seconded by Council Member Schaefer, the City Council adopted Ordinance No. 2026-001, An Ordinance of the City Council of the City of Citrus Heights, California, Adding Chapter 52 to the Citrus Heights Municipal Code to Establish a Commercial Property Reoccupancy Program.

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

10. **SUBJECT:** One Year Update: 2025-2027 Economic Development Work Plan
STAFF REPORT: M. Huber / A. Aguirre

Director Huber and Management Analyst II Aguirre provided a presentation on the Plan, which is a City Council Strategic Objective. The Plan includes five economic development focus categories; Business Attraction Incentive Program guidelines; a new program that was designed based on feedback from engagement, called the Small Business Support Program;70 implementation steps to advance Economic Development; and 18 sets of metrics to objectively measure results. Director Huber discussed the results of streamlining regulations and processes, onboarding additional staff for economic development liaison and project coordination roles, implementing economic development incentives and programs, and direct business recruitment. She provided a report showing top-visited restaurants based on foot traffic and discussed feedback on the Design Support Fund. Analyst Aguirre presented the business expansion and retention efforts, including the Sign Improvement Grant, Business Safety Hub, and Annual Business Survey. She reported on Small Business Support & Innovation programs, such as the Love Local campaign, Businesses of Distinction, and engaging more businesses at events through the Economic Development Support Fund. She reviewed the marketing updates previously provided by Communications Officer Brown in the annual Communications Update. Director Huber spoke to contributions to the organizational culture, such as supporting the Livability Summit and the Chamber Leadership Citrus Heights, as well as upcoming campaigns, events and outreach.

City Council questions and comments followed.

No Action was taken by the City Council.

Mayor Lopez-Taff invited high school students in the audience for their government classes to the podium to introduce themselves.

11. **SUBJECT:** Presentation of Findings and Recommendations for a Youth Advisory Commission or Youth Advisory Liaison
STAFF REPORT: A. Van
RECOMMENDATION: Staff recommends the following:

    a. Receive a presentation on findings for a Youth Advisory Commission or Youth Advisory Liaison to City Council; and

    b. Consider Adoption of Resolution 2026-008 , A Resolution of the City Council of the City of Citrus Heights, California, Establishing a Youth Advisory Commission.

City Clerk Van provided a presentation evaluating two youth civic engagement options, which has been established as a City Council Strategic Objective. The Youth Advisory Commission would consist of 13 Citrus Heights residents in grades 8–12. Members would serve one-year terms and meet monthly during the school year (September–May). The commission would advise the City Council and staff on youth-related policies, programs, and initiatives. The Youth Advisory Liaison would be a Junior or Senior in high school; attend and participate in City Council meetings with a designated seat at the dais; and could receive a stipend or scholarship. The recommendation was for the Council to establish a Youth Advisory Commission, and proposed next steps were discussed.

City Council questions and comments followed.

ACTION: On a motion by Council Member Schaefer, seconded by Council Member Nelson, the City Council adopted Resolution No. 2026-008, A Resolution of the City Council of the City of Citrus Heights, California, Establishing a Youth Advisory Commission.

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

12. **SUBJECT:** Ordinance to Repeal Chapter 2, Article IV, Division 5. Construction Board of Appeals and Add Chapter 18, Article XXXI, Building Code Board of Appeals
STAFF REPORT: C. Kempenaar / A. Van / J. Cuffe
RECOMMENDATION: Staff recommends the City Council:

    a. Introduce for a First Reading, read by title only, and waive the first full reading of Ordinance No. 2026-002, An Ordinance of the City Council of the City of Citrus Heights, California, Repealing Chapter 2, Article IV, Division 5 Construction Board of Appeals and Adding Chapter 18, Article XXXI Building Code Board of Appeals, to the Citrus Heights Municipal Code Relating to Buildings and Building Regulations.

City Clerk Van presented on the item. Due to the challenges with recruitment and infrequency of meetings of the Construction Board of Appeals, staff recommended a transition to a Board of Appeals comprised of Building Officials in neighboring jurisdictions.

City Council questions and comments followed. Chief Building Official Cuffe responded to questions.

ACTION: On a motion by Council Member Schaefer, seconded by Vice Mayor Middleton, the City Council Introduced for a First Reading, read by title only, and waived the first full reading of Ordinance No. 2026-002, An Ordinance of the City Council of the City of Citrus Heights, California, Repealing Chapter 2, Article IV, Division 5 Construction Board of Appeals and Adding Chapter 18, Article XXXI Building Code Board of Appeals, to the Citrus Heights Municipal Code Relating to Buildings and Building Regulations.

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

DEPARTMENT REPORTS

None

CITY MANAGER ITEMS

City Manager Feeney provided a presentation announcing that the Gateway Activation Plan Mitigated Negative Declaration public review period is February 16 – March 19, 2026. He thanked Congressman Ami Bera for securing Community Projects Funding, which will be utilized for the San Juan Avenue Phase 2 Project. He noted that City Hall will be closed on February 16 in observance of President's Day.

ITEMS REQUESTED BY COUNCIL MEMBERS / FUTURE AGENDA ITEMS

None

ADJOURNMENT

Mayor Lopez-Taff adjourned the regular meeting at 8:14 p.m.

Respectfully submitted,

_____
Amy Van, City Clerk

CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: April 8, 2026

TO: Mayor and City Council Members

FROM: Ashley J. Feeney, City Manager

SUBJECT: **Adoption of Annual Strategic Planning Objectives**

Recommendation

The City Council and staff held the Annual Strategic Planning Session on March 18, 2026, where the City Council and executive staff reviewed the last goal period and developed new strategic objectives for the planning period April 2026 to June 2027. The next strategic planning session is anticipated to be held in March 2027.

Staff recommends the City Council adopt Resolution No. 2026-___, a Resolution of the City Council of the City of Citrus Heights, California, Adopting the Strategic Objectives for April 2026 to June 2027.

Strategic Plan Alignment

This item supports all the City Council three-year goals.

Fiscal Impact

There is no fiscal impact with this action. Funding needed to achieve strategic goals and objectives is considered as part of the City's budget adoption process. Strategic objectives that have potential fiscal impacts or budget ramifications will be discussed when those items are considered at future meetings.

Background

Since incorporation, Citrus Heights has placed an emphasis on strategic planning to prioritize its policies, programs, and services for the coming year. The City Council, City Manager, and executive staff members participate in the goal and objective-setting process. It is the responsibility of the City Manager to oversee the implementation of the Strategic Plan, coordinating with the City's operating departments and divisions.

Historically, a strategic planning session is held where the City Council reviews the goals and identifies a list of objectives to support the core goals. Implementation of these objectives is how

the City achieves our shared vision of a city of choice for residents and businesses to prosper and thrive.

Proposed Strategic Goals & Objectives

The current adopted Three-Year Goals (2024-2027) associated with the Strategic Plan are:

- Maintain and enhance fiscal stability while supporting operational excellence
- Maintain public infrastructure and enhance all modes of transportation
- Diversify for a vibrant economy
- Preserve and enhance public safety
- Enhance community vibrancy and engagement

On March 18, the City Council reviewed and discussed over 30 objectives for consideration. The Council provided direction on modifications to some objectives which have been updated accordingly. In addition, staff identified the responsible party(s) and timelines for each of the objectives considered. These recommended draft Strategic Objects Matrix (Exhibit A) serve as a work plan matrix to track the City Council-approved strategic objectives that are designed to create progress and meet community needs in each focus area.

As part of the annual cadence for Strategic Planning, the session traditionally occurs in March to align with the City's budget processes. Staff recommends adopting a best practice this year by adjusting the strategic objectives timeline to better inform the budget and align with the City's fiscal year, which runs from July 1 to June 30. For the upcoming priorities, staff suggests setting the next strategic objectives period from April 2026 to June 2027, and thereafter, future objectives will be scheduled to coincide with the fiscal year. This approach ensures that any strategic objective requiring financial resources is fully integrated into the annual budget planning and mid-cycle budget considerations.

The recommended draft strategic objective statements and implementation measures are specifically designed to be community facing and serving to help address the community focus areas referenced above. The proposed strategic objectives for the April 2026 to June 2027 planning cycle include a number of non-community facing items as well, but are important to the organization and consistent with the discussion that came out of the March 18, 2026 Strategic Planning Session. The volume of City Council and staff work anticipated for delivery throughout 2026-2027 continues to be impressive. Staff will present a mid-year report to the City Council on implementation of the Strategic Objectives to provide opportunities for modifications based upon evolving needs, results, and return on investment.

Attachments:

1. Resolution of the City Council of the City of Citrus Heights, California, Adopting the Strategic Planning Objectives for April 2026 – June 2027
    a. Exhibit A – Strategic Objectives Matrix for April 2026 – June 2027

RESOLUTION NO. 2026-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS, CALIFORNIA, ADOPTING THE STRATEGIC OBJECTIVES FOR APRIL 2026 TO JUNE 2027

WHEREAS, since incorporation, Citrus Heights has placed an emphasis on strategic planning to prioritize its policies, programs, and services for the coming year; and

WHEREAS, the City Council held its Annual Strategic Planning Session on March 18, 2026. At this meeting, strategic objectives were discussed for each of the three-year goal areas (2024-2027); and

WHEREAS, strategic planning is a disciplined effort to produce fundamental actions that shape and guide an organization. The Strategic Objectives for April 2026 to June 2027 reflects finalized goals and objectives established by City Council and staff; and

WHEREAS, the adoption of the Strategic Objectives for April 2026 to June 2027 would confirm the City Council's focus and direction to staff as a work plan for the 2026/2027 period; and

WHEREAS, the City Council intends to hold the next Annual Strategic Planning Session in March 2027 to discuss the City's progress on implementation of the set objectives and will hold a Strategic Planning Session annually in March of each year; and

WHEREAS, there are numerous benefits to strategic planning, including: organizations can increase effectiveness and efficiency, improve understanding of the community's needs, enhance organizational capabilities, and improve communications, and public relations.

NOW THEREFORE BE IT RESOLVED AND ORDERED the City Council hereby adopts the Strategic Objectives for April 2026 to June 2027 as outlined in Exhibit A.

BE IT FURTHER RESOLVED staff will present a mid-year report to the City Council on implementation of the Strategic Objectives for April 2026 to June 2027 to provide opportunities for modifications based upon evolving needs, results, and return on investment.

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 8th day of April 2026 by the following vote, to wit:

AYES: Council Members:
NOES: Council Members:
ABSTAIN: Council Members:
ABSENT: Council Members:

MariJane Lopez-Taff, Mayor

ATTEST:

Amy Van, City Clerk

Exhibit

A. Strategic Objectives for April 2026 to June 2027

CITY OF CITRUS HEIGHTS ☼ STRATEGIC OBJECTIVES

April 2026 – June 2027

THREE-YEAR GOAL: **MAINTAIN AND ENHANCE FISCAL STABILITY WHILE SUPPORTING OPERATIONAL EXCELLENCE**

#	WHEN	WHO	WHAT	STATUS			COMMENTS
				DONE	ON TARGET	REVISED	
1	May 30, 2027	• Administrative Services Director	Transition the City's official web presence from a *.net* domain to a *.gov* domain to enhance credibility, security, and compliance with federal standards. Complete domain migration and update all associated digital assets by the end of the fiscal year, ensuring uninterrupted access for residents and stakeholders.				
2	June 30, 2027	• Administrative Services Director	To maintain a highly skilled workforce, develop and implement Employee Engagement and professional development efforts to promote operational excellence and provide opportunities for succession planning and cross training. Present a department report or memorandum on this effort to the City Council. (Objective moved from 2025/2026 due to staffing constraints.)				
3	September 9, 2026	• Administrative Services Director	Develop and issue a Request for Proposals (RFP) for independent audit services to ensure compliance with regulatory requirements and maintain transparency in financial reporting. The RFP will outline scope, evaluation criteria, and timelines, with the goal of selecting a qualified auditor.				
4	June 30, 2027	• Administrative Services Director	Continue Tyler Munis implementation and system enhancements such as Encroachment Permits, Finance Contracts, Fixed Assets components and improved reporting.				
5	January 27, 2027	• Administrative Services Director	Develop and issue Request for Proposals (RFP) on City Government phone system replacement due to				

			end of life of current system by 2026/27.				
6	October 28, 2026	• General Services Director	Issue Request for Proposals (RFP), award construction contract and complete tenant improvements on the Old Auburn Road Animal Services building renovation.				
7	June 10, 2026	• Administrative Services Director	Conduct and complete negotiations with both bargaining units to reach agreements that support the City's operational goals.				

THREE-YEAR GOAL: **MAINTAIN PUBLIC INFRASTRUCTURE AND ENHANCE ALL MODES OF TRANSPORTATION**

#	WHEN	WHO	WHAT	STATUS			COMMENTS
				DONE	ON TARGET	REVISED	
8	August 12, 2026	• General Services Director	Complete construction of the Roseville Road / Butternut Drive Systematic Signalized Intersection Improvement Project.				
9	July 8, 2026	• General Services Director	Complete construction of the 2025 Roadway Resurfacing Project.				
10	August 12, 2026	• General Services Director	Award construction contract for the 2026/2027 Accessibility & Drainage Project.				
11	April 30, 2027	• General Services Director	Complete environmental documentation for the Arcade Cripple Creek Trail-Mariposa Extension Project.				
12	February 10, 2027	• General Services Director	Develop the next 3-year pavement preservation program for Council review and approval (2028-2030 streets).				
13	March 10, 2027	• General Services Director	Award construction contract for the San Juan Avenue Complete Streets Phase 1B Project.				
14	June 10, 2026	• General Services Director	Issue Request for Proposal (RFP) and award new contracts for multi-year Pavement and Concrete Maintenance Services.				

THREE-YEAR GOAL: **DIVERSIFY FOR A VIBRANT ECONOMY**							
#	**WHEN**	**WHO**	**WHAT**	**STATUS**			**COMMENTS**
				DONE	ON TARGET	REVISED	
15	June 24, 2026	• Economic Development and Community Engagement Director	Develop a recruitment strategy to advance investment attraction and tenant recruitment efforts to secure complementary hospitality, entertainment, dining, housing and retail uses that support the sports center and position the Sunrise district as a regional destination.				
16	January 1, 2027	• City Manager • Community Development Director • Economic Development and Community Engagement Director	Negotiate and bring forward for City Council consideration a Development Agreement with project partners consistent with the Economic Development and Participation Agreement (EDPA) establishing the roles, responsibilities, performance benchmarks, and implementation framework necessary to advance the Sunrise Sports Center project.				
17	January 1, 2027	• Community Development Director	Complete required CEQA environmental review and secure necessary planning approvals for the Sunrise Sports Center project, including any Specific Plan amendments, use permits, design review approvals, and related entitlements required to enable development.				
18	January 1, 2027	• City Manager • City Attorney	Advance site acquisition or other land control mechanisms necessary to secure the project site and enable redevelopment consistent with the Sunrise Tomorrow Specific Plan, including negotiation and execution of site control agreements.				
19	January 1, 2027	• City Manager • Community Development Director • Economic Development and	Establish the financing structure necessary to support project development and related infrastructure improvements, including development of a bonding framework and presentation of financing options for City Council consideration.				

		Community Engagement Director • Administrative Services Director					
20	May 27, 2027	• Economic Development and Community Engagement Director	Explore workforce development opportunities, including potential partnerships with post-secondary schools.				

THREE-YEAR GOAL: **PRESERVE & ENHANCE PUBLIC SAFETY**							
#	**WHEN**	**WHO**	**WHAT**	**STATUS**			**COMMENTS**
				DONE	ON TARGET	REVISED	
21	August 13, 2026	• Police Chief	Create and implement an E-bike education and enforcement program to curb unsafe behavior.				
22	October 14, 2026	• Police Chief	Review and adjust, as appropriate, the pedestrian safety ordinance to further the beautification efforts and increase driver and pedestrian safety near intersections.				
23	February 24, 2027	• Police Chief • Community Development Director • Economic Development and Community Engagement Director	Create a process and procedure for monitoring vacant buildings consistent with the Commercial Property Re-occupancy (CPR) ordinance.				
24	October 1, 2026	• Police Chief	Transition the digital evidence platform (officer supporting camera technologies) to a new vendor to align with best practices and requirements for evidence retention.				
25	January 18, 2027	• Police Chief	Evaluate the public safety impact of recent grant funded technology enhancements to determine best platforms to retain for future operations including a review of possible future funding sources.				
26	November 30, 2026	• Police Chief	Utilize public safety grant funding to acquire a new armored rescue vehicle to replace the current outdated platform.				
27	May 13, 2026	• Police Chief	Evaluate the efficacy of current red-light photo enforcement program and work with City Council to determine the future of the program.				

28	August 17, 2026	• Police Chief	Develop and implement a Business Watch program in partnership with the local Chamber of Commerce to enhance communication between businesses, promote crime prevention strategies, and enhance collaboration among local enterprises.				

THREE-YEAR GOAL: **ENHANCE COMMUNITY VIBRANCY AND ENGAGEMENT**							
#	**WHEN**	**WHO**	**WHAT**	**STATUS**			**COMMENTS**
				DONE	ON TARGET	REVISED	
29	March 24, 2027	• City Manager • General Services Director • City Attorney	Evaluate and develop opportunities for the Coronado property to support recreation, culture, and nature-based uses that enhance community identity and public space offerings. Present to the City Council for feedback and direction.				
30	June 24, 2027	• City Clerk • Economic Development and Community Engagement Director	Present the City Council with a plan to expand and formalize engagement with community members for whom English is a second language by increasing outreach efforts, fostering partnerships with community leaders and organizations, and improving access to City services and civic participation.				
31	August 19, 2026	• General Services Director	Commemorate the completion of the Auburn Boulevard Complete Streets revitalization by hosting a ribbon cutting event to recognize the contributions and efforts of the community, City Council, staff, stake holders and construction team.				
32	August 26, 2026	• General Services Director • City Clerk	Create policy guidelines for displaying or installing art on public property for Council review and consideration.				
33	February 10, 2027	• City Manager • City Clerk	Identify and pursue partnership opportunities that will continue to foster vibrant, accessible, and community-inspired public facing art installations inviting community stakeholders to engage, connect, and celebrate local creativity together.				

CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: April 8, 2026

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

FROM: Regina Cave, General Services Director
Leslie Blomquist, City Engineer

SUBJECT: **Primrose Drive and Various Repairs Project Award of Construction Contract**

Recommendation

The Primrose Drive and Various Repairs Project (Project) consists of the following items of work, all in preparation for the upcoming 2025 Roadway Resurfacing Project:

- On Primrose Dr:
  - Reconstruct failed and damaged sections of existing curb/gutter/sidewalk
  - Replace deteriorated and damaged storm drain facilities
- On Woodcreek Dr: replace damaged storm drain facility
- On Greenback Ln Frontage Road: median modifications

Staff recommends the City Council adopt Resolution No. 2026-____, a Resolution of the City Council of the City of Citrus Heights, California, Authorizing the City Manager to Execute an Agreement with All-American Construction, Inc. for construction of the Primrose Drive and Various Repairs Project and Finding the Project is Exempt from the California Environmental Quality Act (CEQA) Under Section 15301.

Strategic Plan Alignment

This item aligns with the Citrus Heights City Council Strategic Plan Three Year Goal:

Goal: Maintain Public Infrastructure and Enhance All Modes of Transportation

Fiscal Impact

There is no impact to the Fiscal Year (FY) 2025/2026 budget. The full funding for the project is summarized in the following tables, consistent with the current 5-Year Capital Improvement Program (CIP) and approved 2-Year budget for “Pavement Restoration Project.”

Table No 1. – Estimated Project Costs

Project Component	Estimated Cost ($)
Recommended Contract Award	$237,263.50
15% Contingency	$35,589.53
Grand Total	$272,853.03

Table No 2. – Project Funding

Source Fund	Fund No.	Amount ($)
Storm Water Utility Funds	209	$116,052.25
Gas Tax	205	$156,800.78
Totals		$272,853.03

Background and Analysis

On December 14, 2023, the City Council approved the Pavement Restoration Plan for 2025 through 2027. The scope of work for the Project includes necessary upgrades to the existing storm drain system, repair damaged sidewalk locations, reconstruct curb ramps to current standards and construct new curb ramps when required for compliance with the ADA.

Primrose Drive is included on the 2027 list of the Council approved Pavement Restoration Plan. However, due to the severe degradation of the asphalt concrete on this roadway, it is recommended to move this roadway from the 2027 list to the 2025 list. The roadways on the 2025 list are scheduled for resurfacing beginning in Spring 2026.

Historically, the City has performed accessibility and drainage improvement projects as a predecessor to annual street resurfacing project, as required by the Americans with Disabilities Act (ADA) and in conformance with the City's ADA Transition Plan. In addition, prior to resurfacing roadways, it has been the City's practice to perform sidewalk, curb, gutter and underground storm drain pipe repairs.

On May 28, 2025, the City Council adopted a resolution awarding a construction contract for the 2025 Accessibility and Drainage project which included all concrete (i.e. curb ramp, sidewalk, curb & gutter) and storm drain repairs along streets included on the 2025 Pavement Restoration Plan. This project is substantially complete and the contractor has demobilized from the site.

As Primrose Drive was moved from the 2027 to the 2025 list, after substantial completion of the 2025 Accessibility and Drainage Project, and in order to secure the lowest and most competitive price, the Primrose Drive and Various Repairs Project was developed and includes the following items of work:

- On Primrose Dr:
  - Reconstruct failed and damaged sections of existing curb/gutter/sidewalk
  - Replace deteriorated and damaged storm drain facilities
- On Woodcreek Dr: replace damaged storm drain facility
- On Greenback Ln Frontage Road: median modifications

On February 18, 2026, the City Engineer approved the Project Plans and construction bid documents for the project prepared by City staff.

The Project was advertised on February 18, 2026 and construction bids were received and read aloud on March 12, 2026. A total of seven bids were received and after a thorough analysis, staff determined that All-American Construction, Inc.'s bid of $237,263.50 was the lowest responsive base-bid for the project, based on the prices submitted. The complete bid results are shown in the following table:

Table No 3 – Project Bid Tabulation

Bidder	Base Bid Total
All-American Construction, Inc.	$237,263.50
Platinum General Engineering	$243,357.56
Hyatt Contracting	$259,640.00
FBD Vanguard Construction, Inc.	$260,812.00
Central Valley Engineering & Asphalt	$274,601.00
B&M Civil LLC	$343,488.00
Martin General Engineering, Inc	$438,594.00

The engineer's estimate for the base bid of this project was $276,700.00.

All-American Construction, Inc. base bid for the project is $237,263.50. This bid is based upon estimated quantities, which may vary due to actual field conditions. Ultimately, the Contractor is paid for actual work completed based upon the unit price bid, which may require the approval of a change order. Change orders for amounts less than 15% of the total contract price shall require prior written approval of the City Manager or his designee. Change orders for amounts equal to or greater than 15% of the total contract price shall require prior approval of the City Council.

Staff recommends the City Council adopt the attached Resolution authorizing the City Manager to execute an agreement with All-American Construction, Inc. for construction of the Primrose Drive and Various Repairs Project.

Environmental Review

California Environmental Quality Act (CEQA): The Project is Categorically Exempt from review under CEQA pursuant to Sections 15301, as the repair, maintenance or modification of existing facilities involve no or negligible expansion of use beyond that which currently exists.

Attachments

1. Resolution No. 2026-_____ A Resolution of the City Council of the City of Citrus Heights, California, Authorizing the City Manager to Execute an Agreement with All-American Construction, Inc. for Construction of the Primrose Drive and Various Repairs Project and Finding the Project is Exempt from the California Environmental Quality Act (CEQA) Under Section 15301.

RESOLUTION NO. 2026-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH ALL-AMERICAN CONSTRUCTION, INC. FOR CONSTRUCTION OF THE PRIMROSE DRIVE AND VARIOUS REPAIRS PROJECT AND FINDING THE PROJECT IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) UNDER SECTION 15301

WHEREAS, the City Council of the City of Citrus Heights, California, desires to proceed with construction of the Primrose Drive and Various Repairs Project (Project); and

WHEREAS, the Project will construct sidewalk repairs, storm drain improvements and median modifications at various locations included throughout the City; and

WHEREAS, bids for the project were received, opened and read aloud on March 12, 2026, and All-American Construction, Inc. was determined to be the lowest responsive, responsible bidder for the Project; and

WHEREAS, sufficient Stormwater Utility (Fund 209), Gas Tax (Fund 205) funds have been budgeted in Fiscal Year 25/26 and 26/27 to fund the Project.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the City Council of the City of Citrus Heights does hereby as follows:

1. Finds the Primrose Drive and Various Repairs Project is Categorically Exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Section 15301, as the repair, maintenance or modification of existing facilities involve no or negligible expansion of use beyond that which currently exists.

2. Awards the Primrose Drive and Various Repairs Project to All-American Construction, Inc., who is the lowest responsive and responsible bidder in the March 12, 2026, bid opening.

3. Authorizes the City Manager is to execute an agreement with All-American Construction, Inc., in the amount of $237,263.50 for the Primrose Drive and Various Repairs Project and that a copy of the Agreement is available and on file in the City Clerk's office and is incorporated herein by reference and made a part of this Resolution.

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 8th day of April, 2026 by the following vote, to wit:

AYES: Council Members:
NOES: Council Members:
ABSTAIN: Council Members:
ABSENT: Council Members:

MariJane Lopez-Taff, Mayor

ATTEST:

Amy Van, City Clerk

CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: April 8, 2026

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

FROM: Regina Cave, General Services Director
Leslie Blomquist, City Engineer
Mary Poole, Operations Manager

SUBJECT: **Resolution Authorizing Applications for Grant Funding from the Sacramento Area Council of Governments (SACOG) 2026 Federal Funding Programs**

Recommendation

The Sacramento Area Council of Governments (SACOG) has announced three 2026 Federal Funding Cycle Programs (Funding Programs): System Preservation Program, System Performance Program, and Next Generation Solutions & Clean Air Program. The three Funding Programs are open to sponsoring agencies within the six-county SACOG region. As part of the application process, a resolution is required authorizing City staff to submit applications on behalf of the City.

The application process also requires that the City identify priority projects that it may submit for funding under the SACOG 2026 Federal Funding Programs. The funding programs and City priority projects based on program eligibility and competitiveness are listed in the table below (not in priority order).

SACOG Federal Funding Program	Purpose	City Priority Projects
System Preservation Program	Invests in maintaining and resurfacing major roadways that keep people and goods moving	San Juan Complete Streets Phase 2

SACOG Federal Funding Program	Purpose	City Priority Projects
System Performance Program	Funds projects that improve how the transportation system functions day-to-day, including roadway and safety improvements, transit upgrades, electric vehicle charging, new bike and pedestrian connections, mobility hubs, and smart-transportation technologies that help manage traffic and improve reliability	- Arcade Cripple Creek Trail (ACCT) Extension – Stock Ranch Center to Sylvan Road - Gateway Activation Project (GAP) - Multi Modal Improvements - San Juan Complete Streets Phase 2 – Multi-Modal Improvements - Sunrise Tomorrow Frontage Improvements
Next Generation Solutions & Clean Air Program	Supports projects that reduce emissions and improve air quality—such as high-capacity transit, zero-emission vehicles and charging infrastructure, bikeways and trails, Complete Streets, traffic flow improvements, and programs that encourage carpooling, transit use, and other clean transportation options	- Arcade Cripple Creek Trail (ACCT) Extension – Stock Ranch Center to Sylvan Road - Gateway Activation Project (GAP) - Multi Modal Improvements - San Juan Complete Streets Phase 2 – Multi-Modal Improvements - Sunrise Tomorrow Frontage Improvements

Staff recommends the City Council adopt Resolution 2026-____, a Resolution of the City Council of the City of Citrus Heights, California, Authorizing the Submittal of Applications for Grant Funding from the Sacramento Area Council of Governments (SACOG) 2026 Federal Funding Programs and Identifying Priority Projects for the Various Funding Programs.

Strategic Plan Alignment

This item aligns with the Citrus Heights City Council Strategic Plan Three Year Goal:

Goal: Maintain Public Infrastructure and Enhance All Modes of Transportation

Fiscal Impact

There is no impact to the Fiscal Year (FY) 2025/2026 budget. A positive fiscal impact will be realized if funding applications are approved and funds are awarded. Typically, a local match is required for federal grant funds, typically in the form of a percentage match of 11.47% of the overall project or grant award. If the City is awarded funds, the local match amount could be provided with local funds or a combination of local funds and staff time.

Attachments

1. Resolution No. 2026-_____, A Resolution of the City Council of the City of Citrus Heights, California, Authorizing the Submittal of Applications for Grant Funding from the Sacramento Area Council of Governments (SACOG) 2026 Federal Funding Programs and Identifying Priority Projects for the Various Funding Programs

RESOLUTION NO. 2026-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS, CALIFORNIA, AUTHORIZING THE SUBMITTAL OF APPLICATIONS FOR GRANT FUNDING FROM THE SACRAMENTO AREA COUNCIL OF GOVERNMENTS (SACOG) 2026 FEDERAL FUNDING PROGRAMS AND IDENTIFYING PRIORITY PROJECTS FOR THE VARIOUS FUNDING PROGRAMS

WHEREAS, the Sacramento Area Council of Governments (SACOG) has announced three 2026 Federal Funding Cycle Programs (Funding Programs), which are open to sponsoring agencies within the six-county SACOG region: System Preservation Program, System Performance Program, and Next Generation Solutions & Clean Air Program; and

WHEREAS, the System Preservation Program invests in maintaining and resurfacing major roadways that keep people and goods moving; and

WHEREAS, the System Performance Program funds projects that improve how the transportation system functions day-to-day, including roadway and safety improvements, transit upgrades, EV charging, new bike and pedestrian connections, mobility hubs, and smart-transportation technologies that help manage traffic and improve reliability; and

WHEREAS, the Next Generation Solutions & Clean Air Program supports projects that reduce emissions and improve air quality—such as high-capacity transit, zero-emission vehicles and charging infrastructure, bikeways and trails, Complete Streets, traffic flow improvements, and programs that encourage carpooling, transit use, and other clean transportation options; and

WHEREAS, eligible projects for Funding Programs must be listed in the 2025 Blueprint or fit within 2025 Blueprint lump-sum project categories including but not limited to road maintenance and reconstruction, transit vehicle replacements, operational improvements, Intelligent Transportation Systems, and bicycle and pedestrian investments; and

WHEREAS, SACOG limits Funding Programs grant applications to no more than three applications per sponsoring agency for any one of the three different Funding Programs to SACOG, up to a maximum of nine total applications per sponsoring agency; and

WHEREAS, applicants shall affirm their commitment to delivering projects in accordance with the requirements of Surface Transportation Block Grant (STBG) Program and Congestion Mitigation & Air Quality (CMAQ) Improvement Program, as applicable; and

WHEREAS, grant proposals for construction work shall obligate Funding Program dollars for construction activities no later than the end of federal Fiscal Year 2028-29; and

WHEREAS, SACOG will not provide additional federal or state funding in the event that cost overruns are identified; and

WHEREAS, project sponsors shall commit to providing local matching dollars, typically 11.47% of the total project cost; and

WHEREAS, SACOG requires that if awarded federal funds by the SACOG Board, City of Citrus Heights staff responsible for project delivery must attend quarterly project delivery meetings with SACOG staff to receive assistance until project closeout.

NOW, THEREFORE, BE IT RESOLVED by the City of Citrus Heights as follows:

1. The General Services Director, City Engineer or designee is authorized to execute all documents necessary to committing the City of Citrus Heights to federal, state and regional funding and project delivery requirements, including but not limited to abiding by Funding Program guidelines.

2. The City acknowledges that in the event of receiving an award by the SACOG Board of Funding Program dollars, that the City of Citrus Heights will be required to abide by multiple timely use of funding requirements described in Funding Program guidelines and SACOG's Regional Delivery Policies, including but not limited to: obligating federal funding no later than the end of federal fiscal year 2028-2029 for construction activities; committing to securing required local match dollars; acknowledging that SACOG does not cover cost overruns; and committing staff to attend delivery meetings until project closeout.

3. The General Services Director, City Engineer or designee is authorized to submit the following applications for 2026 Six-County Federal Funding Cycle Programs, with a maximum of three applications allowed per funding program area:

4. The following projects are priority projects to be submitted under any and all funding programs for which they are eligible:

    - **Arcade Cripple Creek Trail – Sylvan to Stock Ranch Center Extension** – an extension of the Arcade Cripple Creek Trail, the next phase in the City's citywide trail network;

    - **Gateway Activation Project (GAP)** – On Old Auburn Road, between Wachtel Way and the City's eastern boundary and on Wachtel Way south to the Arcade Cripple Creek Trail, the project will extend multi modal facilities, upgrade intersections and improve pedestrian safety and crossings;

    - **San Juan Complete Streets Phase 2** (Greenback Lane to Spicer Drive): a complete streets improvement project including but not limited to multi modal safety and accessibility improvements, traffic signa upgrades and signal coordination, crossing improvements, lighting improvements, and resurfacing; and

    - **Sunrise Tomorrow Specific Plan Frontage Improvement and Related Projects** – transportation capital projects to support the Sunrise Tomorrow Specific Plan implementation, including frontage improvements along Greenback Lane and Sunrise Boulevard, Bus Rapid Transit, the Transit Center and related elements.

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 8th day of April, 2026 by the following vote, to wit:

AYES: **Council Members:**
NOES: **Council Members:**
ABSTAIN: **Council Members:**
ABSENT: **Council Members:**

MariJane Lopez-Taff, Mayor

ATTEST:

Amy Van, City Clerk

CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: April 8, 2026

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

FROM: Casey Kempenaar, Community Development Director
Regina Cave, General Services Director
Mary Poole, Operations Manager

SUBJECT: **Sunrise Tomorrow Frontage Improvement Project (Sunrise Boulevard & Greenback Lane) Project GS 25-15 Professional Engineering Services Agreement**

Recommendation

Staff recommends the City Council adopt Resolution No. 2026-___, a Resolution of the City Council of the City of Citrus Heights**,** California, authorizing the City Manager to execute a Professional Services Agreement with Mark Thomas & Company, Inc. for the Sunrise Tomorrow Frontage Improvement Project (Sunrise Boulevard & Greenback Lane).

Strategic Plan Alignment

This item is in alignment with the following City Council priority:

> **Goal:** Diversify for a Vibrant Economy
> **Objective:** Establish the financing structure necessary to support project development and related infrastructure improvements, including development of a bonding framework and presentation of financing options for City Council consideration.

Fiscal Impact

This Project scope subject to this contract authorization is funded by a Reconnecting Communities Green Means Go grant from SACOG in the amount of $450,000. The initial contract amount for this phase of the project is: $449,090. An additional $35,303.00 is estimated for the optional task for geotechnical work. If this task is needed, the associated cost will be funded by the multi-modal impact fee program.

Background and Analysis

The Sacramento Area Council of Governments (SACOG) has received $22.5 million from the U.S. Department of Transportation Reconnecting Communities Grant to fund the next phase of SACOG's award-winning Green Means Go program. The planning investment will accelerate infill development in ten areas across the region in designated Green Zones, or areas that have been identified for infill development, to reimagine neighborhoods and address transportation needs. In partnership with SACOG, the City was awarded $450,000 to support the preliminary engineering for the Sunrise Tomorrow frontage improvements – Sunrise Boulevard and Greenback Lane. The scope of work includes the following:

- Preliminary Engineering Design for the full frontage of Sunrise Boulevard and Greenback Lane including:
    - Intersection modifications
    - Green Loop Multi-Use Trail
    - Multi-modal transit facility and associated infrastructure
    - Utility points of connection
    - Phasing
    - Environmental (NEPA review)

In 2025, the City executed an agreement with SACOG to secure the funding to support this effort and to allocate the $450,000 grant.

The City issued a Request for Proposals (RFP) in December 2025, and received two proposals by the February 5, 2026, due date. The City used a qualifications-based selection process consistent with Caltrans Local Assistance Procedures Manual (LAPM), Chapter 10, which governs consultant selection. Interviews of the two consultant teams were conducted in February 2026. Proposals and interviews were evaluated based on the criteria specified in the RFP. As a result of the process, Mark Thomas & Company, Inc. was determined to be the most qualified consultant. They provided an in-depth and detailed proposal, introduced a highly qualified team and demonstrated a clear understanding of the work involved in the design and public outreach of the grant funded project.

Staff and the top-ranked consultant have fine-tuned the scope and cost for work associated with the Project Approval and Environmental Document (PA/ED) phase of the project to ensure that the services provided meet the City's needs and that the work will be done cost effectively.

Although the RFP solicited proposals for all phases of the Project, only PA/ED funds have been authorized for expenditure at this time. The proposed contract is to award the portion of the Project scope associated with the PA/ED phase. Future phases including Right of Way (ROW) and Construction will not begin until formal authorization to proceed is received from Caltrans. Staff will continue to fine-tune the scope and fee for future phases of the project. A contract amendment and City Council approval will be needed to authorize work on the ROW, final design and construction phases of the Project.

The City will continue to seek funding for design and construction of complete streets improvements for future phases on the Sunrise Tomorrow site.

Environmental Review

The proposed project was reviewed and approved as part of the Sunrise Tomorrow Specific Plan and associated Environmental Impact Report (EIR), no further review is required under the California Environmental Quality Act (CEQA). The project is funded by federal funding, which requires evaluation under National Environmental Policy Act (NEPA), which is included with the proposed scope of work.

Attachments

1. Resolution 2026-___ a Resolution of the City Council of the City of Citrus Heights**,** California, authorizing the City Manager to execute a Professional Services Agreement with Mark Thomas & Company, Inc. for the Sunrise Tomorrow Frontage Improvement Project (Sunrise Boulevard and Greenback Lane).

2. Scope of Work for the Sunrise Tomorrow Specific Plan Frontage Improvement Project

RESOLUTION NO. 2026-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH MARK THOMAS & COMPANY, INC. FOR THE SUNRISE TOMORROW FRONTAGE IMPROVEMENT PROJECT (SUNRISE BOULEVARD & GREENBACK LANE)

WHEREAS, in 2025, the City executed an agreement with the Sacramento Area Council of Governments (SACOG) to implement the Reconnecting Communities Grant SACOG received from the United States Department of Transportation; and

WHEREAS, the grant is intended to accelerate infill development in ten areas across the region in designated Green Zones including the Sunrise MarketPlace Green Zone, to reimagine neighborhoods and address transportation needs; and

WHEREAS, the City circulated a request for proposals for professional engineering services in accordance with Caltrans procedures for consultant selection and Mark Thomas & Company Inc. was selected as the most qualified consultant team to provide the required services; and

WHEREAS, the City now desires to enter into a Professional Services agreement with Mark Thomas & Company Inc. in an amount not to exceed $484,393.00; and

WHEREAS, this funding includes $449,090.00 for the Reconnecting Communities grant funded portion of the project scope and an estimated $35,303.00 for the optional task for geotechnical work; and

WHEREAS, the contract will be funded by a Reconnecting Communities grant ($450,000) and Multi-Modal Impact Fees ($35,303); and

WHEREAS, the contract may be amended to add additional scope or work to provide needed professional engineering services associated with future phases of the Project as funding is secured.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the City Council of the City of Citrus Heights does hereby authorize the City Manager to execute a Professional Services Agreement with Mark Thomas & Company Inc. For the Sunrise Tomorrow Frontage Improvement Project in a form approved by the City Attorney.

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 8th day of April, 2026, by the following vote, to wit:

AYES: **Council Members:**
NOES: **Council Members:**
ABSTAIN: **Council Members:**
ABSENT: **Council Members:**

MaryJane Lopez-Taff Mayor

ATTEST:

Amy Van, City Clerk

MARK THOMAS

SCOPE OF WORK

Mark Thomas will follow the scope of work below for the City of Citrus Height's Sunrise Tomorrow Specific Plan Frontage Improvement Project. In the performance of this scope of services, Mark Thomas will diligently perform this scope of work and will be responsible for items of work under this contract to the extent that issues arising from the performance of these services are within our reasonable control, and the Mark Thomas' obligation to indemnify and defend are limited to the extent actually caused by Mark Thomas in the performance of this scope of work.

Mark Thomas will provide contract documents (final) design services needed to perform the tasks noted below. All reports and/or studies, renderings and exhibits, plans and specifications, calculations, etc. developed by Mark Thomas will at a minimum comply with the City of Citrus Heights's Standards. Electronic file Deliverables will be in PDF (Portable Document Format), Microsoft (MS) Word, MS Excel, and/or CAD (Autodesk AutoCAD 2022 format).

TASK 1. PROJECT MANAGEMENT AND COORDINATION

Task 1.1. Project Management

This task includes project management time to manage the scope tasks below. Mark Thomas' project manager will plan, organize, direct, and monitor project work activities and resources in accordance with the contracted scope, schedule, and budget. This task includes performing ongoing general project management with the client, subconsultants and stakeholders including preparing contract paperwork, monthly status reports, memos, letters, and email, making phone calls and maintaining project files. This task will also include preparing monthly status reports, which will be submitted with invoices. The status report will outline all activities for which charges have been made by the Consultant or sub-Consultants. Mark Thomas will prepare a draft status report and submit it for approval prior to submitting the first invoice.

Task 1.2. Project Schedule and File Management

This task will include developing a master Critical Path Method (CPM) schedule and maintaining it throughout the design process. Input will be collected from Project Development Team (PDT) meetings and incorporated for the duration of the project. The CPM schedule will be updated monthly and at major project milestones, will consider City peer review, and will be prepared using Microsoft Project software.

Mark Thomas will maintain an organized project file structure for all deliverables, correspondence, and supporting documentation throughout the duration of the project. Files will be stored electronically using a consistent naming convention and folder system that aligns with City preferences and Caltrans documentation standards.

Task 1.3. Meetings

Mark Thomas will facilitate and attend a project kick-off meeting and monthly coordination meetings with the City as needed. Coordination check-in meetings will include representatives from Mark Thomas, City Staff and other stakeholders as directed by the City. This task includes preparation of loose agendas and a log of action items. The project CPM schedule identified below will be distributed and reviewed during coordination meetings along with updates on various activities. Project development team (PDT) meetings with multiple project team, City staff and stakeholders may take the place of the monthly coordination meetings when needed.

Mark Thomas will coordinate and attend up to Twenty Four (24) coordination meetings with the City and other agencies (i.e., Caltrans, etc.) to resolve technical issues.

Mark Thomas will participate and provide support for public workshops and property owner meetings included elsewhere in this Scope of Work.

Task 1.4. Agency Coordination

Mark Thomas will coordinate with applicable local, regional, state, and federal agencies to support project development, environmental clearance, and future implementation of the Sunrise Tomorrow Specific Plan Frontage Improvement Project. Coordination will include, as appropriate, Caltrans Local Assistance, Sacramento Regional Transit, and other permitting or resource agencies identified during Preliminary Engineering and environmental review. Efforts will include agency meetings, technical coordination, data exchange, and documentation necessary to support NEPA approval, right-of-way certification, and consistency with the Sunrise Tomorrow Specific Plan. Agency coordination will be conducted in accordance with Caltrans LAPM requirements and integrated with overall project schedule and deliverables. This scope of work assumes a total of four (4) virtual meetings including preparation of exhibits, agendas, and meeting minutes.

Task 1.5. Quality Control

The Mark Thomas Quality Control plan consists of established procedures for performing the work (which are reassessed with each project), including methods for design calculations, establishing appropriate levels of design development for intermediate submittals, identification of required plan checks, design checklists, and methods of project documentation. Our QC/QA Manager will implement and maintain these quality control procedures during the preparation of plans and documents throughout the design.

Deliverables

- Kick-off Meeting Agenda & Meeting Minutes
- Monthly progress reports and invoices (up to 24)
- Monthly CPM schedule updates (up to 24)
- Monthly Project Coordination Meeting Agenda & Meeting Minutes (up to 24 meetings)
- Agency Coordination Meeting Agenda & Meeting Minutes (up to 4 focus meetings)
- Project File Management
- QC/QA Checklist (at milestone submittals & City Request)

TASK 2. PRELIMINARY ENGINEERING

Task 2.1. Project Initiation and Site Investigation

Mark Thomas will coordinate the project kick-off meeting with the City and members of the design team to discuss the project background, scope, concepts, schedule, project management, potential stakeholders and issues, outreach opportunities and expectations. Mark Thomas will provide a project information gathering checklist to collect data elements needed for the design, including GIS mapping information, City-owned facility maps, utility contacts, as-built and planned improvement drawings, and available traffic counts and speed studies.

Mark Thomas will conduct site visits and take photographic inventory of existing conditions to reference during the design process and make observations related to sight distance at pedestrian crossings, ADA-compliance, and identify

potential conflicts with existing utilities and privately-owned improvements within the public right-of-way. For estimating purposes, 2 days of site visits have been assumed to complete the field reviews. A photo log will be prepared and submitted to the City electronically.

Task 2.2. Topographic Surveys

The survey team will conduct two days of field work focused on collecting key information to support the preliminary (35%) design. This effort will include capturing visible existing utility features, dipping existing drainage inlets (DIs) to confirm invert elevations, and collecting spot elevations only where necessary to inform design decisions. Full corridor topography will not be collected at this stage; survey will be targeted to areas where grade, drainage, or utility conflicts may influence layout. All data will be compiled and integrated into the base mapping to support the design team's needs at this early phase.

Task 2.3. Utility Base Mapping

Mark Thomas will perform utility mapping that will consist of retrieving a list of utility owners that may be affected by the project and sending out utility request ("A" letters) for records and as-built drawings. All record mapping obtained will be provided to the design team. Mark Thomas survey staff will follow up with utility companies that have not responded and will provide any additional mapping as it is received.
Mark Thomas will plot the utility lines of record by connecting them to above ground visible utilizes (including existing paint marks of underground locating) collected during the topographic survey tasks. This task does not include Subsurface Utility Engineering (SUE) or UG mark & locate.

Task 2.4. Preliminary Assessment and Concept Plans

Based on input from the prior studies identified under Task 2 as well as input from the City, Mark Thomas will perform a preliminary assessment of the project area to identify potential physical, operational, and regulatory constraints that may affect project development. Based on existing considerations (ie. right of way constraints, accessibility, drainage, etc.), Mark Thomas will prepare concept plans showing the proposed geometric improvements for the frontage improvements. These concepts will evaluate the existing right of way, traffic operations, opportunities, and drainage improvements. Mark Thomas will provide the exhibit in the form of strip map that can be used to determine which geometrics to move forward with for 35% plans. Mark Thomas assumes one (1) concept plan exhibit to be developed for this task and any comments received will be implemented on the 35% plans.

Task 2.5. 35% Plans

Mark Thomas team will build upon the preferred concept plan and prepare draft construction documents using City, County and, if needed, Caltrans standards and guidelines. These will include Title, Typicals, Cross Sections, Layouts, and Drainage/Utilities (plan view).

Fehr & Peers will prepare preliminary engineering (35%) plans for the traffic signal installation and modifications to implement the improvements in the Sunrise Tomorrow Specific Plan. This includes traffic signal designs at the following five (5) intersections:

- Sunrise Boulevard/Greenback Lane (modification)
- Sunrise Boulevard/Entry "A" Driveway (modification)
- Sunrise Boulevard/Entry "B" Driveway/Birdcage Centre Lane (installation)
- Sunrise Boulevard/Entry "D" Driveway/Macy Plaza Drive (modification)
- Greenback Lane/Arcadia Drive (modification)

Fehr & Peers will perform a field review of existing signalized intersections and prepare 35% preliminary traffic signal concepts, including controller locations, signal phasing, and preliminary pole layouts. Preliminary designs will be coordinated with available survey, roadway, right-of-way, and utility information to identify potential conflicts, right-of-way or easement needs, and fiber optic interconnect requirements. Fehr & Peers will also prepare a preliminary street lighting assessment, including an AGi32 photometric analysis and planning-level cost estimate to accommodate proposed frontage improvements. One round of City review comments will be incorporated, and planning-level input on future traffic control options and associated costs will be provided.

Task 2.6. 35% Estimate

Mark Thomas and Fehr & Peers will develop quantities and prepare construction cost estimates using the project geometrics and surfaces developed from survey information. Construction costs will be developed using current bid results from similar projects, Caltrans database information and from Caltrans latest Construction Cost Manual. All estimates will be done in Caltrans BEES format using Microsoft Excel.

Task 2.7. PES Form

As a subconsultant to Mark Thomas, De Novo Planning Group will initiate the project by establishing coordination with the City of Citrus Heights and Caltrans to confirm lines of communication, concurrence on the appropriate environmental approach, and agreement on required technical studies and CEQA/NEPA documentation. This effort will include review of available background reports, plans, and the certified Sunrise Tomorrow EIR, and coordination through an initial meeting or conference call with the City, Caltrans, and the project team.

Based on this coordination, De Novo Planning Group will prepare the Preliminary Environmental Study (PES) Form for Caltrans review and City signature. The PES will define the project description, purpose and need, anticipated environmental clearance path, and identify any environmental technical studies required to support NEPA approval. The assumption is that environmental clearance will be achieved through a Categorical Exemption under CEQA and a Categorical Exclusion under NEPA, based on the previously approved EIR; however, Caltrans local assistance may require additional technical studies that were not completed as part of the original EIR. Task 3 identifies assumed studies that may be required from the PES Form review.

Task 2.8. Geotechnical Report (Optional Tasks)

As a subconsultant to Mark Thomas, Crawford and Associates, Inc. will provide geotechnical engineering services to support development of pavement rehabilitation and design recommendations for the proposed frontage and intersection improvements. Services will include review of available geotechnical information, coordination for site access and permitting, pavement coring at proposed widened roadway segments, and laboratory testing to evaluate existing pavement structure and subgrade support characteristics. Based on field observations and test results, engineering analyses will be performed to evaluate existing pavement conditions, estimate current traffic index, and develop comparative pavement section and rehabilitation alternatives. Findings and recommendations will be documented in a draft and final Pavement Design Report summarizing site conditions, test results, and pavement design and rehabilitation recommendations suitable for use in preliminary design and cost estimating.

Deliverables

- Photo Log of Site Conditions (provided electronically)
- Topographic Base Mapping and Survey
- Record Level Right of Way
- Utility Mapping, Coordination Records, Prior Rights Determinations, and “A” Letters.
- Concept Plans Exhibit

- 35% Plans and Estimate
- PES Form
- Geotechnical Investigation Report (optional task)

TASK 3. ENVIRONMENTAL DOCUMENTATION

We understand that the project will utilize federal funds, and therefore NEPA clearance will be required in addition to CEQA clearance. We anticipate the City to be the CEQA and NEPA lead agency. Separate CEQA and NEPA documents are proposed, to allow a more efficient and streamlined CEQA preparation process

De Novo Planning Group brings a deep understanding of the Sunrise Tomorrow Specific Plan, having prepared the certified Environmental Impact Report for the Specific Plan. This prior involvement provides direct familiarity with the project area, environmental framework, and supporting technical studies, allowing the team to efficiently support PES development and subsequent environmental clearance. The following studies are based on assumptions from the team on what additional tech studies Caltrans may require to support the original EIR

Task 3.1. Prepare Community Impact Assessment – Tech Memo

De Novo will prepare a Community Impact Assessment Technical Memorandum that will summarize the existing socioeconomic and demographic setting of the project study area and evaluate potential community and neighborhood impacts related to the proposed project. This technical memorandum includes a discussion of social impacts related to implementation of the proposed project, including minority and low-income populations, environmental justice, and neighborhood disruptions within the project study area. This report also includes a discussion of economic impacts related to project implementation, including displacements. This document describes potential impacts of the proposed project and suggests minimization measures available to reduce potential adverse impacts. The report will include an Introduction, Project Description, Affected Environment, Environmental Consequences, Minimization Measures, Cumulative Impacts, References, and Figures. This task does not include a full CIA report, or relocation analysis/report. If Caltrans required this higher level study additional scope would be required.

Task 3.2. Prepare Noise Study

Consistent with the recommendations of Caltrans/FHWA Protocol and general requirements of the City of Citrus Heights, continuous (24-hr) and short-term (10-15 min) noise level measurements will be conducted at representative sensitive receptors along the project route. The continuous noise measurement data will be used for determining the time of day when the peak hour of traffic noise occurs, and to determine the relationship between peak hour noise levels and the 24-hour day/night average (Ldn) value. Additionally, the continuous and short-term noise level measurement data will be used to validate the FHWA Traffic Noise Model (TNM) predictions.
Existing, future no-project, and future + project traffic noise levels will be calculated for the project. The FHWA TNM model will be used for all traffic noise level predictions, consistent with the Caltrans/FHWA Protocol procedures. The TNM model is required by Caltrans and FHWA for determining traffic noise levels and evaluating noise abatement measures. Traffic noise levels will be determined for specific land uses which may be impacted by the project.
A detailed NSR will be prepared in accordance with the Caltrans/FHWA Protocol procedures. The NSR will include the results of the noise analysis for each receptor location and will include graphics showing noise monitoring sites, sensitive receptor locations, and noise abatement locations. Where noise abatement measures may be required, they will be included in the report. A preliminary determination of reasonableness will be conducted for noise abatement measures.

This Scope of Work will include responding to comments on the NSR. We assume a total of 4 hrs. time for this task. It is noted that this scope does not include a Noise Abatement Decision Report (NADR), which can be added should Caltrans require this report.

Task 3.3. Prepare Visual Impact Assessment – Tech Memo

De Novo will prepare a Visual Impact Assessment Technical Memorandum that will define the visual environment within the project site and its vicinity, estimate viewer response to visual resources within the project site and vicinity, and then assess the changes to the visual resources that are associated with the project to determine the degree to which visual impacts will result from project implementation. The report will include an Introduction, Project Description, Setting, Views, Methodology, Effects on the Landscape, Cumulative Impacts, References, and Figures. We have not budgeted to perform photo simulations but can add this service for additional budget if needed. If Caltrans requires the tech memo review/signature by a LLA, then our assumption is that an LLA from Mark Thomas would provide the review/signature.

Task 3.4. Prepare Air Quality Study

The Air Quality Report will include an air quality and climate change analysis, as well as a project-level conformity analysis. The air quality analysis will utilize CalEEMOD and/or EMFAC, as appropriate, to quantify criteria pollutants generated from traffic. Our analysis will be based on the traffic forecasts provided by the project engineer. We do not anticipate the need for a Health Risk Assessment or CO dispersion modeling.

The GHG emissions analysis will follow the Caltrans protocols as provided in the SER and document templates, as well as the SACOG regional GHG analysis, to ensure that GHG emissions are appropriately considered and addressed under CEQA. The Air Quality analysis will describe the federal, state, and local regulatory environment and existing air quality conditions impacting the region, and will describe emission sources, regional emission estimates, vehicle use, and construction emissions associated with implementation of the project. The analysis will conclude with a consistency analysis, cumulative impact analysis, and a discussion of feasible mitigation measures that should be implemented to reduce impacts on air quality and to ensure air quality conformity with the State Implementation Plan (SIP).

Task 3.5. Prepare CEQA/NEPA Documentation and Hearing Attendance

De Novo will prepare a CEQA document utilizing the City of Citrus Heights templates. The appropriate document will be an Initial Study and Categorical Exemption. This work effort will utilize the technical studies that are available from the engineers, as well as those listed under Task 3. The work plan and schedule will follow the City of Citrus Heights normal staff review timelines. We will submit an administrative review copy of these documents to the City for review and comment. We will revise the document based on the comments received and provide the City with a second administrative draft. Once the environmental document is approved for circulation, we will prepare a public draft with the appropriate public notices. Lastly, we will provide the City of Citrus Heights with an electronic copy of the notice of exemption which will be filed after approval by the City.

De Novo will prepare a NEPA document utilizing the Caltrans templates. The appropriate document will be a Categorical Exclusion. The work plan and schedule will follow Caltrans review timelines. We will submit an administrative review copy of these documents to Caltrans for review and comment. We will revise the document based on the comments received and provide Caltrans with a second administrative draft. Once the environmental document is approved for circulation, we will prepare a public draft document. We anticipate that Caltrans serving as the NEPA lead will be responsible for the filing in the federal register if required.

The CEQA process will require a public hearing at the Planning Commission and City Council. We have budgeted to have the project manager attend to answer any questions that the public or the elected may have regarding the environmental studies and CEQA document/

Task 3.6. Initial Site Assessment

Crawford will perform an Initial Site Assessment to identify any existing or historical hazardous materials conditions that could affect project design, permitting, or construction. This will include a review of federal, state, and local environmental databases, historic aerial imagery, and topographic maps. A limited site reconnaissance will be conducted to observe current conditions. Findings will be documented in a brief report summarizing site history, potential environmental concerns, and recommendations moving forward.

Deliverables

- Preliminary and Final CEQA Documents/Technical Studies (provided electronically)
- Preliminary and Final NEPA Documents/Technical Studies
- Draft and Final ISA

TASK 4. RIGHT OF WAY SERVICES

To successfully complete the proposed project, it will be necessary to identify right-of-way requirements resulting from the proposed design alternatives and estimate the cost to acquire the necessary properties and rights. Monument will work closely with the design team and the City to ensure that all potential property impacts are identified, and their associated costs are analyzed and estimated, and that all necessary property rights are acquired to allow for construction of the Project.

All services will be performed in accordance with all applicable statutory and regulatory requirements, including: the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (49 CFR Part 24), as amended; the Caltrans Right-of-Way Manual; the Real Property Acquisition Guidelines (Title 25, California Code of Regulations); and the City's own policies and procedures

Task 4.1. Property Owner Coordination and Exhibits

Mark Thomas will support the right of way effort by preparing right of way impact exhibits to be used in coordination with property owners. These exhibits will be used to discuss the total areas proposed for the acquisition. Mark Thomas will also assist the City in Property Owner Coordination meetings, if needed. It is assumed 5 property owner meetings will be needed and supported as part of this scope.

Task 4.2. Right of Way Cost Estimates

Monument will coordinate with the design team to identify right-of-way acquisitions resulting from the proposed improvements. Additionally, Monument will provide information about existing conditions within the project limits including, land use, and any existing rights or encumbrances known to exist on the affected properties. The specific steps Monument will take to determine impacts and estimate costs are as follows:

- Perform a GIS analysis to identify property and rights potentially affected by the proposed design
- Use publicly available data and other real estate resources to confirm the ownership, land use, zoning, lot size, and improvements for each affected property.

- Perform a desktop inspection of properties to confirm the probable acquisition type (fee, easement, temporary construction easement, etc.) including identifying existing uses or personal property to be relocated (if any).
- Calculate the fee and/or easement area (including temporary construction easements) that will need to be acquired for each impacted property using design data and assessor boundary information.
- Estimate the total capital cost of acquisition for all parcels including real estate costs, relocation assistance, severance damages, loss of goodwill, fixtures and equipment, demolition and clearance.
- Estimate permit costs.
- Estimate the total support cost for all parcels including appraisal fees, condemnation costs, title and escrow fees, environmental fees, and consultant fees as necessary.
- Escalate costs to anticipated right-of-way acquisition date.
- Prepare a draft Caltrans Right of Way Data Sheet using Caltrans Exhibit 17-EX-21 (Right of Way Data Sheet for Local Public Agencies) for the Build Alternatives.
- Update the RWDS based on comments from the design team and the City and submit a final Draft RWDS.
- Respond to comments from Caltrans R/W as necessary and make required updates to the Data Sheets.

Assumptions

- RWDS will be prepared for a maximum of 2 Build Alternatives.
- Maximum of 2 updates based on comments from the City and Caltrans.

Task 4.3. Prepare Utility Conflict Mapping

Mark Thomas will utilize the preliminary utility mapping developed in Task 2 to prepare utility conflict maps ("B" Plans) and coordinate relocation designs with the affected owners and will prepare "C – Notice to Owner" letters notifying the utilities of the pending construction. Should any relocations of private utility facilities be required, it is assumed that these designs will be provided by the private utility company. This task includes producing utility conflict exhibits and sharing with utility owners in advance of final design. Additional utility coordination meetings required for relocation will occur in future Final Design Phase and are not included in this task.

Deliverables

- Right-of-Way Data Sheets (Caltrans Exhibit 17-EX-21) for up to 2 build alternatives
- Utility Conflict Maps

ASSUMPTIONS

- Monument Preservation is not included in this SOW
- Record of Survey is not included in this SOW
- Boundary and Control Surveys not included in this SOW
- It is assumed encroachment permits and access will be granted by the City (for public right of way and City owned parcels)
- No subsurface mark and locate is included in this SOW
- Site-specific traffic control plans are not required for field crews; latest MUTCD will be used for traffic control.
- City to provide all as-built information within project limits

- Aerial Topography provided by City will be used at 30% design with the assumption that field topographical surveys will be completed in future task for final design.
- Utility Coordination and LAPM forms associated with coordination work is not included with this scope and will need to be included in future task for final design.

CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: April 8, 2026

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

FROM: Susan K. Talwar, Administrative Services Director
Dena Jenkins, Finance Manager

SUBJECT: **Annual Comprehensive Financial Report, Single Audit Report, and Audited Financial Statements and Compliance Report for Transportation Development Act Funds**

Recommendation

Staff recommends the City Council receive and file the City of Citrus Heights Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025, the City of Citrus Heights Popular Annual Financial Report for the Fiscal Year Ended June 30, 2025, the Audit Communication Letter, the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters, the Single Audit Report for the fiscal year ended June 30, 2025, and the City of Citrus Heights Transportation Development Act (TDA) Funds Audited Financial Statements and Compliance Report for the fiscal year ended June 30, 2025.

Strategic Plan Alignment

This item is in alignment with the following City Council priority:

Goal: Maintain and Enhance Fiscal Stability while supporting operational excellence.

Fiscal Impact

There is no fiscal impact associated with this action.

Background and Analysis

Annual Comprehensive Financial Report (ACFR)

Financial Report

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 Lance, Soll & Lunghard, LLP (LSL) performed the annual audit of the City's general purpose financial statements for the fiscal year ended June 30, 2025. 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 in Property Tax of $420,000;
- A decrease in Sales Tax Revenue of $695,000;
- An increase in State Vehicle In-Lieu tax of $694,000;
- Higher than expected revenues in investment revenue and vehicle fines;
- Savings in the General Fund of approximately $1.5 million due primarily to salary savings and lower than anticipated operating expenses;
- An increase in the General Fund balance of approximately $11.2 million.

Popular Annual Financial Report

The City has also completed its fourth 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, 2025 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 2024 ACFR and its 2024 PAFR, and the 2025 reports have been submitted for consideration of the awards.

Communications from LSL

The City's audit firm, LSL is required by auditing standards to provide communication to the Council in the form of an Auditor Communication Letter and an Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

The purpose of the Auditor Communication Letter is to communicate significant audit matters (if any) to the City Council. No significant audit matters were identified as a result of the audit procedures.

The purpose of the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters is to communicate any deficiencies in internal control or

instances of noncompliance with certain provisions of laws, regulations, contracts, and grant agreements. LSL reports that they did not identify any deficiencies in internal control or instances of noncompliance.

Single Audit Report

A single audit is required by Title 2 of the U.S. Code of Federal regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) when federal expenditures during a fiscal year exceed $750,000. For the fiscal year ended June 30, 2025, the City made federal expenditures of $17.7 million. The City's audit firm, LSL, performed the single audit. The single audit report also includes the report on Internal Control over Financial Reporting and Compliance and Other Matters. LSL issued a clean audit opinion regarding compliance and internal control over compliance for the City's major federal programs and Schedule of Expenditures of Federal Awards (SEFA).

The Single Audit Report for the fiscal year ended June 30, 2025 is posted on the City's website at: http://citrusheights.net/213/Financial-Reporting-Budget-CIP.

Transportation Development Act Audit

The accounting firm of Richardson & Company, LLP was hired by the Sacramento Area Council of Governments to audit the transportation funds received by member agencies for the fiscal year ended June 30, 2025. They have determined that the City of Citrus Heights Transportation Fund financial statements present fairly, in all material respects, the financial position of the Transportation Development Act Funds of the City of Citrus Heights as of June 30, 2025. The statements are in conformity with Generally Accepted Accounting Principles.

Attachments

1. City of Citrus Heights Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025.
2. City of Citrus Heights Popular Annual Financial Report for the Fiscal Year Ended June 30, 2025.
3. Auditor Communication Letter.
4. Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters.
5. City of Citrus Heights Single Audit Report for the year ended June 30, 2025.
6. City of Citrus Heights Transportation Development Act Funds – Audited Financial Statements and Compliance Report as of June 30, 2025.

CITRUS HEIGHTS
CALIFORNIA
Solid roots.
New growth.



For the Fiscal Year Ended June 30, 2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Prepared for :
Citrus Heights, CA

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

916-725-2448
https://www.citrusheights.net/
6360 Fountain Square Dr
Citrus Heights, CA 95621

CITY OF CITRUS HEIGHTS, CALIFORNIA

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

Prepared by
Finance,
A Division of the Administrative Services Department

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CITY OF CITRUS HEIGHTS, CALIFORNIA

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

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www.citrusheights.net

The City of CITRUS HEIGHTS is committed to providing high quality, economical, responsive city services to our community.

January 29, 2026

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 ending June 30, 2025. 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 conducts an annual audit at the end of each fiscal year and issue a complete set of audited financial statements. The audit is conducted following generally accepted auditing standards and the financial statements are presented in conformity with Generally Accepted Accounting Principles (GAAP).

The City is responsible for the accuracy of the data and the fairness of the presentation, including all footnotes and disclosures. City staff believes that the information presented in this report is accurate in all material aspects and that it includes all necessary statements and disclosures to provide the reader with a comprehensive understanding of the City's financial activities.

The City's management has implemented an internal control system designed to safeguard the City's assets from loss, theft, or misuse, while also ensuring the collection of reliable information for the preparation of the City's financial statements in compliance with GAAP. Since the cost of implementing a control should not exceed its benefits, the goal is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatements.

While this report is traditionally directed to the governing body of the City, its purpose is to provide relevant financial information to the citizens of Citrus Heights, city staff, creditors, investors, and other interested parties. City staff encourages all readers to reach out to the Finance Division with any questions or comments regarding this report.

The City's financial statements have been audited by LSL, 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, 2025 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 a reasonable basis for rendering an unmodified opinion, which states that the City's financial statements for the fiscal year ended June 30, 2025, 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.

DR. JAYNA KARPINSKI-COSTA, *Mayor* • MARIJANE LOPEZ-TAFF, *Vice Mayor*
PORSCHE MIDDLETON, *Council Member* • KELSEY NELSON, *Council Member* • TIM SCHAEFER, *Council Member*
ASHLEY J. FEENEY, *City Manager* • RYAN R. JONES, *City Attorney*

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, with the exception of certain Special Revenue Funds where expenditures are controlled by grant funding or assessments received. Budgetary control is legally maintained at the fund level for these funds. Department directors submit their budget requests to the Administrative Services Director, who prepares revenue estimates and budget recommendations for the following year, which are then presented to the City Manager. The preliminary budget may be amended by the City Council and is adopted by resolution 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 86,000 in a 14.2 square-mile area, Citrus Heights is 98% developed, with two large commercial corridors and a well-established residential community. The City attracts a population of all ages and has a higher percentage of millennials and retirees than other cities of the same 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 44,000. Unemployment in Sacramento County is at approximately 5.1%, which is below the current rate of unemployment for California (5.5%). 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.

Most of Citrus Heights' commercial real estate comprises 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 been impacted significantly — resulting in a significant decline since 2006.

In 2019, the 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-envisions Sunrise Mall as a regional destination and economic engine for the community. Citrus Heights is a City that takes charge of its 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 the City Council in October 2021.

In addition to ushering 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 67% 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. We intend 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 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 several issues including financial activity reporting, budgeting and financial planning, appropriation control, debt management, investments, fees, 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 15.6% 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.

In 2013 the City increased its fiscally conservative general fund balance reserve from ten percent to fifteen percent to cover unanticipated revenue shortfalls or expenditure requirements. In 2019, the general fund reserve was raised to seventeen percent. For the fiscal year ended June 30, 2025, the City's uncommitted general fund reserve once again met the increased percentage policy requirement.

Current Economic Conditions and Outlook

The City of Citrus Heights received its first property tax revenue previously retained by the County of Sacramento with the end of the revenue neutrality agreement in January 2023. This milestone provides an important boost to the City's fiscal health and enhances its ability to invest in local services and infrastructure.

The City's economic development efforts and implementation of sound financial policies continue to promote fiscal stability. Since incorporation in 1997, at the direction of the City Council, staff has conducted a systematic review of operations, which has sometimes resulted in transitioning from contract services to an in-house operational model, renegotiating existing service contracts, or retaining the contract operational model with a different service provider. These operational analyses and reforms are designed to promote long-term stability, particularly in the face of economic trends affecting developed cities, such as rising housing costs, labor market challenges, and ongoing supply chain disruptions. The City is mindful of these factors and remains focused on ensuring that its economic development strategies are resilient, adaptable, and aligned with the needs of the community for the future.

Awards and Acknowledgements

The City of Citrus Heights is proud to announce that it has received the prestigious Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its submission of the FY 2024 Annual Comprehensive Financial Report. This marks the twenty-fourth consecutive year that the dedicated efforts of the City's staff have been recognized with this esteemed award, reflecting their commitment to transparency, accuracy, and excellence in financial reporting.

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, particularly Finance Manager Alberto Preciado and Senior Accountant Dena Jenkins, whose hard work and expertise were instrumental in ensuring the successful completion of the report. We also extend our gratitude to the auditing firm of LSL, LLP, as well as the City Manager and staff from 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

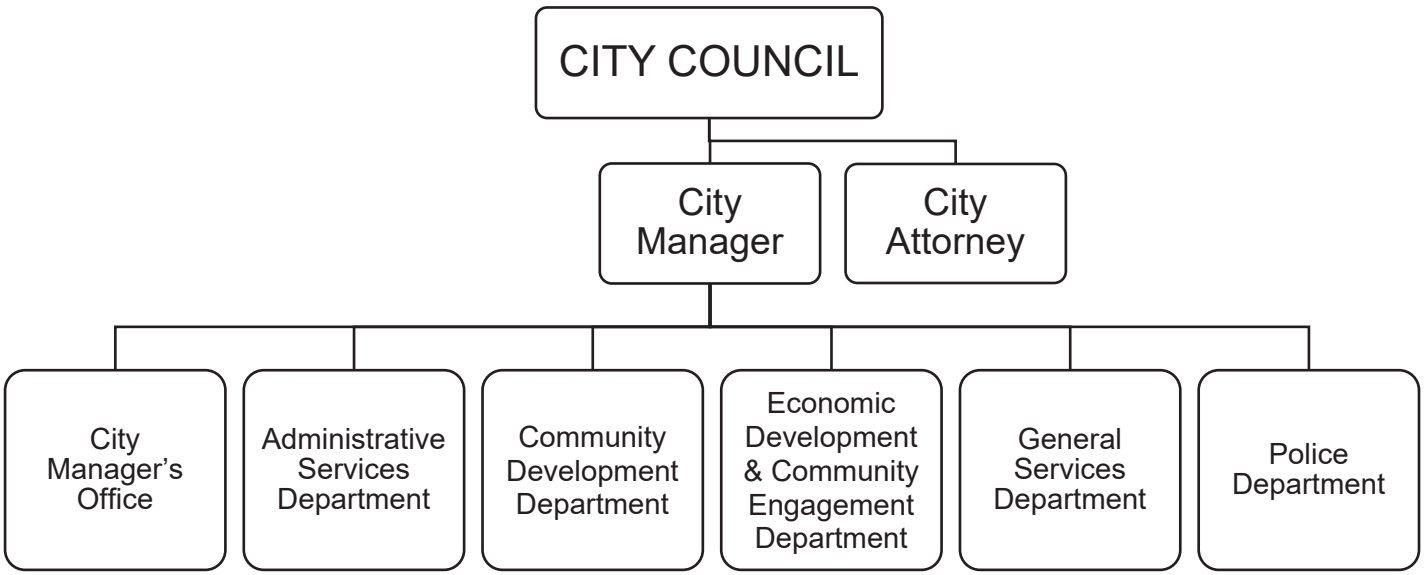
June 30, 2024

Christopher P. Morrill

Executive Director/CEO

CITY OF CITRUS HEIGHTS, CALIFORNIA

Organizational Chart



List of 2025 Officials

Elected

Mayor	MariJane Lopez-Taff
Vice Mayor	Porsche Middleton
Council Member	Tim Schaefer
Council Member	Dr. Jayna Karpinski-Costa
Council Member	Kelsey Nelson

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 Audit of 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, (hereafter, the City) as of and for the year ended June 30, 2025, 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, 2025, 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 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 Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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.

LSL

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

Auditors' 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 auditors' report that includes our opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and required pension 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 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.

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

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 accompanying 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 basic 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 and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 January 29, 2026, 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 City's internal control over financial reporting and compliance.

LSL, LLP

Irvine, California
January 29, 2026

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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, 2025. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- As of June 30, 2025, total assets and deferred outflows of the City's governmental activities exceeded its liabilities and deferred inflows by $379,766,156 (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 $24,637,567. The portion of net position that is restricted and may only be used for specific purposes is $24,630,036. The remaining $330,498,553 is invested in capital assets.

- As of June 30, 2025, the City's governmental funds reported combined ending fund balances of $68,319,442. Of the combined fund balances, 58.83% ($40.19 million) is available to meet the City's current and future needs (committed, assigned and unassigned balances).

- As of June 30, 2025, 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.

- For the fiscal year ending June 30, 2023, the City collected its first distribution of property tax following the expiration of the revenue neutrality agreement with the County of Sacramento. In the current fiscal year, the City received $8.14 million in property tax revenue.

- Capital assets, net of depreciation, increased to $336,104,519 from $316,139,717, which includes $245,396,734 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**.**

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.

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT, CONTINUED

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 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 details 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, 2025, the City's major funds include the General Fund and Streets Fund.

For the fiscal year ended June 30, 2025, 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.

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT, CONTINUED

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 31-61 of this report. Required Supplementary Information follows the notes on page 63.

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 74-132 of this report.

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 and deferred inflows of resources exceeded liabilities and deferred outflows of resources by $382,278,306 as of June 30, 2025. Under the revenue neutrality settlement, the County retained 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, 2025, the City received $8,139,767 of property taxes.

The Summary of Net Position as of June 30, 2025, and 2024, follows:

	Governmental Activities		Business-Type Activitites		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 87,552,440	$ 85,363,296	$ 2,754,315	$ 2,639,545	$ 90,306,755	$ 88,002,841
Capital assets	335,778,056	315,805,381	326,463	334,336	336,104,519	316,139,717
Total Assets	423,330,496	401,168,677	3,080,778	2,973,881	426,411,274	404,142,558
Total Deferred Outflows	11,312,025	15,095,391	271,575	319,774	11,583,600	15,415,165
Long-term liabilities						
due within one year	2,914,040	2,432,596	-	-	2,914,040	2,432,596
due in more than one year	32,458,342	26,634,233	709,221	646,059	33,167,563	27,280,292
Other liabilities	14,679,998	20,410,175	92,040	234,836	14,772,038	20,645,011
Total Liabilities	50,052,380	49,477,004	801,261	880,895	50,853,641	50,357,899
Total Deferred Inflows	4,823,985	6,159,342	38,942	49,025	4,862,927	6,208,367
Net position:						
Net investment in capital asse	330,498,553	311,932,873	326,463	334,336	330,825,016	312,267,209
Restricted	24,630,036	26,750,252	3,726	4,173	24,633,762	26,754,425
Unrestricted	24,637,567	21,944,597	2,181,961	2,025,226	26,819,528	23,969,823
Total Net Position	$ 379,766,156	$ 360,627,722	$ 2,512,150	$ 2,363,735	$ 382,278,306	$ 362,991,457

Restricted net position decreased by $2,120,663 due to an increase in the use of restricted funds in a number of special revenue funds for road maintenance, general capital improvement, transit services and various development activities. Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. The City had $26,819,528 of unrestricted net position as of June 30, 2025, which is an increase of $2,849,705. 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, 2025, 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

The change in net position for the fiscal years ended June 30, 2025, and 2024, follows:

	Governmental Activities		Business-Type Activitites		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 13,956,862	$ 12,679,221	$ 1,380,757	$ 1,356,068	$ 15,337,619	$ 14,035,289
Grants and contributions:						
Operating	16,005,026	12,248,466	-	-	16,005,026	12,248,466
Capital	15,451,423	6,409,747	-	-	15,451,423	6,409,747
General revenues:						
Property taxes and assessments	8,139,767	7,872,534	-	-	8,139,767	7,872,534
Sales and use taxes	13,778,642	13,849,506	-	-	13,778,642	13,849,506
Utility users tax	3,077,576	2,732,097	-	-	3,077,576	2,732,097
Other taxes	1,563,976	1,450,458	-	-	1,563,976	1,450,458
Other revenue	-	-	-	61,711	-	61,711
Shared intergovernmental - unrestricted	11,987,161	11,155,935	-	-	11,987,161	11,155,935
Use of money and property	4,576,545	3,755,795	103,206	94,538	4,679,751	3,850,333
Total Revenues	88,536,978	72,153,759	1,483,963	1,512,317	90,020,941	73,666,076
Expenses:						
Governmental activities:						
General government	15,680,122	10,184,057	-	-	15,680,122	10,184,057
Public safety	28,363,422	26,368,209	-	-	28,363,422	26,368,209
Public ways and facilities	18,640,661	21,076,523	-	-	18,640,661	21,076,523
Culture and recreation	1,285,621	1,185,806	-	-	1,285,621	1,185,806
Economic development	468,220	1,141,315	-	-	468,220	1,141,315
Community enhancements	4,784,190	4,389,584	-	-	4,784,190	4,389,584
Interest on long-term debt	176,308	75,339	-	-	176,308	75,339
Business-type activities:						
Solid waste	-	-	1,335,548	1,061,583	1,335,548	1,061,583
Total Expenses	69,398,544	64,420,833	1,335,548	1,061,583	70,734,092	65,482,416
Excess of revenues over expenditures before transfers	19,138,434	7,732,926	148,415	450,734	19,286,849	8,183,660
Transfers	-	5,940	-	(5,940)	-	-
Change in Net Position	19,138,434	7,738,866	148,415	444,794	19,286,849	8,183,660
Net position, beginning of year	360,627,722	352,888,856	2,363,735	1,918,941	362,991,457	354,807,797
Net Position, June 30	$379,766,156	$360,627,722	$ 2,512,150	$ 2,363,735	$382,278,306	$362,991,457

Revenues

The City's total revenues for governmental and business-type activities were $90,020,941 for the fiscal year ended June 30, 2025. Approximately 73.82% of the City's key revenues are generated from five major sources.

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, 2025 decreased by $70,864 from the prior year due to sustained inflationary pressures causing a cutback in consumer spending, in addition to the closure of retail stores located in the City and the continued decline of the Sunrise Mall.

2. **Shared Intergovernmental Revenues** - Annual receipts for the fiscal year ended June 30, 2025 increased by $831,226 from the prior year due to moderately increased property values. This amount represents the property tax in-lieu of vehicle license fees.

3. **Property Tax** - Annual receipts for the fiscal year ended June 30, 2024 increased by $267,233 from the prior year as real estate values increased modestly.

4. **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 Coronavirus State and Local Fiscal Recovery Funds (SLFRF). Operating grants increased by $3,756.560 due to use of SLFRF funds and a state grant for preventing organized retail theft.

5. **Grants and Contributions - Governmental Activities Capital** - The $9,041,673 increase in capital grant revenues reflects more projects with active construction than in the prior year, leading to increased capital project expenditures being reimbursed during the fiscal year. Specifically, the Auburn Boulevard Complete Streets project has resulted in significant grant-funded capital expenditures.

Expenses

Governmental and business-type activity expenses of the City for the year totaled $70,734,092. Governmental activity expenses totaled $69,398,544 or 98.11% of total expenses. Business-type activities expenses totaled $1,335,548 during the fiscal year. Public safety costs represented 40.87% of total governmental activities expenses and represented the largest single expense for governmental activities.

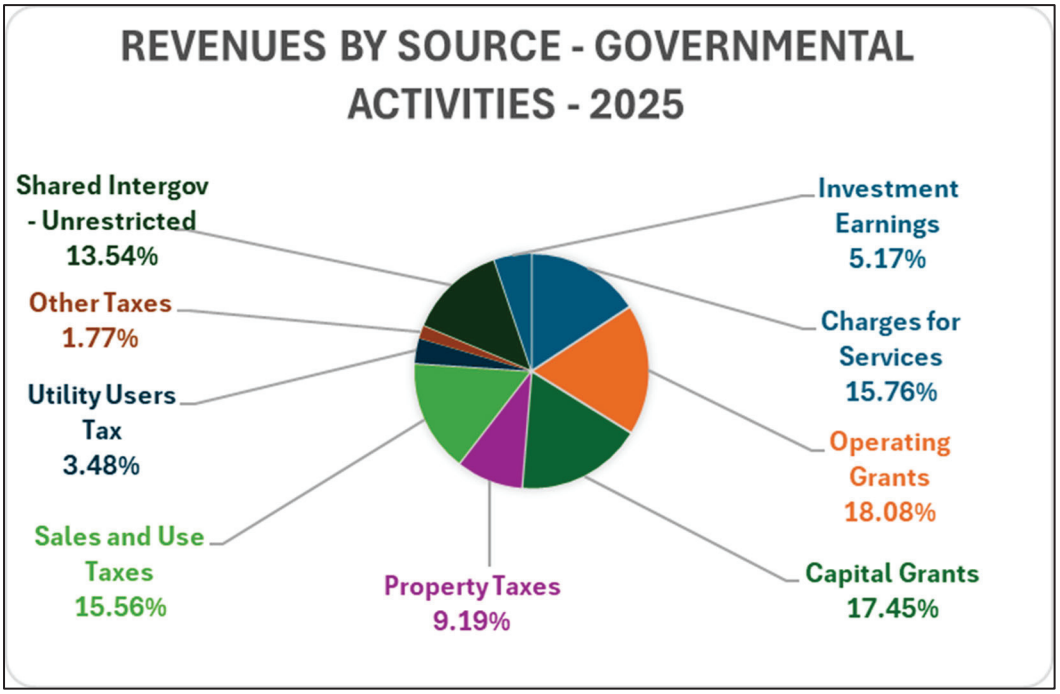
Governmental Activities

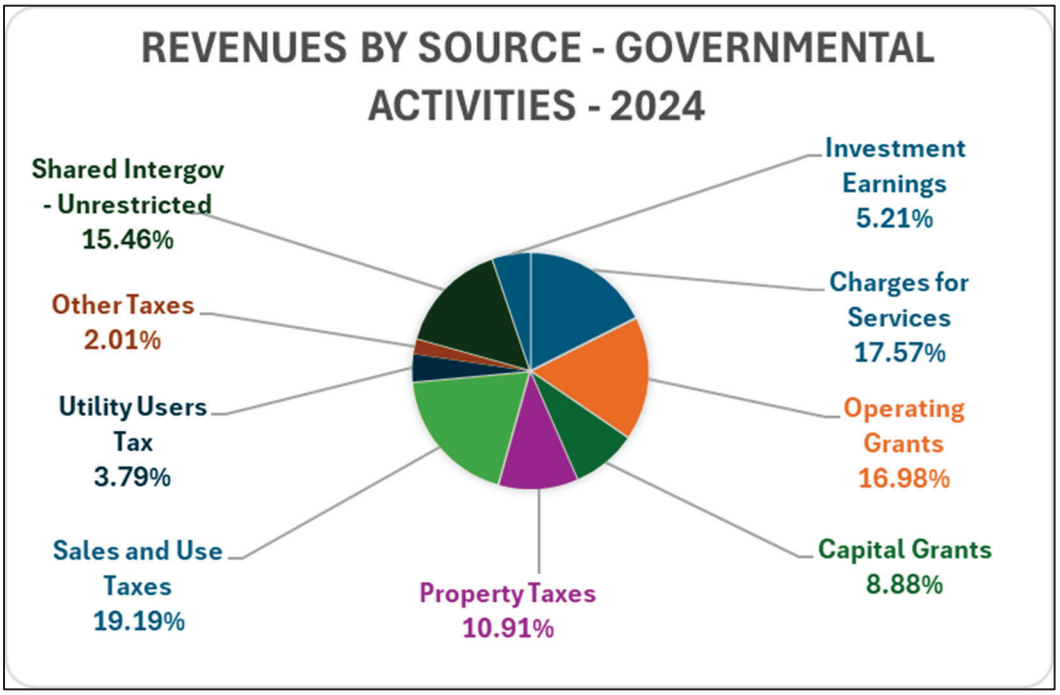
The following table shows the cost of each of the City's major programs and the net cost of the programs. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2025, and 2024, were as follows:

	2025		2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	$ 15,680,122	$ (8,225,758)	$ 10,184,057	$ (3,920,099)
Public safety	28,363,422	(23,871,720)	26,368,209	(23,043,347)
Public ways and facilities	18,640,661	5,759,066	21,076,523	(3,365,067)
Culture and recreation	1,285,621	(1,226,807)	1,185,806	(1,139,568)
Economic development	468,220	300,046	1,141,315	(919,378)
Community enhancements	4,784,190	3,456,248	4,389,584	(620,601)
Interest on long-term debt	176,308	(176,308)	75,339	(75,339)
TOTAL	$ 69,398,544	$ (23,985,233)	$ 64,420,833	$ (33,083,399)

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

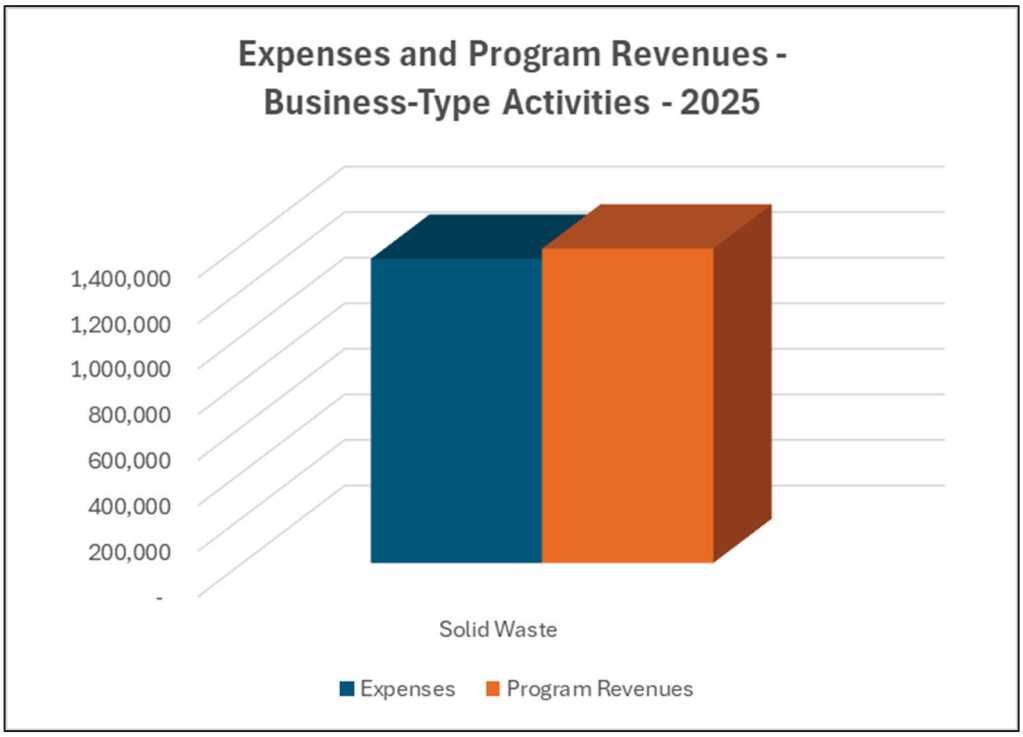
Revenues by source for the fiscal years ended June 30, 2025, and 2024, are as follows:

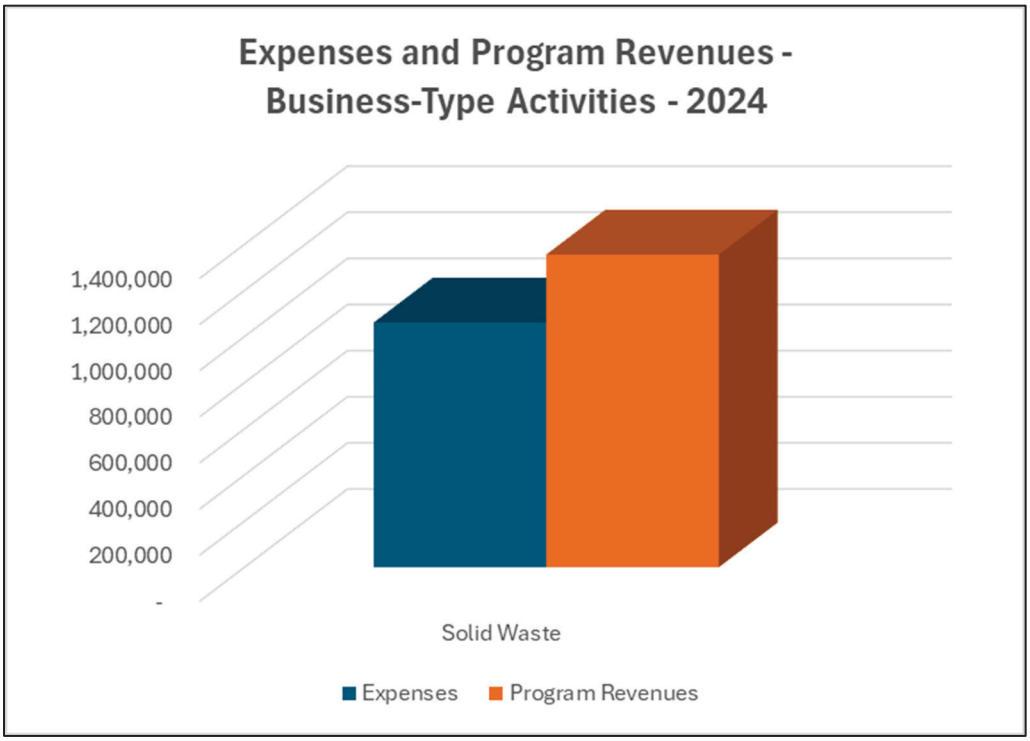




GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

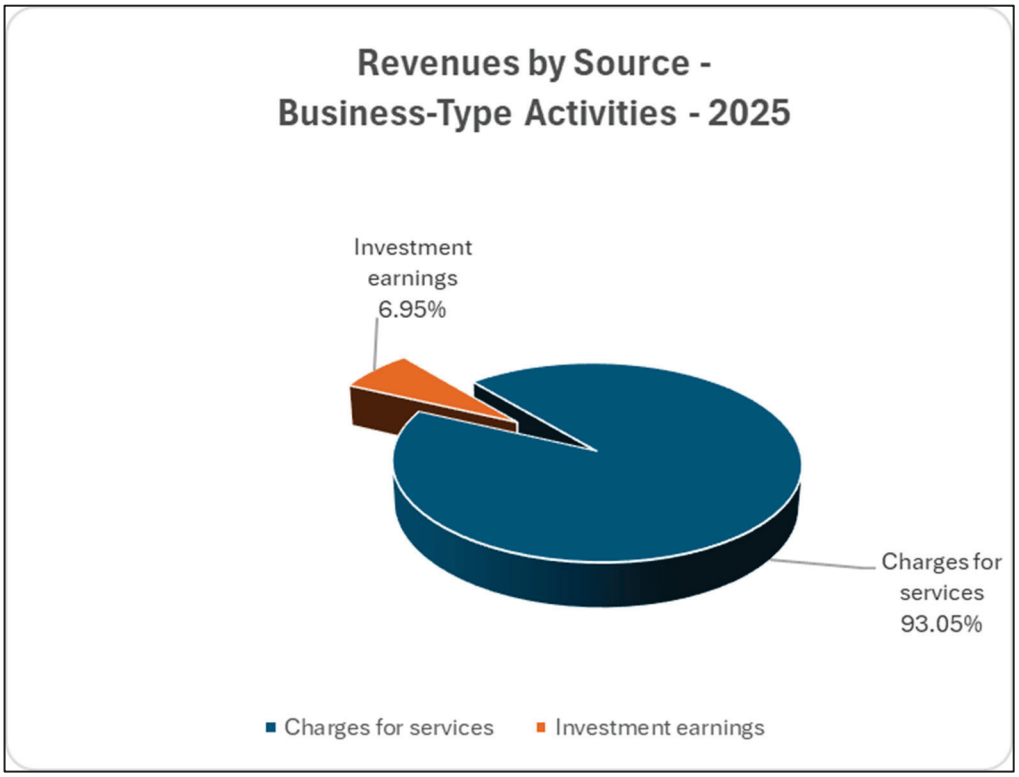
Business-type activities. The City's net position for business-type activities increased by $45,209 for the fiscal year ended June 30, 2025. The City has one business-type activity, which is Solid Waste Operations. The expenses and program revenues for the Solid Waste Operation for the fiscal year ended June 30, 2025, and 2024, are as follows:

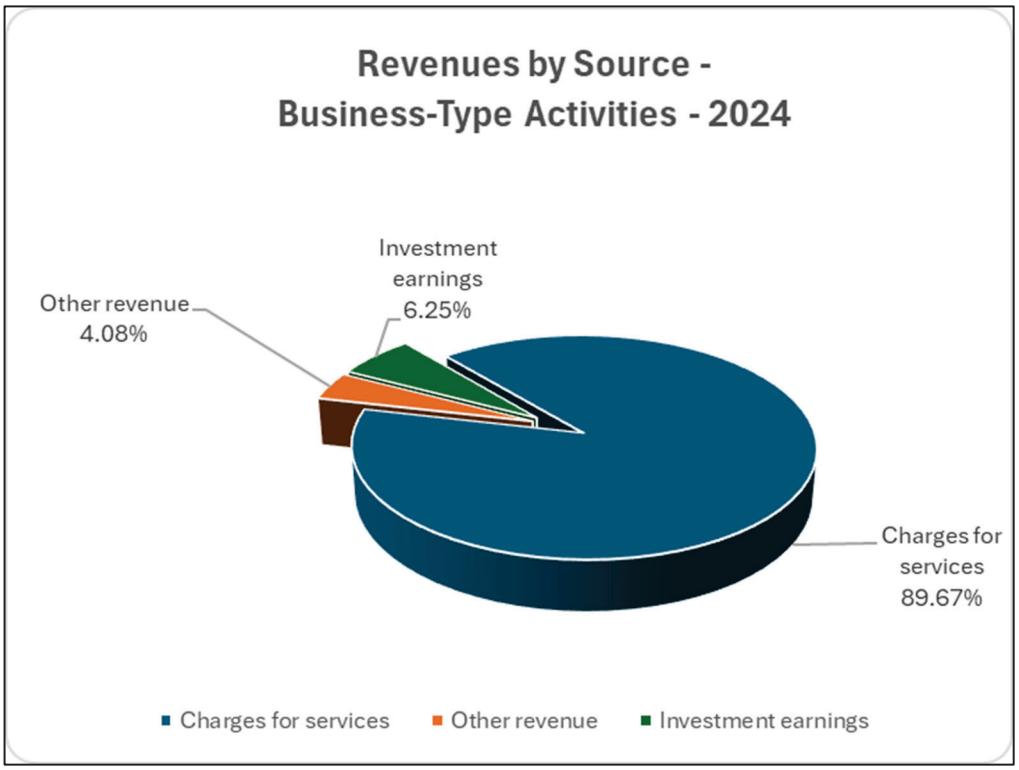




GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

The revenues by source for the solid waste business-type activity for the fiscal years ended June 30, 2025 and 2024 are as follows:





FUND FINANCIAL ANALYSIS

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, 2025, the City's governmental funds reported combined fund balances of $68,319,442.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2025, the General Fund's fund balance totaled $40,931,449 of which $4,486,978 was committed for reserves and revenue stabilization. Fund balance in the General Fund increased by $5,883,575 largely due to the City's receipt of federal grant reimbursement revenues, higher than expected interest revenue, and salary savings from vacant positions.

The Streets Fund accounts for funds expended on various street capital improvement and paving projects. Fund balance in the Streets Fund decreased by $1,415,357 due to increased spending on capital projects such as Auburn Boulevard Complete Streets and Dewey Van Maren Enhancement, and timing of grant reimbursements.

Proprietary funds. The City has one business-type activity, which is Solid Waste Operations. The Proprietary fund unrestricted net position increased $45,209 in the fiscal year ended June 30, 2025, largely due to increase in franchise fee revenue.

General Fund Budgetary Highlights

The actual total revenues were approximately $8,172,194 higher than the final budgeted amount. All revenue categories exceeded budget estimates, except for taxes. The largest variance compared to the budget was in intergovernmental revenue, which was $4,199,156 more than budgeted. This is due primarily to a significant increase in federal grant reimbursements including from the City's State and Local Fiscal Recovery Funds (also known as the American Recovery Plan Act, or ARPA funds). Revenue for investment revenue was also significantly higher than anticipated, due to interest rates decreasing more slowly than projected.

The actual total expenditures were less than the final budgeted amount by $3,394,158 due mainly to salary savings from vacant positions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of June 30, 2025 amounted to $335,778,056. 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	
	2025	2024	2025	2024	2025	2024
Land	$ 16,935,380	$ 15,996,355	$ -	$ -	$ 16,935,380	$ 15,996,355
Art	113,951	113,951	-	-	113,951	113,951
Construction in progress	46,610,964	23,430,578	-	-	46,610,964	23,430,578
Subscriptions in progress	192,257	92,865	-	-	192,257	92,865
Buildings and improvements	17,500,124	16,525,784	-	-	17,500,124	16,525,784
Infrastructure	245,070,271	253,449,500	326,463	334,336	245,396,734	253,783,836
Lease assets	10,105	-	-	-	10,105	-
Subscription assets	3,905,318	3,364,867	-	-	3,905,318	3,364,867
Machinery and equipment	5,439,686	2,831,481	-	-	5,439,686	2,831,481
Total	$335,778,056	$315,805,381	$ 326,463	$334,336	$336,104,519	$316,139,717

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

- Auburn Boulevard Complete Streets,
- 2021 Bridge Maintenance,
- San Juan Complete Streets,
- Dewey Van Maren Enhancement, and
- Sunrise Boulevard Resurfacing

More detail of the capital assets and current activity can be found in the notes to the financial statements on Pages 43 and 44.

Long-term Debt

The City's total long-term liabilities at June 30, 2025 totaled $36,081,603 and included a net pension liability of $26,837,611. CalPERS achieved a strong investment return of 9.3% for Fiscal Year 2023/24, exceeding expectations. This positive performance is reflected in the actuarial valuation reports used to assess the City's net pension liability, resulting in a reduction of $442,681.

Long-term debt increased by an additional $1,573,190 due primarily to the addition of three software subscriptions that increased the City's subscription liability, and the implementation of GASB Statement No. 101, *Compensated Absences* that increased the City's compensated absences liability. This accounting standard became effective in the current year. More detail on the City's long-term debt can be found in Note 6 and 7 on pages 45-47, and Notes 11 and 12 on pages 51-61.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Economic Outlook

Looking to the next fiscal year, the following key factors may have an impact on City finances:

- Although median property taxes are decreasing in the Sacramento region, property taxes are expected to remain stable and grow by 3.55% for fiscal year 2025-2026 due to the appreciation of assessed property values.
- Sales tax revenue is expected to increase by 1.20% in fiscal year 2025-2026 due to anticipated steady consumer spending across a variety of categories, including autos and transportation, fuel and service stations, and general consumer goods. Current projections expect this trend to strengthen in fiscal year 2026-2027.
- Operating expenses are expected to increase due to rising costs of labor, service contracts, and increased insurance premiums.

Fiscal Year 2025-2026 Budget

The City Council adopted a two-year budget for fiscal years 2025-2026 and 2026-2027. The budget for fiscal year 2025-2026 includes revenues of $46.09 million and expenses of $48.62 million, including the use of $4 million in general fund reserves for accelerated street repair projects.

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, CA 95621, or visit the City's web page at www.citrusheights.net.

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CITY OF CITRUS HEIGHTS, CALIFORNIA
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 62,114,658	$ 2,611,618	$ 64,726,276
Receivables (net of uncollectibles):			
Accounts	1,791,564	98,692	1,890,256
Accrued interest	195,075	7,836	202,911
Due from other governments	11,720,015	16,123	11,736,138
Notes and loans	1,411,468	-	1,411,468
Leases	3,601,694	-	3,601,694
Deposits	4,000	-	4,000
Net OPEB asset	302,404	3,726	306,130
Land held for resale	6,224,697	-	6,224,697
Prepaid costs	186,865	16,320	203,185
Capital assets (not being depreciated)	63,852,552	-	63,852,552
Capital assets (net of accumulated depreciation/amortization)	271,925,504	326,463	272,251,967
Total assets	**423,330,496**	**3,080,778**	**426,411,274**
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related	10,546,470	262,143	10,808,613
OPEB-related	765,555	9,432	774,987
Total deferred outflows of resources	**11,312,025**	**271,575**	**11,583,600**
LIABILITIES			
Accounts payable	6,893,592	47,700	6,941,292
Pass-through payable	940,050	-	940,050
Due to other governments	946,518	42,939	989,457
Accrued liabilities	989,232	1,401	990,633
Accrued interest	66,653	-	66,653
Deposits payable	166,388	-	166,388
Unearned revenue	4,677,565	-	4,677,565
Noncurrent liabilities:			
Due within one year: notes, loans, leases, SBITA, claims, and compensated absences	2,914,040	-	2,914,040
Due in more than one year:			
Net pension liability	26,128,390	709,221	26,837,611
Notes, loans, leases, SBITA, claims and compensated absences	6,329,952	-	6,329,952
Total liabilities	**50,052,380**	**801,261**	**50,853,641**
DEFERRED INFLOWS OF RESOURCES			
Pension-related	1,025,325	25,034	1,050,359
OPEB-related	1,128,863	13,908	1,142,771
Lease-related	2,669,797	-	2,669,797
Total deferred inflows of resources	**4,823,985**	**38,942**	**4,862,927**
NET POSITION			
Net investment in capital assets	330,498,553	326,463	330,825,016
Restricted:			
Stormwater maintenance	1,578,678	-	1,578,678
Streets, roads and park projects	10,034,314	-	10,034,314
Assessment district maintenance	1,658,068	-	1,658,068
Police activities	630,944	-	630,944
Housing projects	8,452,295	-	8,452,295
Transit program	1,034,502	-	1,034,502
Tree mitigation	938,831	-	938,831
OPEB	302,404	3,726	306,130
Unrestricted	24,637,567	2,181,961	26,819,528
Total net position	**$ 379,766,156**	**$ 2,512,150**	**$ 382,278,306**

See Notes to Financial Statements.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenues		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs:				
Primary government:				
Governmental activities:				
General government	$ 15,680,122	$ 2,872,528	$ 4,581,836	$ -
Public safety	28,363,422	2,263,851	2,227,851	-
Economic development	468,220	-	768,266	-
Culture and recreation	1,285,621	58,814	-	-
Public ways and facilities	18,640,661	5,724,776	5,738,567	12,936,384
Community enhancements	4,784,190	3,036,893	2,688,506	2,515,039
Interest on long-term debt	176,308	-	-	-
Total governmental activities	**69,398,544**	**13,956,862**	**16,005,026**	**15,451,423**
Business-type activities:				
Solid Waste	1,335,548	1,380,757	-	-
Total business-type activities	**1,335,548**	**1,380,757**	**-**	**-**
Total primary government	**$ 70,734,092**	**$ 15,337,619**	**$ 16,005,026**	**$ 15,451,423**
General revenues and transfers:				
General revenues:				
Property taxes				
Sales taxes				
Transient occupancy taxes				
Franchise taxes				
Utility users tax				
Other taxes				
Motor vehicle in lieu - unrestricted				
Use of money and property				
Other				
Gain on sale of capital asset				
Total general revenues and transfers				
Change in net position				
Net position-beginning				
Net position-ending				

See Notes to Financial Statements.

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (8,225,758)	$ -	$ (8,225,758)
(23,871,720)	-	(23,871,720)
300,046	-	300,046
(1,226,807)	-	(1,226,807)
5,759,066	-	5,759,066
3,456,248	-	3,456,248
(176,308)	-	(176,308)
(23,985,233)	**-**	**(23,985,233)**
-	45,209	45,209
-	**45,209**	**45,209**
(23,985,233)	**45,209**	**(23,940,024)**
8,139,767	-	8,139,767
13,778,642	-	13,778,642
90,445	-	90,445
1,386,411	-	1,386,411
3,077,576	-	3,077,576
40,865	-	40,865
11,987,161	-	11,987,161
4,411,069	103,206	4,514,275
46,255	-	46,255
165,476	-	165,476
43,123,667	**103,206**	**43,226,873**
19,138,434	**148,415**	**19,286,849**
360,627,722	2,363,735	362,991,457
$ 379,766,156	**$ 2,512,150**	**$ 382,278,306**

See Notes to Financial Statements.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2025

	General	Capital Projects Fund: Streets	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Pooled Cash and investments	$ 37,649,063	$ -	$ 24,465,595	$ 62,114,658
Receivables (net of allowance for uncollectible):				
Accounts	693,274	7,800	1,090,490	1,791,564
Interests	122,878	-	72,197	195,075
Due from other governments	3,283,391	5,620,086	2,816,538	11,720,015
Notes and loans	8,504	-	1,402,964	1,411,468
Leases	3,601,694	-	-	3,601,694
Due from other funds	3,738,361	-	-	3,738,361
Deposits	4,000	-	-	4,000
Prepaid costs	167,566	-	19,299	186,865
Land held for resale	-	-	6,224,697	6,224,697
Total assets	**$ 49,268,731**	**$ 5,627,886**	**$ 36,091,780**	**$ 90,988,397**
LIABILITIES				
Accounts payable	$ 938,215	$ 3,514,858	$ 2,440,519	$ 6,893,592
Accrued liabilities	981,008	-	8,224	989,232
Unearned revenues	3,041,116	378,823	1,257,626	4,677,565
Other Payables	-	926,217	13,833	940,050
Deposits payable	166,388	-	-	166,388
Due to other governments	350,908	4,691	590,919	946,518
Due to other funds	-	3,152,638	585,723	3,738,361
Total liabilities	**5,477,635**	**7,977,227**	**4,896,844**	**18,351,706**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	189,850	369,880	1,087,722	1,647,452
Leases	2,669,797	-	-	2,669,797
Total deferred inflows of resources	**2,859,647**	**369,880**	**1,087,722**	**4,317,249**
FUND BALANCES (DEFICITS)				
Nonspendable	3,781,764	-	19,299	3,801,063
Restricted	-	-	24,316,007	24,316,007
Committed	4,486,978	-	-	4,486,978
Assigned	-	-	5,797,517	5,797,517
Unassigned	32,662,707	(2,719,221)	(25,609)	29,917,877
Total fund balances (deficits)	**40,931,449**	**(2,719,221)**	**30,107,214**	**68,319,442**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 49,268,731**	**$ 5,627,886**	**$ 36,091,780**	**$ 90,988,397**

See Notes to Financial Statements.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2025

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds		$ 68,319,442
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		335,778,056
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.		
Deferred outflows-pension related	$ 10,546,470	
Deferred outflows-OPEB related	765,555	
Deferred inflows-pension related	(1,025,325)	
Deferred inflows-OPEB related	(1,128,863)	
Total deferred outflows and inflows related to postemployment benefits		9,157,837
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either labeled unavailable or not reported in the funds.		
Net OPEB asset	302,404	
Miscellaneous revenues	1,647,452	
Total other long-term assets		1,949,856
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Notes and loans payable	(821,894)	
Claims payable	(2,080,878)	
Leases payable	(10,184)	
Subscriptions payable	(3,507,375)	
Compensated absences	(2,823,661)	
Accrued interest payable on long-term debt	(66,653)	
Net pension liability	(26,128,390)	
Total long-term liabilities		(35,439,035)
Net position of governmental activities		**$ 379,766,156**

See Notes to Financial Statements.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General	Capital Projects Fund: Streets	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	$ 26,503,561	$ -	$ 10,145	$ 26,513,706
Licenses and permits	2,628,955	-	200,792	2,829,747
Intergovernmental	16,247,609	13,737,134	13,005,931	42,990,674
Charges for services	2,528,098	-	6,547,509	9,075,607
Use of money and property	2,938,366	-	1,059,541	3,997,907
Fines and forfeitures	1,231,166	-	-	1,231,166
Contributions	27,420	-	9,246	36,666
Miscellaneous	476,485	46,255	179,892	702,632
Total revenues	**52,581,660**	**13,783,389**	**21,013,056**	**87,378,105**
EXPENDITURES				
Current:				
General government	10,056,614	-	37,135	10,093,749
Public safety	24,415,982	-	1,467,936	25,883,918
Community enhancements	1,832,046	-	1,777,260	3,609,306
Economic development	1,039,437	-	-	1,039,437
Culture and recreation	1,056,889	-	87,310	1,144,199
Public ways and facilities	1,900,024	345,597	10,743,906	12,989,527
Capital outlay	2,061,413	26,373,118	3,278,374	31,712,905
Debt service:				
Principal	72,653	-	19,592	92,245
Interest and fiscal charges	101,316	-	11,752	113,068
Total expenditures	**42,536,374**	**26,718,715**	**17,423,265**	**86,678,354**
Excess (deficiency) of revenues over (under) expenditures	**10,045,286**	**(12,935,326)**	**3,589,791**	**699,751**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	11,367,472	1,830,772	13,198,244
Transfers out	(5,390,369)	(47,978)	(7,759,897)	(13,198,244)
Issuance of leases, SBITAs, notes, and loans	1,228,658	200,475	-	1,429,133
Proceeds for sale of capital assets	-	-	165,476	165,476
Total other financing sources (uses)	**(4,161,711)**	**11,519,969**	**(5,763,649)**	**1,594,609**
Net change in fund balances	**5,883,575**	**(1,415,357)**	**(2,173,858)**	**2,294,360**
Fund balances (deficit)-beginning	35,047,874	(1,303,864)	32,281,072	66,025,082
Fund balances (deficit)-ending	**$ 40,931,449**	**$ (2,719,221)**	**$ 30,107,214**	**$ 68,319,442**

See Notes to Financial Statements.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

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

Net change in fund balances - total governmental funds:		$ 2,294,360
Governmental funds report capital outlays are expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.		
Capital outlay	$ 33,540,339	
Depreciation/amortization expense	(13,562,407)	
Total adjustment		19,977,932
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Earned but unavailable other revenues	845,315	
Total adjustment		845,315
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Notes and loans issued	(200,475)	
Leases issued	(10,184)	
Subscriptions issued	(1,218,474)	
Principal payments	530,174	
Total adjustment		(898,959)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	(928,053)	
Claims payable	253,822	
Changes in pension liabilities and related deferred outflows and inflows of resources	(2,293,506)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(49,237)	
Total adjustment		(3,080,214)
Change in net position of governmental activities		**$ 19,138,434**

See Notes to Financial Statements.

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CITY OF CITRUS HEIGHTS, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2025

	Solid Waste
ASSETS	
Current assets:	
Cash and investments	$ 2,611,618
Receivables:	
Accounts	98,692
Accrued interest	7,836
Due from other governments	16,123
Prepaid items	16,320
Total current assets	2,750,589
Noncurrent:	
Net OPEB asset	3,726
Capital assets, net	326,463
Total noncurrent assets	330,189
Total assets	**3,080,778**
DEFERRED OUTFLOWS OF RESOURCES	
Pension-related	262,143
OPEB-related	9,432
Total deferred outflows of resources	**271,575**
LIABILITIES	
Current liabilities:	
Accounts payable	47,700
Accrued liabilities	1,401
Due to other governments	42,939
Total current liabilities	92,040
Noncurrent liabilities:	
Net pension liability	709,221
Total noncurrent liabilities	709,221
Total liabilities	**801,261**
DEFERRED INFLOWS OF RESOURCES	
Pension-related	25,034
OPEB-related	13,908
Total deferred inflows of resources	**38,942**
NET POSITION	
Invested in capital assets	326,463
Restricted - OPEB	3,726
Unrestricted	2,181,961
Total net position	**$ 2,512,150**

See Notes to Financial Statements.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Solid Waste
OPERATING REVENUES	
Charges for services	$ 1,380,757
Total operating revenues	**1,380,757**
OPERATING EXPENSES	
Administration and general	536,607
Transmission/collection	355,015
Source of supply	171,628
Pumping	264,425
Depreciation	7,873
Total operating expenses	**1,335,548**
Operating income (loss)	**45,209**
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	103,206
Total nonoperating revenues (expenses)	**103,206**
Change in net position	**148,415**
Net position-beginning	2,363,735
Net position-ending	**$ 2,512,150**

See Notes to Financial Statements.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 1,425,459
Payments to suppliers and service providers	(1,359,440)
Payments to employees for salaries and benefits	(10,083)
Net cash provided by (used for) operating activities	**55,936**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	115,218
Net cash provided by (used for) investing activities	**115,218**
Net increase (decrease) in cash and cash equivalents	**171,154**
Cash and cash equivalents-beginning	2,440,464
Cash and cash equivalents-ending	**$ 2,611,618**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating income (loss)	$ 45,209
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation/amortization expense	7,873
(Increase) decrease in accounts receivable	44,702
(Increase) decrease in prepaid items	(777)
Increase (decrease) in accounts payable	(144,197)
Increase (decrease) in accrued liabilities	1,401
Increase (decrease) in net pension liability	101,108
Increase (decrease) in net OPEB asset	617
Total adjustments	10,727
Net cash provided by (used for) operating activities	$ 55,936

See Notes to Financial Statements.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 85,226
Total assets	**85,226**
LIABILITIES	
Due to other governments	10,207
Total liabilities	**10,207**
NET POSITION	
Restricted for:	
Other governments	75,019
Total net position	**$ 75,019**

See Notes to Financial Statements.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Custodial Funds
DEDUCTIONS	
Contractual services	$ 121,106
Total deductions	**121,106**
Net increase (decrease) in fiduciary net position	**(121,106)**
Net position-beginning	196,125
Net position-ending	**$ 75,019**

See Notes to Financial Statements.

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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.

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 Presentation

Government-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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

- **Streets Capital Projects Fund** – Accounts for all capital project expenditures for various street projects.

- **Solid Waste Enterprise Fund** – Accounts for all administrative costs required for all solid waste activities.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 $10,000 for non-infrastructure capital assets and $50,000 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/amortization, 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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
Subscription assets	Lesser of life of asset or length of agreement

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classification

Government-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/amortization 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.

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.

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 Expenses

Program 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 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 liability, 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 liability.

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.

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:

Agency Name	Purpose
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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

During the year ended June 30, 2025, the City implemented the following new accounting standards issues by the Governmental Accounting Standards Board (GASB):

1. GASB Statement No. 101, Compensated Absences

The requirements of this Statement will improve financial reporting by implementing a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. Establishing the unified model will result in consistent application to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. This Statement will also result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences The City's financial statements were not significantly impacted by the implementation of this statement.

2. GASB Statement No. 102, Certain Risk Disclosures

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The City's financial statements were not impacted by the implementation of this Statement.

NOTE 2: CASH AND INVESTMENTS

At June 30, 2025, the City's pooled cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position		
Cash and investments	$	64,726,276
Statement of Fiduciary Net Position		
Cash and cash equivalents		85,226
Total cash and investments	$	64,811,502

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

Cash on hand	$	8,100
Deposits with financial institutions		2,150,623
Investments		62,652,779
Total cash and investments	$	64,811,502

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.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

During the year ended June 30, 2025, the City's permissible investments included the following instruments:

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity *	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer *
U.S. Treasury obligations	Yes	5 years	None	None
U.S. agency securities	Yes	5 years	None	None
Bankers acceptances	Yes	180 days	40%	5%
Commercial paper	Yes	270 days	25%	5%
Certificates of deposit (nonnegotiable)	Yes	5 years	None	None
Certificates of deposit (negotiable)	Yes	5 years	30%	None
Repurchase agreements	Yes	1 year	None	5%
Medium-term notes	Yes	5 years	30%	5%
Municipal investments	Yes	5 years	10%	5%
Money market mutual funds	Yes	N/A	20%	10%
Mortgage pass-through securities	Yes	5 years	20%	None
Local Agency Investment Fund	Yes	N/A	None	$50 million

* Based on state law requirements or City investment policy requirements, whichever is more restrictive.

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, 2025, 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:

		Remaining Maturity (in Months)		
Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Treasury obligations	$ 3,613,200	$ 998,233	$ 1,004,896	$ 1,610,072
U.S. agency securities	3,042,608	1,026,774	855,885	1,159,950
Commercial paper	1,216,769	-	202,960	1,013,809
Medium-term notes	2,784,944	473,445	1,116,199	1,195,300
Municipal investments	141,051	-	-	141,051
Money market mutual funds	38,025	38,025	-	-
California Asset Management Program	31,065,832	31,065,832	-	-
Local Agency Investment Fund	20,584,319	20,584,319	-	-
Supranational	166,031	166,031	-	-
Total	$ 62,652,779	$ 54,352,658	$ 3,179,940	$ 5,120,182

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.

			Moody's Rating as of Fiscal Year End			
Investment Type	Total	Minimum Legal Rating	Aaa	Aa	A	Exempt or Not Rated
U.S. Treasury obligations	$ 3,613,200	Exempt	$ -	$ -	$ -	$ 3,613,200
U.S. agency securities	3,042,608	Exempt	-	-	-	3,042,608
Commercial paper	1,216,769	Aaa	1,216,769	-	-	-
Medium-term notes	2,784,944	A	124,215	566,896	2,093,833	-
Municipal investments	141,051	A	-	141,051	-	-
Money market mutual funds	38,025	Aaa	38,025	-	-	-
California Asset Management Program	31,065,832	Not Rated	-	-	-	31,065,832
Local Agency Investment Fund	20,584,319	Not Rated	-	-	-	20,584,319
Supranational	166,031	Aa	166,031	-	-	-
Total	$ 62,652,779		$ 1,545,040	$ 707,947	$ 2,093,833	$ 58,305,960

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, 2025 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, 2025, the carrying amount of the City's deposits was $636,154 and the balance in financial institutions was $2,150,623. Of the balance in financial institutions, $250,000 was covered by federal depository insurance and $1,604,206 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.

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 the City in LAIF is $20,584,319 and is managed by the State Treasurer. 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.

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, 2025, 32.5% of the City's investments were invested in LAIF with a reported balance of $20,584,319.

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 $572,267 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, 2025:

	Outstanding at June 30, 2025
General Fund	$ 8,504
Home Program Grants	2,481,545
CDBG Grants Special Revenue Fund	1,335,981
Housing Agency	1,345,149
Allowance for Uncollectible Loans	(3,759,711)
	$ 1,411,468

The following is a summary of the loans and notes receivable outstanding as of June 30, 2025:

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, 2025, was $8,504.

NOTE 3: LOANS AND NOTES RECEIVABLE (CONTINUED)

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, 2025, was $2,481,545 and an allowance 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, 2025, was $1,335,981 of which, an allowance on uncollectible loans was set up for $1,133,016.

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, 2025, was $1,345,149, of which, an allowance on uncollectible loans was set up for $145,150.

NOTE 4: CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2025:

	Balance June 30, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Governmental activities:					
Capital assets, not being depreciated/amortized					
Land	$ 15,996,355	$ 939,025	$ -	$ -	$ 16,935,380
Art	113,951	-	-	-	113,951
Subscriptions-in-progress	92,865	99,392	-	-	192,257
Construction-in-progress	23,430,578	28,203,059	-	(5,022,673)	46,610,964
Total capital assets, not being depreciated/amortized	39,633,749	29,241,476	-	(5,022,673)	63,852,552
Capital assets, being depreciated/amortized					
Buildings	41,399,118	1,419,256	-	-	42,818,374
Machinery, equipment, and vehicles	8,333,413	1,523,584	(408,973)	1,800,661	11,248,685
Infrastructure	587,800,206	216,184	-	3,222,012	591,238,402
Lease assets - equipment	-	10,184	-	-	10,184
Subscription assets - software	3,724,510	1,129,655	-	-	4,854,165
Total capital assets, being depreciated/amortized	641,257,247	4,298,863	(408,973)	5,022,673	650,169,810
Less accumulated depreciation/amortization					
Buildings	(24,873,334)	(444,916)	-	-	(25,318,250)
Machinery, equipment, and vehicles	(5,501,932)	(710,783)	403,716	-	(5,808,999)
Infrastructure	(334,350,706)	(11,817,425)	-	-	(346,168,131)
Lease assets - equipment	-	(79)	-	-	(79)
Subscription assets - software	(359,643)	(589,204)	-	-	(948,847)
Total accumulated depreciation/amortization	(365,085,615)	(13,562,407)	403,716	-	(378,244,306)
Total capital assets, being depreciated/amortized, net	276,171,632	(9,263,544)	(5,257)	5,022,673	271,925,504
Total governmental activities capital assets	$ 315,805,381	$ 19,977,932	$ (5,257)	$ -	$ 335,778,056

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Business-type activities:					
Capital assets, being depreciated					
Infrastructure	$ 393,675	$ -	$ -	$ -	$ 393,675
Total capital assets, being depreciated	393,675	-	-	-	393,675
Less accumulated depreciation					
Infrastructure	(59,339)	(7,873)	-	-	(67,212)
Total accumulated depreciation	(59,339)	(7,873)	-	-	(67,212)
Total capital assets, being depreciated, net	334,336	(7,873)	-	-	326,463
Total business-type activities capital assets	$ 334,336	$ (7,873)	$ -	$ -	$ 326,463

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

General government	$ 541,884
Public safety	622,507
Public ways and facilities	12,375,877
Culture and recreation	22,140
Total Governmental depreciation/amortization expense	$ 13,562,408
Solid Waste	$ 7,873
Total Business-Type depreciation expense	$ 7,873

NOTE 5: LEASE RECEIVABLE

The City is reporting a lease receivable of $3,601,694 and deferred inflow of resources of $2,669,797 at June 30, 2025. For 2025, the City reported lease revenue of $177,478 and interest revenue of $166,509 related to lease payments received.

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

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payment
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
2031-2033	1,821,278	128,098	1,949,376
Total	$ 3,601,694	$ 771,074	$ 4,372,768

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 $231,933 in principal and $157,411 in interest during fiscal year 2026. 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, 2025:

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Amount Due Within One Year
Governmental activities:					
Equipment loan	$ 72,653	$ -	$ (72,653)	$ -	$ -
Streetlight retrofit	361,267	-	(19,592)	341,675	19,788
SACOG Loan	279,744	200,475	-	480,219	480,219
Leases payable	-	10,184	-	10,184	1,975
Subscriptions payable	2,726,830	1,218,474	(437,929)	3,507,375	439,399
Claims payable	2,334,700	574,495	(828,317)	2,080,878	826,173
Compensated absences*	1,895,608	928,053	-	2,823,661	1,146,486
Total	$ 7,670,802	$ 2,931,681	$ (1,358,491)	$ 9,243,992	$ 2,914,040

*Compensated absences are reported as a net change.

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 uplights 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, 2025, is $341,675.

The annual debt services requirements at June 30, 2025, on the Streetlight Retrofit Loan are as follows:

	Streetlight Retrofit Loan		
Year Ending June 30,	Principal	Interest	Total
2026	$ 19,788	$ 3,368	$ 23,156
2027	19,986	3,169	23,155
2028	20,593	2,563	23,156
2029	20,389	2,767	23,156
2030	20,594	2,562	23,156
2031-2035	106,100	9,678	115,778
2036-2040	111,527	4,250	115,777
2041-2042	22,698	175	22,873
Totals	$ 341,675	$ 28,532	$ 370,207

On July 1, 2023, the City executed the SACOG Loan Agreement in the amount of $779,744 for the Arcade Creek Trail project. The loan bears no interest. Payments of principal are due July 30. The final annual payment is due July 30, 2025. The outstanding balance at June 30, 2025, is $480,219.

The annual debt services requirement at June 30, 2025, on the SACOG Loan are as follows:

	SACOG Loan	
Year Ending June 30,	Principal	Total
2026	$ 480,219	$ 480,219
Totals	$ 480,219	$ 480,219

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

A. Leases

The City has entered into a lease for use of copiers. The term is 5 years. As of June 30, 2025, the total value of the lease liability was $10,184. The City is required to make annual payments of $538. Information on the lease assets as of June 30, 2025, are as follows:

Asset Class	Value of Lease Asset	Accumulated Amortization
Equipment	$ 10,184	$ 79

Principal and Interest Requirements to Maturity

Fiscal Year Ending June 30,	Governmental Activities Principal Payments	Interest Payments
2026	$ 1,975	$ 177
2027	1,983	169
2028	2,028	124
2029	2,075	77
2030	2,123	30
Total	$ 10,184	$ 577

B. Subscription-Based Information Technology Arrangements

The City has entered into various subscription-based information technology agreements for the use of software as a service. The terms of these subscriptions range from 2 to 10 years. As of June 30, 2025, the total value of the subscription liability was $3,507,375. The City is required to make annual payments ranging from $3,500 to $192,161. The subscriptions were valued using the City's incremental borrowing rate. Information on the subscription assets as of June 30, 2025, are as follows:

Asset Class	Value of Subscription Asset	Accumulated Amortization
Software	$ 4,854,164	$ 948,847
Subscriptions-in-progress	192,257	-
Total	$ 5,046,421	$ 948,847

The future principal and interest subscription payments as of June 30, 2025, were as follow:

Principal and Interest Requirements to Maturity

Fiscal Year Ending June 30,	Governmental Activities Principal Payments	Interest Payments
2026	$ 439,399	$ 110,770
2027	425,641	96,837
2028	450,652	83,099
2029	459,845	68,489
2030	486,921	53,416
2031-2035	1,244,917	75,252
Total	$ 3,507,375	$ 487,863

NOTE 7: COMPENSATED ABSENCES

Compensated absences are liquidated by the fund that has recorded the liability. The governmental activities compensated absences will be liquidated primarily by the General Fund. The following is a summary of changes in the City's compensated absences for the fiscal year ended June 30, 2025:

	Balance June 30, 2024	Net Change	Balance June 30, 2025	Current Portion
Governmental activities	$1,895,608	$928,053	$2,823,661	$1,146,486
Total	$1,895,608	$928,053	$2,823,661	$1,146,486

NOTE 8: FUND BALANCES

Nonspendable, restricted, committed and assigned fund balance consisted of the following at June 30, 2025:

	Major Funds			
	General	Streets	Total Nonmajor Funds	Total Governmental Funds
Nonspendable				
Notes and loans receivable	$ 8,504	$ -	$ -	$ 8,504
Leases receivable	3,601,694	-	-	3,601,694
Deposits	4,000	-	-	4,000
Prepaid costs	167,566	-	19,299	186,865
Total nonspendable	3,781,764	-	19,299	3,801,063
Restricted				
Stormwater maintenance	-	-	1,578,678	1,578,678
Streets, roads and park projects	-	-	10,022,689	10,022,689
Assessment district maintenance	-	-	1,658,068	1,658,068
Police activities	-	-	630,944	630,944
Housing projects	-	-	8,452,295	8,452,295
Transit program	-	-	1,034,502	1,034,502
Tree mitigation	-	-	938,831	938,831
Total restricted fund balances	-	-	24,316,007	24,316,007
Committed				
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				
Capital improvement and equipment replacement	-	-	5,797,517	5,797,517
Total assigned fund balances	-	-	5,797,517	5,797,517
Unassigned	32,662,707	(2,719,221)	(25,609)	29,917,877
Total fund balances (deficits)	$ 40,931,449	$ (2,719,221)	$ 30,107,214	$ 68,319,442

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.

- **Leases receivable** – used to segregate that portion of fund balance to indicate that long-term leases receivable do not represent available, spendable resources, even though they are components of assets. Only the portion of leases receivable not deferred is 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.

- **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.

- **Supplemental Law Enforcement Services (SLES)** – represents supplemental law enforcement services revenues restricted for law enforcement programs and activities.

- **Housing Agency** – represents assets of the former redevelopment agency that are restricted for low and moderate-income housing.

- **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.

NOTE 8: FUND BALANCES (CONTINUED)

- **Park Facilities Development Fees** – represents impact fees restricted for park facilities development.
- **Transit Development Fees** – represents impact fees restricted for transit development.
- **Other Grants** – represents amounts restricted for purposes defined by awarding grant agencies.
- **Assessment District Funds** – represents special assessments restricted to assessment district activities.
- **Property Based Improvement District Funds** – represents special assessments for marketing expenditures and special assessments on homeowners for lighting and landscaping and other expenses.
- **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:

Fund	Deficit
Streets	$ (2,719,221)
Police Grants	(12,431)
Supplemental Law Enforcement Services	(284)
	$ (2,731,936)

These deficits were a result of expenditures incurred in advance of receipt of revenue and will be eliminated through future revenues and expenditure reductions.

NOTE 9: INTERFUND TRANSACTIONS

A. Due to and due from other funds

Due From Other Funds	Due to Other Funds	Amount
General Fund	Non-Major Governmental Funds	$ 585,723
General Fund	Streets Capital Project Fund	3,152,638
	Total	$ 3,738,361

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.

NOTE 9: INTERFUND TRANSACTIONS (CONTINUED)

B. Interfund Transfers

Transfer Out	Transfer In	Amount
General Fund	Non-Major Governmental Funds	$ 1,782,794
General Fund	Streets Capital Project Fund	3,607,575
Streets Capital Project Fund	Non-Major Governmental Funds	47,978
Non-Major Governmental Funds	Streets Capital Project Fund	7,759,897
	Total	$ 13,198,244

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.

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.

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)	
Worker's 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 Worker's 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, 2025 and 2024, fund balance of $300,000 has been committed for self-insured general liability claims.

NOTE 10: RISK MANAGEMENT (CONTINUED)

Changes in the liability and workers' compensation claims payable amounts during the year ended June 30, 2025, were as follows:

	Balance June 30, 2024	Claims and Changes in Estimates	Claims Paid	Balance June 30, 2025	Due within one year
General Liability	$ 1,013,572	$ -	$ (263,488)	$ 1,013,572	$ 330,318
Workers' Compensation	1,321,128	574,495	(564,829)	1,321,128	495,855
Total	$ 2,334,700	$ 574,495	$ (828,317)	$ 2,080,878	$ 826,173

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.

NOTE 11: PENSION PLANS (CONTINUED)

The rate plans' provisions and benefits in effect at June 30, 2025, 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	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%	7.75%
Required employer contribution rates	16.02%	11.88%	7.78%
Required UAL payment	$ 996,128.00	$ 12,876.00	$ 11,152.00

	Safety Rate Plan	Safety Second Tier Rate Plan	PEPRA Safety Rate Plan
Hire Date	Prior to August 13, 2011	August 13, 2011 to December 31, 2012	On or after January 1, 2013
Benefit Formula	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	8.99%	9.00%	13.75%
Required employer contribution rates	21.11%	20.59%	13.54%
Required UAL payment	$699,098	$28,635	$546

*Plan is closed to new entrants.

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.

NOTE 11: PENSION PLANS (CONTINUED)

For the year ended June 30, 2025, 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	$ 1,819,237	$ 2,292,567	$ 4,111,804

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

As of June 30, 2025, 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	$ 13,336,227
Safety Risk Pool	13,501,384
Total Net Pension Liability	$ 26,837,611
Financial Statement Classification:	
Governmental Activities	$ 26,128,390
Business-type Activities	709,221
Total Net Pension Liability	$ 26,837,611

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, 2024, 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, 2023 rolled forward to June 30, 2024 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, 2024 and 2025 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, 2023	0.10778%	0.12989%	0.23767%
Proportion - June 30, 2024	0.27574%	0.18518%	0.46092%
Change	-0.16796%	-0.05529%	-0.22325%

NOTE 11: PENSION PLANS (CONTINUED)

For the year ended June 30, 2025, the City recognized pension expense of $4,680,212 for both risk pools combined. At June 30, 2025, 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	$ 2,069,207	$ -	$ 2,611,006	$ -	$ 4,680,213	$ -
Differences between actual and expected experience	1,153,039	(44,991)	1,101,833	(35,825)	2,254,872	(80,816)
Changes in assumptions	342,769	-	332,646	-	675,415	-
Differences between the employer's contributions and the employer's proportionate share of contributions	767,750	(425,744)	652,595	(543,799)	1,420,345	(969,543)
Change in employer's proportion	596,587	-	1,181,181	-	1,777,768	-
Total	$ 4,929,352	$ (470,735)	$ 5,879,261	$ (579,624)	$ 10,808,613	$ (1,050,359)

The $4,680,213 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
2026	$ 896,367	$ 1,193,531	$ 2,089,898
2027	1,730,053	1,662,701	3,392,754
2028	26,089	55,687	81,776
2029	(263,099)	(223,288)	(486,387)
Total	$ 2,389,410	$ 2,688,631	$ 5,078,041

NOTE 11: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2024, actuarial valuations for each risk pool was determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS Membership Data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% 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 80% of scale MP 2020. For more details on this table, please refer to the December 2021 experience study report that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2023, 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 6.90%. 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.

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

NOTE 11: PENSION PLANS (CONTINUED)

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 [1, 2]
Global equity-cap-weighted	30.00%	4.54%
Global equity-non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00)	(0.01)

[1] An expected inflation of 2.30% used for this period.

[2] Figures are based on the 2021-22 Asset Liability Management study

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	5.90%	5.90%	5.90%
Net Pension Liability	$ 22,326,104	$ 24,484,926	$ 46,811,030
Current Discount Rate	6.90%	6.90%	6.90%
Net Pension Liability	$ 13,336,227	$ 13,501,384	$ 26,837,611
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	$ 5,936,235	$ 4,518,391	$ 10,454,626

Pension Plan Fiduciary Net Position

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

NOTE 11: PENSION PLANS (CONTINUED)

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.

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 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 $157 and $158 per month and retiree contributions were $157 and $158 per month for the years ended June 30, 2024 and 2025, 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, 2024, measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	19
Inactive employees entitled to but not yet receiving benefit payments	80
Active members	202
Total	301

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

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 when a liability exists. When a net OPEB asset exists, the City evaluates whether a contribution to the CERBT is necessary. During the measurement period, the City contributed $0 to the CERBT, which were recognized as reductions to the City's net OPEB liability.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Actuarial assumptions:	
Discount rate	6.00%
Inflation	2.50%
Salary Increases	2.80%, aggregate
Healthcare cost trend rates	Based on 2021 Getzen model that reflects actual premium increases through 2023. Trend rates assume that deductibles and out-of-pocket maximums will be increased periodically as trends increase over time.

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.

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

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	49.0%	4.50%
Fixed Income	23.0%	1.40%
Treasury Inflation Protected Securities (TIPS)	20.0%	3.70%
Commodities	5.0%	0.50%
Real Estate Investment Trusts (REITs)	3.0%	1.10%
Total	100%	
Assumed Long-Term Rate of Inflation		2.30%
Expected Long-Term Net Rate of Return, Rounded		6.00%

Discount Rate

The discount rate used to measure the total OPEB liability/(asset) was 6.00% which was a decrease from the 6.75% 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/(asset).

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2024 (6/30/2023 Measurement Date)	$ 3,225,419	$ 3,595,335	$ (369,916)
Changes in the year:			
Service Cost	242,276	-	242,276
Interest	204,263	-	204,263
Actual vs. expected experience	389,026	-	389,026
Assumption changes	-	-	-
Contributions - employer	-	250,000	(250,000)
Investment income	-	394,442	(394,442)
Administrative expenses	-	(1,173)	1,173
Benefit payments	(128,510)	-	(128,510)
Net changes	707,055	643,269	63,786
Balance at June 30, 2025 6/30/2024 Measurement Date)	$ 3,932,474	$ 4,238,604	$ (306,130)

Financial Statement Classification:	
Governmental Activities	$ (302,404)
siness-Type Activities	(3,726)
	$ (306,130)

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability 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 (4.5%/4.5% decreasing to 3%)	Current Healthcare Cost Trend Rates (5.5%/5.5% decreasing to 4%)	1% Increase (6.5%/6.5% decreasing to 5%)
Net OPEB liability	$ (843,516)	$ (306,130)	$ 359,299

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability 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 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Net OPEB liability	$ 187,454	$ (306,130)	$ (722,532)

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, 2025, the City recognized OPEB expense of $196,248. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 118,502	$ -
Changes of assumptions	235,308	(101,448)
Differences between expected and actual experience	40,136	-
Net difference between projected and actual earnings on OPEB plan investments	381,041	(1,041,323)
Total	$ 774,987	$ (1,142,771)

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

The $118,502 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:

Fiscal year ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (73,118)
2027	37,858
2028	(108,766)
2029	(107,086)
2030	(72,812)
Thereafter	(162,362)
	$ (486,286)

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.

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, 2025 in the amount of $18,669,538.

NOTE 14: SUBSEQUENT EVENTS

The City evaluated subsequent events for recognition and disclosure through January 29, 2026, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025, that required recognition or disclosure in these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Fund
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 27,074,946	$ 27,074,946	$ 26,503,561	$ (571,385)
Licenses and permits	1,692,446	1,692,446	2,628,955	936,509
Intergovernmental	12,048,453	12,048,453	16,247,609	4,199,156
Charges for services	2,003,778	2,003,778	2,528,098	524,320
Use of money and property	913,123	913,123	2,938,366	2,025,243
Fines and forfeitures	829,586	829,586	1,231,166	401,580
Contributions	5,000	5,000	27,420	22,420
Miscellaneous	19,802	19,802	476,485	456,683
Total revenues	**44,587,134**	**44,587,134**	**52,581,660**	**7,994,526**
EXPENDITURES				
Current:				
General government	10,654,090	13,124,910	10,056,614	3,068,296
Public safety	23,457,902	26,025,023	24,415,982	1,609,041
Community enhancements	3,897,895	1,713,093	1,832,046	(118,953)
Economic development	1,014,126	1,082,209	1,039,437	42,772
Culture and recreation	1,062,729	1,117,067	1,056,889	60,178
Public ways and facilities	-	1,423,233	1,900,024	(476,791)
Capital outlay	-	1,364,197	2,061,413	(697,216)
Debt service:				
Principal	80,800	80,800	72,653	8,147
Interest and fiscal charges	-	-	101,316	(101,316)
Total expenditures	**40,167,542**	**45,930,532**	**42,536,374**	**3,394,158**
Excess (deficiency) of revenues over (under) expenditures	**4,419,592**	**(1,343,398)**	**10,045,286**	**11,388,684**
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,110,000)	(1,110,000)	(5,390,369)	(4,280,369)
Debt issuance proceeds	-	-	1,228,658	1,228,658
Total other financing sources (uses)	**(1,110,000)**	**(1,110,000)**	**(4,161,711)**	**(3,051,711)**
Net change in fund balances	**$ 3,309,592**	**$ (2,453,398)**	**5,883,575**	**$ 8,336,973**
Fund balances (deficit)-beginning			35,047,874	
Fund balances (deficit)-ending			**$ 40,931,449**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedules of Proportationate Share of Net Pension Liability
As of June 30, for the Last Ten Fiscal Years

Reporting Date [1] as of June 30,	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Covered Payroll
		Miscellaneous Plan		
2025	0.27574%	$ 13,336,227	$ 9,864,129	135.2%
2024	0.25745%	13,445,554	9,095,795	147.8%
2023	0.10778%	12,046,873	8,443,872	142.7%
2022	0.07394%	3,998,659	8,285,854	48.3%
2021	0.08832%	9,609,910	8,169,066	117.6%
2020	0.08366%	8,572,628	8,715,322	98.4%
2019	0.07897%	7,610,202	8,319,602	91.5%
2018	0.07939%	7,873,259	7,889,233	99.8%
2017	0.07496%	6,486,625	8,017,935	80.9%
2016	0.07230%	4,962,609	8,102,528	61.2%
		Safety Plan		
2025	0.18518%	$ 13,501,384	$ 9,106,958	148.3%
2024	0.17038%	13,834,738	8,286,907	166.9%
2023	0.12989%	11,707,786	7,725,344	151.6%
2022	0.04075%	2,203,680	7,104,170	31.0%
2021	0.08190%	8,910,669	7,542,123	118.1%
2020	0.07275%	7,454,716	8,420,924	88.5%
2019	0.06658%	6,415,392	7,715,475	83.1%
2018	0.06404%	6,351,188	8,354,763	76.0%
2017	0.05852%	5,064,060	8,247,151	61.4%
2016	0.05364%	3,681,807	7,921,496	46.5%

Notes to Schedule of Proportionate Share of the Net Pension Liability:

Benefit Changes: None

Changes of Assumptions: None

1 The proportions and proportionate share of the net pension liability are measured as of one year behind the reporting date. Refer to notes to basic financial statements.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedules of Plan Contributions
As of June 30, for the Last Ten Fiscal Years [1]

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered/ Covered-Employee Payroll	Contribution as a % of Covered/ Covered Employee Payroll
Miscellaneous Cost-Sharing, Multiple-Employer Pension Plan					
2025	$ 2,059,653	$ 2,069,207	$ (9,554)	$ 10,483,804	19.7%
2024	1,819,237	1,819,237	-	9,864,129	18.4%
2023	1,761,543	1,761,543	-	9,095,795	19.4%
2022	1,582,843	1,582,843	-	8,443,872	18.7%
2021	1,524,519	1,524,519	-	8,285,854	18.4%
2020	1,419,774	1,419,774	-	8,169,066	17.4%
2019	1,259,805	1,259,805	-	8,715,322	14.5%
2018	1,127,777	1,127,777	-	8,319,602	13.6%
2017	1,109,977	1,109,977	-	7,889,233	14.1%
2016	1,052,606	1,052,606	-	8,017,935	13.1%
Safety Cost-Sharing, Multiple-Employer Pension Plan					
2025	$ 2,698,575	$ 2,611,006	$ 87,569	$ 9,723,055	26.9%
2024	2,292,567	2,292,567	-	9,106,958	25.2%
2023	2,147,365	2,147,365	-	8,286,907	25.9%
2022	1,965,298	1,965,298	-	7,725,344	25.4%
2021	1,958,149	1,958,149	-	7,104,170	27.6%
2020	1,782,277	1,782,277	-	7,542,123	23.6%
2019	1,743,186	1,743,186	-	8,420,924	20.7%
2018	1,675,225	1,675,225	-	7,715,475	21.7%
2017	1,605,543	1,605,543	-	8,354,763	19.2%
2016	1,460,317	1,460,317	-	8,247,151	17.7%
Agent, Multiple Employer OPEB Plan[2]					
2025	$ 213,552	$ 118,502	$ 95,050	$ 20,206,859	0.6%
2024	312,623	378,510	(65,887)	15,425,165	2.5%
2023	236,900	365,618	(128,718)	16,197,230	2.3%
2022	255,000	352,003	(97,003)	16,163,096	2.2%
2021	248,000	68,364	179,636	19,538,878	0.3%
2020	296,000	296,000	-	19,487,524	1.5%
2019	288,000	288,000	-	19,084,505	1.5%
2018	378,000	378,000	-	18,764,996	2.0%

1 The proportions and proportionate share of the net pension liability are measured as of one year behind the reporting date. Refer to notes to basic financial statements.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Changes in Net OPEB Liability and Related Ratios
As of June 30, for the Last Ten Fiscal Years [1]

	2025	2024	2023	2022
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021
TOTAL OPEB LIABILITY				
Service cost	$ 242,276	$ 202,788	$ 179,883	$ 245,140
Interest on total pension liability	204,263	245,726	231,076	215,907
Changes of assumptions	-	7,274	327,698	(101,261)
Difference between expected and actual experience	389,026	(1,057,712)	26,784	16,101
Benefit payments, including refunds of employee contributions	(128,510)	(128,718)	(104,003)	(68,364)
Net change in total OPEB liability	**707,055**	**(730,642)**	**661,438**	**307,523**
Total OPEB liability-beginning	3,225,419	3,956,061	3,294,623	2,987,100
Total OPEB liability-ending (a)	**3,932,474**	**3,225,419**	**3,956,061**	**3,294,623**
PLAN FIDUCIARY NET POSITION				
Contributions-employer	250,000	365,618	352,003	68,364
Net investment income	394,442	204,752	(495,223)	734,994
Benefit payments, including refunds of employee contributions	-	(128,718)	(104,003)	(68,364)
Administrative expense	(1,173)	(917)	(893)	(1,011)
Net change in fiduciary net position	**643,269**	**440,735**	**(248,116)**	**733,983**
Plan fiduciary net position-beginning	3,595,335	3,154,600	3,402,716	2,668,733
Plan fiduciary net position-ending (b)	**4,238,604**	**3,595,335**	**3,154,600**	**3,402,716**
Net OPEB liability/(asset) (a) - (b)	**$ (306,130)**	**$ (369,916)**	**$ 801,461**	**$ (108,093)**
Plan fiduciary net position as a percentage of the total OPEB liability	**107.8%**	**111.5%**	**79.7%**	**103.3%**
Covered-employee payroll	$ 15,425,165	$ 16,197,230	$ 16,163,096	$ 19,538,878
Plan net OPEB liability/(asset) as a percentage of covered-employee payroll	**-2.0%**	**-2.3%**	**5.0%**	**-0.6%**

Notes to Schedule of Changes in the Net OPEB Liability and Related Ratios:

Benefit Changes: None

Changes of Assumptions: None

[1] *Fiscal year 2018 was the first year of GASB Statement No. 75 implementation; therefore only eight years are shown.*

2021	2020	2019	2018
6/30/2020	6/30/2019	6/30/2018	6/30/2017
$ 217,915	$ 217,491	$ 211,156	$ 205,006
192,196	195,735	171,850	149,338
(29,367)	(43,330)	-	-
-	(380,831)	-	-
(46,180)	(37,626)	(33,358)	(20,597)
334,564	**(48,561)**	**349,648**	**333,747**
2,652,536	2,701,097	2,351,449	2,017,702
2,987,100	**2,652,536**	**2,701,097**	**2,351,449**
-	288,000	378,000	373,000
92,830	140,138	143,701	159,817
(46,180)	(37,626)	(33,358)	(20,597)
(1,282)	(479)	(3,288)	(837)
45,368	**390,033**	**485,055**	**511,383**
2,623,365	2,233,332	1,748,277	1,236,894
2,668,733	**2,623,365**	**2,233,332**	**1,748,277**
$ 318,367	**$ 29,171**	**$ 467,765**	**$ 603,172**
89.3%	**98.9%**	**82.7%**	**74.3%**
$ 19,487,524	$ 19,084,505	$ 18,764,996	$ 18,696,235
1.6%	**0.2%**	**2.5%**	**3.2%**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Notes to Required Supplementary Information
For the Year Ended June 30, 2025

Budgetary Accounting

The City Council establishes budgets for the General Fund, as well as all Special Revenue Funds and Capital Projects 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, 2025. 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, 2025, the following funds had no adopted annual budgets:

Housing Agency
Roadway Development Fees
Transit Development Fees

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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.

CDBG Grants – Accounts for revenues and expenditures for CDBG grants and programs.

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.

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
- Lighting Assessment District
- Assessment District 03-01, Zone 3
- Assessment District 98-02 Fund

Police Donations – Accounts for donations received for K-9 and other police activities and programs.

Fire CFD Impact Fee Fund – Accounts for revenues and expenditures related to the Fire CFD impact fee.

SB1186 Access Comp Fund – Accounts for revenues and expenditures related to SB1186 access fee.

Multimodal Impact Fee Fund – Accounts for revenues and expenditures related to the multimodal impact fee.

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.

General Capital Improvements – Accounts for funds collected and expended for the construction or purchase of public facilities and projects.

Community Capital Replacement – Accounts for funds expended on various capital improvement and replacement projects, including vehicle replacement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	HOME Program Grants	CDBG Grants Special Revenue Fund	Code Enforcement	Gas Tax
ASSETS				
Cash and investments	$ 1,653,822	$ 116,558	$ 615,667	$ 2,644,419
Receivables (net of allowance for uncollectible):				
Accounts	-	-	1,090,482	-
Interest	3,116	424	1,821	8,177
Due from other governments	-	126,779	4,658	214,413
Notes and loans	-	202,965	-	-
Prepaid costs	-	-	1,350	-
Land held for resale	-	-	-	-
Total assets	**1,656,938**	**446,726**	**1,713,978**	**2,867,009**
LIABILITIES				
Accounts payable	$ 252,517	$ 60,711	$ 16,536	$ 168,630
Accrued liabilities	-	-	2,725	1,667
Unearned revenues	208,149	-	-	-
Other Payables	-	-	-	-
Due to other governments	-	3,379	-	14,077
Due to other funds	-	-	-	-
Total liabilities	**460,666**	**64,090**	**19,261**	**184,374**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	1,079,922	-
Total deferred inflows of resources	**-**	**-**	**1,079,922**	**-**
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	1,350	-
Restricted	1,196,272	382,636	613,445	2,682,635
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**1,196,272**	**382,636**	**614,795**	**2,682,635**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 1,656,938**	**$ 446,726**	**$ 1,713,978**	**$ 2,867,009**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025 **(Continued)**

	Special Revenue Funds			
	Road Maintenance and Rehabilitation	Stormwater Utility Tax	Road Maintenance	Transit
ASSETS				
Cash and investments	$ 4,232,837	$ 1,524,516	$ 1,977,823	$ 462,430
Receivables (net of allowance for uncollectible):				
Accounts	-	-	-	-
Interest	16,256	11,306	7,917	1,327
Due from other governments	421,842	274,887	226,750	-
Notes and loans	-	-	-	-
Prepaid costs	-	-	3,500	-
Land held for resale	-	-	-	-
Total assets	**4,670,935**	**1,810,709**	**2,215,990**	**463,757**
LIABILITIES				
Accounts payable	$ -	$ 198,738	$ 570,577	$ 3,865
Accrued liabilities	-	1,530	1,166	521
Unearned revenues	-	-	-	-
Other Payables	-	-	-	-
Due to other governments	-	31,763	482,748	35,014
Due to other funds	-	-	-	-
Total liabilities	**-**	**232,031**	**1,054,491**	**39,400**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	3,500	-
Restricted	4,670,935	1,578,678	1,157,999	424,357
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**4,670,935**	**1,578,678**	**1,161,499**	**424,357**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 4,670,935**	**$ 1,810,709**	**$ 2,215,990**	**$ 463,757**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	Transportation Development Act	Police	Police Grants	Supplemental Law Enforcement Services (SLES)
ASSETS				
Cash and investments	$ -	$ 2,692,794	$ -	$ 436,486
Receivables (net of allowance for uncollectible):				
Accounts	-	-	-	-
Interest	83	6,779	-	1,144
Due from other governments	416,299	1,089	489,616	-
Notes and loans	-	-	-	-
Prepaid costs	-	780	12,894	-
Land held for resale	-	-	-	-
Total assets	**416,382**	**2,701,442**	**502,510**	**437,630**
LIABILITIES				
Accounts payable	$ -	$ 361	$ 19,950	$ 28,339
Accrued liabilities	-	-	615	-
Unearned revenues	-	440,060	29,986	409,575
Other Payables	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	121,333	-	464,390	-
Total liabilities	**121,333**	**440,421**	**514,941**	**437,914**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	7,800	-	-	-
Total deferred inflows of resources	**7,800**	**-**	**-**	**-**
FUND BALANCES (DEFICITS)				
Nonspendable	-	780	12,894	-
Restricted	287,249	2,260,241	-	-
Assigned	-	-	-	-
Unassigned	-	-	(25,325)	(284)
Total fund balances (deficits)	**287,249**	**2,261,021**	**(12,431)**	**(284)**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 416,382**	**$ 2,701,442**	**$ 502,510**	**$ 437,630**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025 **(Continued)**

	Special Revenue Funds			
	Housing Agency	Roadway Development Fees	Housing Mitigation Development Fees	Tree Mitigation Fes
ASSETS				
Cash and investments	$ 168,951	$ 366,271	$ 422,876	$ 992,119
Receivables (net of allowance for uncollectible):				
Accounts	-	-	-	-
Interest	-	-	1,103	2,601
Due from other governments	-	-	-	-
Notes and loans	1,199,999	-	-	-
Prepaid costs	-	-	-	-
Land held for resale	2,784,600	-	-	-
Total assets	**4,153,550**	**366,271**	**423,979**	**994,720**
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ 55,889
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Other Payables	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	**-**	**-**	**-**	**55,889**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	4,153,550	366,271	423,979	938,831
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**4,153,550**	**366,271**	**423,979**	**938,831**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 4,153,550**	**$ 366,271**	**$ 423,979**	**$ 994,720**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	Park Facilities Development Fees	Transit Development Fees	Other Grants	Assessment District 98-02 Zone 3
ASSETS				
Cash and investments	$ 169,565	$ 207,543	$ 174,896	$ 41,191
Receivables (net of allowance for uncollectible):				
Accounts	-	-	-	-
Interest	432	-	-	105
Due from other governments	-	-	567,818	66
Notes and loans	-	-	-	-
Prepaid costs	-	-	775	-
Land held for resale	-	-	-	-
Total assets	**169,997**	**207,543**	**743,489**	**41,362**
LIABILITIES				
Accounts payable	$ -	$ -	$ 572,282	$ 618
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	169,856	-
Other Payables	-	-	-	-
Due to other governments	-	-	-	16
Due to other funds	-	-	-	-
Total liabilities	**-**	**-**	**742,138**	**634**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	775	-
Restricted	169,997	207,543	576	40,728
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**169,997**	**207,543**	**1,351**	**40,728**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 169,997**	**$ 207,543**	**$ 743,489**	**$ 41,362**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025 **(Continued)**

	Special Revenue Funds			
	Assessment District Zone 1	Assessment District Zone 2	Assessment District Zone 3	Assessment District Zone 4
ASSETS				
Cash and investments	$ 47,833	$ 38,284	$ 1,210	$ 2,451
Receivables (net of allowance for uncollectible):				
Accounts	-	-	-	-
Interest	125	102	-	-
Due from other governments	252	231	75	46
Notes and loans	-	-	-	-
Prepaid costs	-	-	-	-
Land held for resale	-	-	-	-
Total assets	**48,210**	**38,617**	**1,285**	**2,497**
LIABILITIES				
Accounts payable	$ 4,974	$ 15,681	$ 886	$ 1,143
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Other Payables	-	-	-	-
Due to other governments	-	-	399	1,354
Due to other funds	-	-	-	-
Total liabilities	**4,974**	**15,681**	**1,285**	**2,497**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	43,236	22,936	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**43,236**	**22,936**	**-**	**-**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 48,210**	**$ 38,617**	**$ 1,285**	**$ 2,497**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	Assessment District 98-01	Assessment District 98-02	Assessment District 03-01	Assessment District 98-02 Zone 2
ASSETS				
Cash and investments	$ 140,062	$ 59,164	$ 840,355	$ 45,552
Receivables (net of allowance for uncollectible):				
Accounts	-	-	-	-
Interest	367	156	2,200	117
Due from other governments	62	674	515	288
Notes and loans	-	-	-	-
Prepaid costs	-	-	-	-
Land held for resale	-	-	-	-
Total assets	**140,491**	**59,994**	**843,070**	**45,957**
LIABILITIES				
Accounts payable	$ 1,474	$ 2,199	$ 2,324	$ 1,011
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Other Payables	-	-	-	-
Due to other governments	390	-	176	625
Due to other funds	-	-	-	-
Total liabilities	**1,864**	**2,199**	**2,500**	**1,636**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	138,627	57,795	840,570	44,321
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**138,627**	**57,795**	**840,570**	**44,321**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 140,491**	**$ 59,994**	**$ 843,070**	**$ 45,957**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025 **(Continued)**

	Special Revenue Funds			
	Assessment District 03-01 Zone 2	Lighting Assessment District	Police Donations	Assessment District 03-01 Zone 3
ASSETS				
Cash and investments	$ 55,972	$ 53,857	$ 17,668	$ 377,809
Receivables (net of allowance for uncollectible):				
Accounts	-	-	-	-
Interest	134	-	-	952
Due from other governments	945	5,926	-	484
Notes and loans	-	-	-	-
Prepaid costs	-	-	-	-
Land held for resale	-	-	-	-
Total assets	**57,051**	**59,783**	**17,668**	**379,245**
LIABILITIES				
Accounts payable	$ 3,809	$ 39,025	$ 169	$ 273
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Other Payables	-	-	-	-
Due to other governments	220	20,758	-	-
Due to other funds	-	-	-	-
Total liabilities	**4,029**	**59,783**	**169**	**273**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	53,022	-	17,499	378,972
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**53,022**	**-**	**17,499**	**378,972**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 57,051**	**$ 59,783**	**$ 17,668**	**$ 379,245**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	Fire CFD Impact Fee Fund	SB 1186 Access Comp Fund	Multimodal Impact Fee Fund	Assessment District 98-02 Fund
ASSETS				
Cash and investments	$ 1,582	$ 36,694	$ 113,338	$ 26,336
Receivables (net of allowance for uncollectible):				
Accounts	-	4	-	-
Interest	-	90	2,015	65
Due from other governments	-	6,633	-	40
Notes and loans	-	-	-	-
Prepaid costs	-	-	-	-
Land held for resale	-	-	-	-
Total assets	**1,582**	**43,421**	**115,353**	**26,441**
LIABILITIES				
Accounts payable	$ 1,582	$ 7,804	$ -	$ 205
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Other Payables	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	**1,582**	**7,804**	**-**	**205**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	-	35,617	115,353	26,236
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**-**	**35,617**	**115,353**	**26,236**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 1,582**	**$ 43,421**	**$ 115,353**	**$ 26,441**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Capital Projects Funds			
	Measure A Construction	General Capital Improvements	Community Capital Replacement	Total Nonmajor Funds
ASSETS				
Cash and investments	$ 935,198	$ 755,482	$ 2,015,984	$ 24,465,595
Receivables (net of allowance for uncollectible):				
Accounts	-	4	-	1,090,490
Interest	3,283	-	-	72,197
Due from other governments	56,150	-	-	2,816,538
Notes and loans	-	-	-	1,402,964
Prepaid costs	-	-	-	19,299
Land held for resale	-	3,440,097	-	6,224,697
Total assets	**994,631**	**4,195,583**	**2,015,984**	**36,091,780**
LIABILITIES				
Accounts payable	$ 8,730	$ -	$ 400,217	$ 2,440,519
Accrued liabilities	-	-	-	8,224
Unearned revenues	-	-	-	1,257,626
Other Payables	-	-	13,833	13,833
Due to other governments	-	-	-	590,919
Due to other funds	-	-	-	585,723
Total liabilities	**8,730**	**-**	**414,050**	**4,896,844**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	1,087,722
Total deferred inflows of resources	**-**	**-**	**-**	**1,087,722**
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	19,299
Restricted	985,901	-	-	24,316,007
Assigned	-	4,195,583	1,601,934	5,797,517
Unassigned	-	-	-	(25,609)
Total fund balances (deficits)	**985,901**	**4,195,583**	**1,601,934**	**30,107,214**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 994,631**	**$ 4,195,583**	**$ 2,015,984**	**$ 36,091,780**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	HOME Program Grants	CDBG Grants Special Revenue Fund	Code Enforcement	Gas Tax
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	766,194	750,123	-	2,479,715
Charges for services	-	-	824,293	-
Use of money and property	46,790	810	23,298	128,116
Contributions	-	-	-	-
Miscellaneous	-	92,221	-	-
Total revenues	**812,984**	**843,154**	**847,591**	**2,607,831**
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	906,869	-
Community enhancements	766,193	261,561	-	-
Culture and recreation	-	-	-	-
Public ways and facilities	-	-	-	2,078,193
Capital outlay	-	-	-	82,237
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	**766,193**	**261,561**	**906,869**	**2,160,430**
Excess (deficiency) of revenues over (under) expenditures	**46,791**	**581,593**	**(59,278)**	**447,401**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,198	-	-
Transfers out	-	(392,444)	-	(327,213)
Proceeds from sale of capital asset	-	-	-	-
Total other financing sources (uses)	**-**	**(390,246)**	**-**	**(327,213)**
Net change in fund balances	**46,791**	**191,347**	**(59,278)**	**120,188**
Fund balances (deficit)-beginning	1,149,481	191,289	674,073	2,562,447
Fund balances (deficit)-ending	**$ 1,196,272**	**$ 382,636**	**$ 614,795**	**$ 2,682,635**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025 **(Continued)**

	Special Revenue Funds			
	Road Maintenance and Rehabilitation	Stormwater Utility Tax	Road Maintenance	Transit
REVENUES				
Taxes	$ -	$ 10,145	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,393,827	-	2,681,502	-
Charges for services	-	4,305,847	-	389,253
Use of money and property	236,037	179,716	132,340	23,573
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	**2,629,864**	**4,495,708**	**2,813,842**	**412,826**
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community enhancements	-	-	-	-
Culture and recreation	-	-	-	-
Public ways and facilities	10,853	3,865,351	3,567,972	310,051
Capital outlay	-	35,600	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	**10,853**	**3,900,951**	**3,567,972**	**310,051**
Excess (deficiency) of revenues over (under) expenditures	**2,619,011**	**594,757**	**(754,130)**	**102,775**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,438,584)	(2,919,152)	(884,961)	-
Proceeds from sale of capital asset	-	-	-	-
Total other financing sources (uses)	**(2,438,584)**	**(2,919,152)**	**(884,961)**	**-**
Net change in fund balances	**180,427**	**(2,324,395)**	**(1,639,091)**	**102,775**
Fund balances (deficit)-beginning	4,490,508	3,903,073	2,800,590	321,582
Fund balances (deficit)-ending	**$ 4,670,935**	**$ 1,578,678**	**$ 1,161,499**	**$ 424,357**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Transportation Development Act	Police	Police Grants	Supplemental Law Enforcement Services (SLES)
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	413,162	195,974	1,516,944	235,750
Charges for services	-	-	-	-
Use of money and property	1,308	80,240	-	-
Contributions	-	-	-	-
Miscellaneous	-	5,714	-	-
Total revenues	**414,470**	**281,928**	**1,516,944**	**235,750**
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	17,459	429,963	89,710
Community enhancements	-	-	-	-
Culture and recreation	-	-	-	-
Public ways and facilities	-	-	-	-
Capital outlay	-	-	1,095,660	146,040
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	8,188	-
Total expenditures	**-**	**17,459**	**1,533,811**	**235,750**
Excess (deficiency) of revenues over (under) expenditures	**414,470**	**264,469**	**(16,867)**	**-**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(152,847)	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total other financing sources (uses)	**(152,847)**	**-**	**-**	**-**
Net change in fund balances	**261,623**	**264,469**	**(16,867)**	**-**
Fund balances (deficit)-beginning	25,626	1,996,552	4,436	(284)
Fund balances (deficit)-ending	**$ 287,249**	**$ 2,261,021**	**$ (12,431)**	**$ (284)**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025 **(Continued)**

	Special Revenue Funds			
	Housing Agency	Roadway Development Fees	Housing Mitigation Development Fees	Tree Mitigation Fes
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	277,876
Use of money and property	-	-	18,205	36,932
Contributions	-	-	-	-
Miscellaneous	81,957	-	-	-
Total revenues	**81,957**	**-**	**18,205**	**314,808**
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community enhancements	-	-	-	17,621
Culture and recreation	-	-	-	-
Public ways and facilities	-	-	-	60,556
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	**-**	**-**	**-**	**78,177**
Excess (deficiency) of revenues over (under) expenditures	**81,957**	**-**	**18,205**	**236,631**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	47,978
Transfers out	-	(82,576)	-	-
Proceeds from sale of capital asset	-	-	-	-
Total other financing sources (uses)	**-**	**(82,576)**	**-**	**47,978**
Net change in fund balances	**81,957**	**(82,576)**	**18,205**	**284,609**
Fund balances (deficit)-beginning	4,071,593	448,847	405,774	654,222
Fund balances (deficit)-ending	**$ 4,153,550**	**$ 366,271**	**$ 423,979**	**$ 938,831**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Park Facilities Development Fees	Transit Development Fees	Other Grants	Assessment District 98-02 Zone 3
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	905,326	-
Charges for services	34,756	-	-	12,372
Use of money and property	10,715	-	-	1,425
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	**45,471**	**-**	**905,326**	**13,797**
EXPENDITURES				
Current:				
General government	-	-	6,331	-
Public safety	-	-	-	-
Community enhancements	-	-	731,800	-
Culture and recreation	-	-	-	-
Public ways and facilities	-	-	-	8,359
Capital outlay	-	-	194,742	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	**-**	**-**	**932,873**	**8,359**
Excess (deficiency) of revenues over (under) expenditures	**45,471**	**-**	**(27,547)**	**5,438**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	48,536	-
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total other financing sources (uses)	**-**	**-**	**48,536**	**-**
Net change in fund balances	**45,471**	**-**	**20,989**	**5,438**
Fund balances (deficit)-beginning	124,526	207,543	(19,638)	35,290
Fund balances (deficit)-ending	**$ 169,997**	**$ 207,543**	**$ 1,351**	**$ 40,728**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025 **(Continued)**

	Special Revenue Funds			
	Assessment District Zone 1	Assessment District Zone 2	Assessment District Zone 3	Assessment District Zone 4
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	10,368	13,237	6,424	4,602
Use of money and property	2,229	2,190	255	195
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	**12,597**	**15,427**	**6,679**	**4,797**
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community enhancements	-	-	-	-
Culture and recreation	-	-	-	-
Public ways and facilities	10,419	57,222	18,349	23,283
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	**10,419**	**57,222**	**18,349**	**23,283**
Excess (deficiency) of revenues over (under) expenditures	**2,178**	**(41,795)**	**(11,670)**	**(18,486)**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	11,625	18,486
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total other financing sources (uses)	**-**	**-**	**11,625**	**18,486**
Net change in fund balances	**2,178**	**(41,795)**	**(45)**	**-**
Fund balances (deficit)-beginning	41,058	64,731	45	-
Fund balances (deficit)-ending	**$ 43,236**	**$ 22,936**	**$ -**	**$ -**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Assessment District 98-01	Assessment District 98-02	Assessment District 03-01	Assessment District 98-02 Zone 2
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	11,575	24,057	99,239	17,830
Use of money and property	5,258	3,168	31,845	2,067
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	**16,833**	**27,225**	**131,084**	**19,897**
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community enhancements	-	-	-	-
Culture and recreation	-	-	-	-
Public ways and facilities	11,904	36,797	122,659	21,884
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	**11,904**	**36,797**	**122,659**	**21,884**
Excess (deficiency) of revenues over (under) expenditures	**4,929**	**(9,572)**	**8,425**	**(1,987)**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total other financing sources (uses)	**-**	**-**	**-**	**-**
Net change in fund balances	**4,929**	**(9,572)**	**8,425**	**(1,987)**
Fund balances (deficit)-beginning	133,698	67,367	832,145	46,308
Fund balances (deficit)-ending	**$ 138,627**	**$ 57,795**	**$ 840,570**	**$ 44,321**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025 **(Continued)**

	Special Revenue Funds			
	Assessment District 03-01 Zone 2	Lighting Assessment District	Police Donations	Assessment District 03-01 Zone 3
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	22,136	339,063	-	91,630
Use of money and property	5,862	-	-	11,887
Contributions	-	-	9,246	-
Miscellaneous	-	-	-	-
Total revenues	**27,998**	**339,063**	**9,246**	**103,517**
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	2,752	-
Community enhancements	-	-	-	-
Culture and recreation	-	-	-	-
Public ways and facilities	13,313	466,747	-	273
Capital outlay	-	28,546	-	-
Debt service:				
Principal	-	19,592	-	-
Interest and fiscal charges	-	3,564	-	-
Total expenditures	**13,313**	**518,449**	**2,752**	**273**
Excess (deficiency) of revenues over (under) expenditures	**14,685**	**(179,386)**	**6,494**	**103,244**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	202,542	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total other financing sources (uses)	**-**	**202,542**	**-**	**-**
Net change in fund balances	**14,685**	**23,156**	**6,494**	**103,244**
Fund balances (deficit)-beginning	38,337	(23,156)	11,005	275,728
Fund balances (deficit)-ending	**$ 53,022**	**$ -**	**$ 17,499**	**$ 378,972**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Fire CFD Impact Fee Fund	SB 1186 Access Comp Fund	Multimodal Impact Fee Fund	Assessment District 98-02 Fund
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	18,193	16,037	17,496	11,225
Use of money and property	-	2,024	29,820	918
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	**18,193**	**18,061**	**47,316**	**12,143**
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	18,193	-	-	-
Community enhancements	-	85	-	-
Culture and recreation	-	-	-	-
Public ways and facilities	-	-	-	205
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	**18,193**	**85**	**-**	**205**
Excess (deficiency) of revenues over (under) expenditures	**-**	**17,976**	**47,316**	**11,938**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total other financing sources (uses)	**-**	**-**	**-**	**-**
Net change in fund balances	**-**	**17,976**	**47,316**	**11,938**
Fund balances (deficit)-beginning	-	17,641	68,037	14,298
Fund balances (deficit)-ending	**$ -**	**$ 35,617**	**$ 115,353**	**$ 26,236**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Capital Projects Funds			
	Measure A Construction	General Capital Improvements	Community Capital Replacement	Total Nonmajor Funds
REVENUES				
Taxes	$ -	$ -	$ -	$ 10,145
Licenses and permits	-	141,978	58,814	200,792
Intergovernmental	663,238	-	4,176	13,005,931
Charges for services	-	-	-	6,547,509
Use of money and property	42,318	-	-	1,059,541
Contributions	-	-	-	9,246
Miscellaneous	-	-	-	179,892
Total revenues	**705,556**	**141,978**	**62,990**	**21,013,056**
EXPENDITURES				
Current:				
General government	-	-	30,804	37,135
Public safety	-	-	2,990	1,467,936
Community enhancements	-	-	-	1,777,260
Culture and recreation	-	-	87,310	87,310
Public ways and facilities	59,516	-	-	10,743,906
Capital outlay	53,398	-	1,642,151	3,278,374
Debt service:				
Principal	-	-	-	19,592
Interest and fiscal charges	-	-	-	11,752
Total expenditures	**112,914**	**-**	**1,763,255**	**17,423,265**
Excess (deficiency) of revenues over (under) expenditures	**592,642**	**141,978**	**(1,700,265)**	**3,589,791**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,499,407	1,830,772
Transfers out	(321,658)	(191,926)	(48,536)	(7,759,897)
Proceeds from sale of capital asset	-	-	165,476	165,476
Total other financing sources (uses)	**(321,658)**	**(191,926)**	**1,616,347**	**(5,763,649)**
Net change in fund balances	**270,984**	**(49,948)**	**(83,918)**	**(2,173,858)**
Fund balances (deficit)-beginning	714,917	4,245,531	1,685,852	32,281,072
Fund balances (deficit)-ending	**$ 985,901**	**$ 4,195,583**	**$ 1,601,934**	**$ 30,107,214**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
HOME Program Grants
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 500,000	$ 500,000	$ 766,194	$ 266,194
Use of money and property	-	-	46,790	46,790
Total revenues	**500,000**	**500,000**	**812,984**	**312,984**
EXPENDITURES				
Current:				
Community enhancements	500,000	500,000	766,193	(266,193)
Total expenditures	**500,000**	**500,000**	**766,193**	**(266,193)**
Net change in fund balances	**$ -**	**$ -**	**46,791**	**$ 46,791**
Fund balances (deficit)-beginning			1,149,481	
Fund balances (deficit)-ending			**$ 1,196,272**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
CDBG Grants Special Revenue Fund
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 600,000	$ 600,000	$ 750,123	$ 150,123
Use of money and property	-	-	810	810
Miscellaneous	-	-	92,221	92,221
Total revenues	**600,000**	**600,000**	**843,154**	**243,154**
EXPENDITURES				
Current:				
Community enhancements	600,000	600,000	261,561	338,439
Total expenditures	**600,000**	**600,000**	**261,561**	**338,439**
Excess (deficiency) of revenues over (under) expenditures	**-**	**-**	**581,593**	**581,593**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,198	2,198
Transfers out	-	-	(392,444)	(392,444)
Total other financing sources (uses)	**-**	**-**	**(390,246)**	**(390,246)**
Net change in fund balances	**$ -**	**$ -**	**191,347**	**$ 191,347**
Fund balances (deficit)-beginning			191,289	
Fund balances (deficit)-ending			**$ 382,636**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Code Enforcement
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 699,644	$ 699,644	$ 824,293	$ 124,649
Use of money and property	-	-	23,298	23,298
Total revenues	**699,644**	**699,644**	**847,591**	**147,947**
EXPENDITURES				
Current:				
Public safety	859,073	859,073	906,869	(47,796)
Total expenditures	**859,073**	**859,073**	**906,869**	**(47,796)**
Net change in fund balances	**$ (159,429)**	**$ (159,429)**	**(59,278)**	**$ 100,151**
Fund balances (deficit)-beginning			674,073	
Fund balances (deficit)-ending			**$ 614,795**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Gas Tax
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 2,597,140	$ 2,597,140	$ 2,479,715	$ (117,425)
Use of money and property	-	-	128,116	128,116
Total revenues	**2,597,140**	**2,597,140**	**2,607,831**	**10,691**
EXPENDITURES				
Current:				
Public ways and facilities	2,058,557	2,058,557	2,078,193	(19,636)
Capital outlay	-	-	82,237	(82,237)
Total expenditures	**2,058,557**	**2,058,557**	**2,160,430**	**(101,873)**
Excess (deficiency) of revenues over (under) expenditures	**538,583**	**538,583**	**447,401**	**(91,182)**
OTHER FINANCING SOURCES (USES)				
Transfers out	(400,000)	(400,000)	(327,213)	72,787
Total other financing sources (uses)	**(400,000)**	**(400,000)**	**(327,213)**	**72,787**
Net change in fund balances	**$ 138,583**	**$ 138,583**	**120,188**	**$ (18,395)**
Fund balances (deficit)-beginning			2,562,447	
Fund balances (deficit)-ending			**$ 2,682,635**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Road Maintenance and Rehabilitation
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 1,881,447	$ 1,881,447	$ 2,393,827	$ 512,380
Use of money and property	-	-	236,037	236,037
Total revenues	**1,881,447**	**1,881,447**	**2,629,864**	**748,417**
EXPENDITURES				
Current:				
Public ways and facilities	-	-	10,853	(10,853)
Total expenditures	**-**	**-**	**10,853**	**(10,853)**
Excess (deficiency) of revenues over (under) expenditures	**1,881,447**	**1,881,447**	**2,619,011**	**737,564**
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,800,000)	(1,800,000)	(2,438,584)	(638,584)
Total other financing sources (uses)	**(1,800,000)**	**(1,800,000)**	**(2,438,584)**	**(638,584)**
Net change in fund balances	**$ 81,447**	**$ 81,447**	**180,427**	**$ 98,980**
Fund balances (deficit)-beginning			4,490,508	
Fund balances (deficit)-ending			**$ 4,670,935**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Stormwater Utility Tax
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ -	$ -	$ 10,145	$ 10,145
Charges for services	3,965,879	3,965,879	4,305,847	339,968
Use of money and property	-	-	179,716	179,716
Total revenues	**3,965,879**	**3,965,879**	**4,495,708**	**529,829**
EXPENDITURES				
Current:				
Public ways and facilities	2,466,497	3,646,497	3,865,351	(218,854)
Capital outlay	1,180,000	-	35,600	(35,600)
Total expenditures	**3,646,497**	**3,646,497**	**3,900,951**	**(254,454)**
Excess (deficiency) of revenues over (under) expenditures	**319,382**	**319,382**	**594,757**	**275,375**
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,300,000)	(1,300,000)	(2,919,152)	(1,619,152)
Total other financing sources (uses)	**(1,300,000)**	**(1,300,000)**	**(2,919,152)**	**(1,619,152)**
Net change in fund balances	**$ (980,618)**	**$ (980,618)**	**(2,324,395)**	**$ (1,343,777)**
Fund balances (deficit)-beginning			3,903,073	
Fund balances (deficit)-ending			**$ 1,578,678**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Road Maintenance
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 2,767,832	$ 2,767,832	$ 2,681,502	$ (86,330)
Use of money and property	-	-	132,340	132,340
Total revenues	**2,767,832**	**2,767,832**	**2,813,842**	**46,010**
EXPENDITURES				
Current:				
Public ways and facilities	2,054,045	3,229,045	3,567,972	(338,927)
Capital outlay	1,175,000	-	-	-
Total expenditures	**3,229,045**	**3,229,045**	**3,567,972**	**(338,927)**
Excess (deficiency) of revenues over (under) expenditures	**(461,213)**	**(461,213)**	**(754,130)**	**(292,917)**
OTHER FINANCING SOURCES (USES)				
Transfers out	(120,000)	(120,000)	(884,961)	(764,961)
Total other financing sources (uses)	**(120,000)**	**(120,000)**	**(884,961)**	**(764,961)**
Net change in fund balances	**$ (581,213)**	**$ (581,213)**	**(1,639,091)**	**$ (1,057,878)**
Fund balances (deficit)-beginning			2,800,590	
Fund balances (deficit)-ending			**$ 1,161,499**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Transit
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 383,877	$ 383,877	$ 389,253	$ 5,376
Use of money and property	-	-	23,573	23,573
Total revenues	**383,877**	**383,877**	**412,826**	**28,949**
EXPENDITURES				
Current:				
Public ways and facilities	348,526	514,135	310,051	204,084
Total expenditures	**359,135**	**514,135**	**310,051**	**204,084**
Net change in fund balances	**$ (130,258)**	**$ (130,258)**	**102,775**	**$ 233,033**
Fund balances (deficit)-beginning			321,582	
Fund balances (deficit)-ending			**$ 424,357**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Transportation Development Act
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 101,275	$ 101,275	$ 413,162	$ 311,887
Use of money and property	-	-	1,308	1,308
Total revenues	**101,275**	**101,275**	**414,470**	**313,195**
Excess (deficiency) of revenues over (under) expenditures	**101,275**	**101,275**	**414,470**	**313,195**
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(152,847)	(152,847)
Total other financing sources (uses)	**-**	**-**	**(152,847)**	**(152,847)**
Net change in fund balances	**$ 101,275**	**$ 101,275**	**261,623**	**$ 160,348**
Fund balances (deficit)-beginning			25,626	
Fund balances (deficit)-ending			**$ 287,249**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Police
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ -	$ 195,974	$ 195,974
Use of money and property	-	-	80,240	80,240
Miscellaneous	-	-	5,714	5,714
Total revenues	**-**	**-**	**281,928**	**281,928**
EXPENDITURES				
Current:				
Public safety	65,169	96,169	17,459	78,710
Total expenditures	**65,169**	**96,169**	**17,459**	**78,710**
Net change in fund balances	**$ (65,169)**	**$ (96,169)**	**264,469**	**$ 360,638**
Fund balances (deficit)-beginning			1,996,552	
Fund balances (deficit)-ending			**$ 2,261,021**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Police Grants
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 115,482	$ 115,482	$ 1,516,944	$ 1,401,462
Total revenues	**115,482**	**115,482**	**1,516,944**	**1,401,462**
EXPENDITURES				
Current:				
Public safety	161,486	161,486	429,963	(268,477)
Capital outlay	-	-	1,095,660	(1,095,660)
Debt service:				
Interest and fiscal charges	-	-	8,188	(8,188)
Total expenditures	**161,486**	**161,486**	**1,533,811**	**(1,372,325)**
Excess (deficiency) of revenues over (under) expenditures	**(46,004)**	**(46,004)**	**(16,867)**	**29,137**
Net change in fund balances	**$ (46,004)**	**$ (46,004)**	**(16,867)**	**$ 29,137**
Fund balances (deficit)-beginning			4,436	
Fund balances (deficit)-ending			**$ (12,431)**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Supplemental Law Enforcement Services (SLES)
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 133,393	$ 133,393	$ 235,750	$ 102,357
Total revenues	**133,393**	**133,393**	**235,750**	**102,357**
EXPENDITURES				
Current:				
Public safety	24,402	24,402	89,710	(65,308)
Capital Outlay	-	-	146,040	(146,040)
Total expenditures	**24,402**	**24,402**	**235,750**	**(211,348)**
Net change in fund balances	**$ 108,991**	**$ 108,991**	**-**	**$ (108,991)**
Fund balances (deficit)-beginning			(284)	
Fund balances (deficit)-ending			**$ (284)**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Housing Mitigation Development Fees
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 18,002	$ 18,002	$ -	$ (18,002)
Use of money and property	-	-	18,205	18,205
Total revenues	**18,002**	**18,002**	**18,205**	**203**
EXPENDITURES				
Current:				
Community enhancements	54,636	54,636	-	54,636
Total expenditures	**54,636**	**54,636**	**-**	**54,636**
Net change in fund balances	**$ (36,634)**	**$ (36,634)**	**18,205**	**$ 54,839**
Fund balances (deficit)-beginning			405,774	
Fund balances (deficit)-ending			**$ 423,979**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Tree Mitigation Fes
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 39,393	$ 39,393	$ 277,876	$ 238,483
Use of money and property	-	-	36,932	36,932
Total revenues	**39,393**	**39,393**	**314,808**	**275,415**
EXPENDITURES				
Current:				
Community enhancements	22,003	22,003	17,621	4,382
Public ways and facilities	-	-	60,556	(60,556)
Total expenditures	**22,003**	**22,003**	**78,177**	**(56,174)**
Excess (deficiency) of revenues over (under) expenditures	**17,390**	**17,390**	**236,631**	**219,241**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	47,978	47,978
Total other financing sources (uses)	**-**	**-**	**47,978**	**47,978**
Net change in fund balances	**$ 17,390**	**$ 17,390**	**284,609**	**$ 267,219**
Fund balances (deficit)-beginning			654,222	
Fund balances (deficit)-ending			**$ 938,831**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Park Facilities Development Fees
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 120,943	$ 120,943	$ 34,756	$ (86,187)
Use of money and property	-	-	10,715	10,715
Total revenues	**120,943**	**120,943**	**45,471**	**(75,472)**
EXPENDITURES				
Current:				
Public ways and facilities	54,636	54,636	-	54,636
Total expenditures	**54,636**	**54,636**	**-**	**54,636**
Net change in fund balances	**$ 66,307**	**$ 66,307**	**45,471**	**$ (20,836)**
Fund balances (deficit)-beginning			124,526	
Fund balances (deficit)-ending			**$ 169,997**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Other Grants
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 12,000	$ 12,000	$ 905,326	$ 893,326
Total revenues	**12,000**	**12,000**	**905,326**	**893,326**
EXPENDITURES				
Current:				
General government	-	-	6,331	(6,331)
Community enhancements	15,000	15,000	731,800	(716,800)
Capital Outlay	-	-	194,742	(194,742)
Total expenditures	**15,000**	**15,000**	**932,873**	**(917,873)**
Excess (deficiency) of revenues over (under) expenditures	**(3,000)**	**(3,000)**	**(27,547)**	**(24,547)**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	48,536	48,536
Total other financing sources (uses)	**-**	**-**	**48,536**	**48,536**
Net change in fund balances	**$ (3,000)**	**$ (3,000)**	**20,989**	**$ 23,989**
Fund balances (deficit)-beginning			(19,638)	
Fund balances (deficit)-ending			**$ 1,351**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Assessment District 98-02 Zone 3
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 12,348	$ 12,348	$ 12,372	$ 24
Use of money and property	-	-	1,425	1,425
Total revenues	**12,348**	**12,348**	**13,797**	**1,449**
EXPENDITURES				
Current:				
Public ways and facilities	6,259	6,259	8,359	(2,100)
Total expenditures	**6,259**	**6,259**	**8,359**	**(2,100)**
Net change in fund balances	**$ 6,089**	**$ 6,089**	**5,438**	**$ (651)**
Fund balances (deficit)-beginning			35,290	
Fund balances (deficit)-ending			**$ 40,728**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Assessment District Zone 1
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 10,523	$ 10,523	$ 10,368	$ (155)
Use of money and property	-	-	2,229	2,229
Total revenues	**10,523**	**10,523**	**12,597**	**2,074**
EXPENDITURES				
Current:				
Public ways and facilities	17,656	17,656	10,419	7,237
Total expenditures	**17,656**	**17,656**	**10,419**	**7,237**
Net change in fund balances	**$ (7,133)**	**$ (7,133)**	**2,178**	**$ 9,311**
Fund balances (deficit)-beginning			41,058	
Fund balances (deficit)-ending			**$ 43,236**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Assessment District Zone 2
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 13,169	$ 13,169	$ 13,237	$ 68
Use of money and property	-	-	2,190	2,190
Total revenues	**13,169**	**13,169**	**15,427**	**2,258**
EXPENDITURES				
Current:				
Public ways and facilities	15,293	15,293	57,222	(41,929)
Total expenditures	**15,293**	**15,293**	**57,222**	**(41,929)**
Net change in fund balances	**$ (2,124)**	**$ (2,124)**	**(41,795)**	**$ (39,671)**
Fund balances (deficit)-beginning			64,731	
Fund balances (deficit)-ending			**$ 22,936**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Assessment District Zone 3
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 6,550	$ 6,550	$ 6,424	$ (126)
Total revenues	**6,550**	**6,550**	**6,679**	**129**
EXPENDITURES				
Current:				
Public ways and facilities	16,517	16,517	18,349	(1,832)
Total expenditures	**16,517**	**16,517**	**18,349**	**(1,832)**
Net change in fund balances	**$ (9,967)**	**$ (9,967)**	**(45)**	**$ 9,922**
Fund balances (deficit)-beginning			45	
Fund balances (deficit)-ending			**$ -**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Assessment District Zone 4
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 4,718	$ 4,718	$ 4,602	$ (116)
Use of money and property	-	-	195	195
Total revenues	**4,718**	**4,718**	**4,797**	**79**
EXPENDITURES				
Current:				
Public ways and facilities	20,782	20,782	23,283	(2,501)
Total expenditures	**20,782**	**20,782**	**23,283**	**(2,501)**
Excess (deficiency) of revenues over (under) expenditures	**(16,064)**	**(16,064)**	**(18,486)**	**(2,422)**
OTHER FINANCING SOURCES (USES)				
Transfers in	6,511	-	18,486	18,486
Total other financing sources (uses)	**6,511**	**-**	**18,486**	**18,486**
Net change in fund balances	**$ (9,553)**	**$ (16,064)**	**-**	**$ 16,064**
Fund balances (deficit)-beginning			-	
Fund balances (deficit)-ending			**$ -**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Assessment District 98-01
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 11,627	$ 11,627	$ 11,575	$ (52)
Use of money and property	-	-	5,258	5,258
Total revenues	**11,627**	**11,627**	**16,833**	**5,206**
EXPENDITURES				
Current:				
Public ways and facilities	14,956	14,956	11,904	3,052
Total expenditures	**14,956**	**14,956**	**11,904**	**3,052**
Net change in fund balances	**$ (3,329)**	**$ (3,329)**	**4,929**	**$ 8,258**
Fund balances (deficit)-beginning			133,698	
Fund balances (deficit)-ending			**$ 138,627**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Assessment District 98-02
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 24,259	$ 24,259	$ 24,057	$ (202)
Use of money and property	-	-	3,168	3,168
Total revenues	**24,259**	**24,259**	**27,225**	**2,966**
EXPENDITURES				
Current:				
Public ways and facilities	33,019	33,019	36,797	(3,778)
Total expenditures	**33,019**	**33,019**	**36,797**	**(3,778)**
Net change in fund balances	**$ (8,760)**	**$ (8,760)**	**(9,572)**	**$ (812)**
Fund balances (deficit)-beginning			67,367	
Fund balances (deficit)-ending			**$ 57,795**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Assessment District 03-01
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 96,925	$ 96,925	$ 99,239	$ 2,314
Use of money and property	-	-	31,845	31,845
Total revenues	**96,925**	**96,925**	**131,084**	**34,159**
EXPENDITURES				
Current:				
Public ways and facilities	119,621	119,621	122,659	(3,038)
Total expenditures	**119,621**	**119,621**	**122,659**	**(3,038)**
Net change in fund balances	**$ (22,696)**	**$ (22,696)**	**8,425**	**$ 31,121**
Fund balances (deficit)-beginning			832,145	
Fund balances (deficit)-ending			**$ 840,570**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Assessment District 98-02 Zone 2
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 17,798	$ 17,798	$ 17,830	$ 32
Use of money and property	-	-	2,067	2,067
Total revenues	**17,798**	**17,798**	**19,897**	**2,099**
EXPENDITURES				
Current:				
Public ways and facilities	19,145	19,145	21,884	(2,739)
Total expenditures	**19,145**	**19,145**	**21,884**	**(2,739)**
Net change in fund balances	**$ (1,347)**	**$ (1,347)**	**(1,987)**	**$ (640)**
Fund balances (deficit)-beginning			46,308	
Fund balances (deficit)-ending			**$ 44,321**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Assessment District 03-01 Zone 2
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 21,957	$ 21,957	$ 22,136	$ 179
Use of money and property	-	-	5,862	5,862
Total revenues	**21,957**	**21,957**	**27,998**	**6,041**
EXPENDITURES				
Current:				
Public ways and facilities	30,685	30,685	13,313	17,372
Total expenditures	**30,685**	**30,685**	**13,313**	**17,372**
Net change in fund balances	**$ (8,728)**	**$ (8,728)**	**14,685**	**$ 23,413**
Fund balances (deficit)-beginning			38,337	
Fund balances (deficit)-ending			**$ 53,022**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Lighting Assessment District
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 350,000	$ 350,000	$ 339,063	$ (10,937)
Total revenues	**350,000**	**350,000**	**339,063**	**(10,937)**
EXPENDITURES				
Current:				
Public ways and facilities	499,372	499,372	466,747	32,625
Capital Outlay	-	-	28,546	(28,546)
Debt service:				
Principal	-	-	19,592	(19,592)
Interest and fiscal charges	-	-	3,564	(3,564)
Total expenditures	**499,372**	**499,372**	**518,449**	**(19,077)**
Excess (deficiency) of revenues over (under) expenditures	**(149,372)**	**(149,372)**	**(179,386)**	**(30,014)**
OTHER FINANCING SOURCES (USES)				
Transfers in	90,000	-	202,542	202,542
Total other financing sources (uses)	**90,000**	**-**	**202,542**	**202,542**
Net change in fund balances	**$ (59,372)**	**$ (149,372)**	**23,156**	**$ 172,528**
Fund balances (deficit)-beginning			(23,156)	
Fund balances (deficit)-ending			**$ -**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Police Donations
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Contributions	$ -	$ -	$ 9,246	$ 9,246
Total revenues	**-**	**-**	**9,246**	**9,246**
EXPENDITURES				
Current:				
Public safety	1,591	1,591	2,752	(1,161)
Total expenditures	**1,591**	**1,591**	**2,752**	**(1,161)**
Net change in fund balances	**$ (1,591)**	**$ (1,591)**	**6,494**	**$ 8,085**
Fund balances (deficit)-beginning			11,005	
Fund balances (deficit)-ending			**$ 17,499**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Assessment District 03-01 Zone 3
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 94,261	$ 94,261	$ 91,630	$ (2,631)
Use of money and property	-	-	11,887	11,887
Total revenues	**94,261**	**94,261**	**103,517**	**9,256**
EXPENDITURES				
Current:				
Public ways and facilities	33,865	33,865	273	33,592
Total expenditures	**33,865**	**33,865**	**273**	**33,592**
Net change in fund balances	**$ 60,396**	**$ 60,396**	**103,244**	**$ 42,848**
Fund balances (deficit)-beginning			275,728	
Fund balances (deficit)-ending			**$ 378,972**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Fire CFD Impact Fee Fund
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 51,500	$ 51,500	$ 18,193	$ (33,307)
Total revenues	**51,500**	**51,500**	**18,193**	**(33,307)**
EXPENDITURES				
Current:				
Public safety	16,500	-	18,193	(18,193)
Total expenditures	**16,500**	**16,500**	**18,193**	**(1,693)**
Net change in fund balances	**$ 35,000**	**$ 35,000**	**-**	**$ (35,000)**
Fund balances (deficit)-beginning			-	
Fund balances (deficit)-ending			**$ -**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
SB 1186 Access Comp Fund
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 11,000	$ 11,000	$ 16,037	$ 5,037
Use of money and property	-	-	2,024	2,024
Total revenues	**11,000**	**11,000**	**18,061**	**7,061**
EXPENDITURES				
Current:				
Community enhancements	10,500	10,500	85	10,415
Total expenditures	**10,500**	**10,500**	**85**	**10,415**
Net change in fund balances	**$ 500**	**$ 500**	**17,976**	**$ 17,476**
Fund balances (deficit)-beginning			17,641	
Fund balances (deficit)-ending			**$ 35,617**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Multimodal Impact Fee Fund
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 30,210	$ 30,210	$ 17,496	$ (12,714)
Use of money and property	-	-	29,820	29,820
Total revenues	**30,210**	**30,210**	**47,316**	**17,106**
EXPENDITURES				
Current:				
Public ways and facilities	50,000	50,000	-	50,000
Total expenditures	**50,000**	**50,000**	**-**	**50,000**
Net change in fund balances	**$ (19,790)**	**$ (19,790)**	**47,316**	**$ 67,106**
Fund balances (deficit)-beginning			68,037	
Fund balances (deficit)-ending			**$ 115,353**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Assessment District 98-02 Fund
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	$ 9,501	$ 9,501	$ 11,225	$ 1,724
Use of money and property	-	-	918	918
Total revenues	**9,501**	**9,501**	**12,143**	**2,642**
EXPENDITURES				
Current:				
Public ways and facilities	1,875	1,875	205	1,670
Total expenditures	**1,875**	**1,875**	**205**	**1,670**
Net change in fund balances	**$ 7,626**	**$ 7,626**	**11,938**	**$ 4,312**
Fund balances (deficit)-beginning			14,298	
Fund balances (deficit)-ending			**$ 26,236**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Streets
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ -	$ 13,737,134	$ 13,737,134
Miscellaneous	-	-	46,255	46,255
Total revenues	**-**	**-**	**13,783,389**	**13,783,389**
EXPENDITURES				
Current:				
Public ways and facilities	300,000	-	345,597	(345,597)
Capital outlay	20,910,730	21,210,730	26,373,118	(5,162,388)
Total expenditures	**21,210,730**	**21,210,730**	**26,718,715**	**(5,507,985)**
Excess (deficiency) of revenues over (under) expenditures	**(21,210,730)**	**(21,210,730)**	**(12,935,326)**	**8,275,404**
OTHER FINANCING SOURCES (USES)				
Transfers in	21,210,730	-	11,367,472	11,367,472
Transfers out	-	-	(47,978)	(47,978)
Debt issuance proceeds	-	-	200,475	200,475
Total other financing sources (uses)	**21,210,730**	**-**	**11,519,969**	**11,519,969**
Net change in fund balances	**$ -**	**$ (21,210,730)**	**(1,415,357)**	**$ 19,795,373**
Fund balances (deficit)-beginning			(1,303,864)	
Fund balances (deficit)-ending			**$ (2,719,221)**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Measure A Construction
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 686,117	$ 686,117	$ 663,238	$ (22,879)
Use of money and property	-	-	42,318	42,318
Total revenues	**686,117**	**686,117**	**705,556**	**19,439**
EXPENDITURES				
Current:				
Public ways and facilities	250,000	250,000	59,516	190,484
Capital outlay	-	-	53,398	(53,398)
Total expenditures	**250,000**	**250,000**	**112,914**	**137,086**
Excess (deficiency) of revenues over (under) expenditures	**436,117**	**436,117**	**592,642**	**156,525**
OTHER FINANCING SOURCES (USES)				
Transfers out	(513,000)	(513,000)	(321,658)	191,342
Total other financing sources (uses)	**(513,000)**	**(513,000)**	**(321,658)**	**191,342**
Net change in fund balances	**$ (76,883)**	**$ (76,883)**	**270,984**	**$ 347,867**
Fund balances (deficit)-beginning			714,917	
Fund balances (deficit)-ending			**$ 985,901**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Capital Improvements
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses and permits	$ 91,710	$ 91,710	$ 141,978	$ 50,268
Total revenues	**91,710**	**91,710**	**141,978**	**50,268**
Excess (deficiency) of revenues over (under) expenditures	**91,710**	**91,710**	**141,978**	**50,268**
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(191,926)	(191,926)
Total other financing sources (uses)	**-**	**-**	**(191,926)**	**(191,926)**
Net change in fund balances	**$ 91,710**	**$ 91,710**	**(49,948)**	**$ (141,658)**
Fund balances (deficit)-beginning			4,245,531	
Fund balances (deficit)-ending			**$ 4,195,583**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Community Capital Replacement
For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses and permits	$ 33,000	$ 33,000	$ 58,814	$ 25,814
Intergovernmental	-	-	4,176	4,176
Total revenues	**33,000**	**33,000**	**62,990**	**29,990**
EXPENDITURES				
Current:				
General government	-	-	30,804	(30,804)
Public safety	-	-	2,990	(2,990)
Culture and recreation	-	-	87,310	(87,310)
Capital outlay	-	2,234,482	1,642,151	592,331
Total expenditures	**-**	**2,234,482**	**1,763,255**	**471,227**
Excess (deficiency) of revenues over (under) expenditures	**33,000**	**(2,201,482)**	**(1,700,265)**	**501,217**
OTHER FINANCING SOURCES (USES)				
Transfers in	1,110,000	-	1,499,407	1,499,407
Transfers out	-	-	(48,536)	(48,536)
Proceeds for sale of capital assets	-	-	165,476	165,476
Total other financing sources (uses)	**1,110,000**	**-**	**1,616,347**	**1,616,347**
Net change in fund balances	**$ 1,143,000**	**$ (2,201,482)**	**(83,918)**	**$ 2,117,564**
Fund balances (deficit)-beginning			1,685,852	
Fund balances (deficit)-ending			**$ 1,601,934**	

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2025

	STA Fees	WISN ESAC	Total Custodial Funds
ASSETS			
Cash and cash equivalents	$ 10,222	$ 75,004	$ 85,226
Total assets	**10,222**	**75,004**	**85,226**
LIABILITIES			
Due to other governments	10,207	-	10,207
Total liabilities	**10,207**	**-**	**10,207**
NET POSITION			
Restricted for:			
Other governments	15	75,004	75,019
Total net position	**$ 15**	**$ 75,004**	**$ 75,019**

CITY OF CITRUS HEIGHTS, CALIFORNIA
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2025

	STA Fees	WISN ESAC	Total Custodial Funds
DEDUCTIONS			
Contractual services	$ -	$ 121,106	$ 121,106
Total deductions	**-**	**121,106**	**121,106**
Net increase (decrease) in fiduciary net position	**-**	**(121,106)**	**(121,106)**
Net position-beginning	15	196,110	196,125
Net position-ending	**$ 15**	**$ 75,004**	**$ 75,019**

CITY OF CITRUS HEIGHTS, CALIFORNIA

This part of the City of Citrus Heights' annual comprehensive 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)
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.	135-138
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 significant revenue sources.	139-145
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 debt in the future.	146-148
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.	149-151
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.	152-153

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

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CITY OF CITRUS HEIGHTS, CALIFORNIA
Net Position by Component
Last Ten Fiscal Years
(Fiscal year ended June 30)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Invested in capital assets	$ 351,834,754	$ 355,292,096	$ 344,507,138	$ 336,912,872	$ 328,594,520	$ 319,214,442	$ 316,887,986	$ 314,998,711	$ 311,932,873	$ 330,498,553
Restricted	15,279,052	15,935,790	16,266,052	13,375,587	19,575,754	25,779,873	25,868,240	23,418,902	26,750,252	24,630,036
Unrestricted	14,663,297	4,264,024	1,755,048	1,882,908	(6,606,540)	(7,281,556)	4,318,206	14,471,243	21,944,597	24,637,567
Total governmental activities net position	$ 381,777,103	$ 375,491,910	$ 362,528,238	$ 352,171,367	$ 341,563,734	$ 337,712,759	$ 347,074,432	$ 352,888,856	$ 360,627,722	$ 379,766,156
Business-type activities										
Invested in capital assets	$ 321,123	$ 389,449	$ 381,575	$ 373,702	$ 365,829	$ 357,956	$ 350,082	$ 342,209	$ 334,336	$ 326,463
Restricted	-	-	-	-		-	-	-	-	3,726
Unrestricted	265,517	160,563	219,434	306,142	533,964	775,308	1,131,508	1,576,732	2,029,399	2,181,961
Total business-type activities net position	$ 586,640	$ 550,012	$ 601,009	$ 679,844	$ 899,793	$ 1,133,264	$ 1,481,590	$ 1,918,941	$ 2,363,735	$ 2,512,150
Primary government										
Invested in capital assets	$ 352,155,877	$ 355,681,545	$ 344,888,713	$ 337,286,574	$ 328,960,349	$ 319,572,398	$ 317,238,068	$ 315,340,920	$ 312,267,209	$ 330,825,016
Restricted	15,279,052	15,935,790	16,266,052	13,375,587	19,575,754	25,779,873	25,868,240	23,418,902	26,750,252	24,633,762
Unrestricted	14,928,814	4,424,587	1,974,482	2,189,050	(6,072,576)	(6,506,248)	5,449,714	16,047,975	23,973,996	26,819,528
Total primary government net position	$ 382,363,743	$ 376,041,922	$ 363,129,247	$ 352,851,211	$ 342,463,527	$ 338,846,023	$ 348,556,022	$ 354,807,797	$ 362,991,457	$ 382,278,306

Source: City Administrative Services Department

CITY OF CITRUS HEIGHTS, CALIFORNIA
Changes in Net Position
Last Ten Fiscal Years
(Fiscal year ended June 30)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	$ 4,704,899	$ 5,463,122	$ 6,106,557	$ 6,909,949	$ 7,360,783	$ 10,210,576	$ 7,729,201	$ 9,404,296	$ 10,184,057	$ 15,680,122
Public safety	17,355,288	18,378,242	21,698,128	24,025,017	24,443,611	23,338,398	15,877,629	25,813,011	26,368,209	28,363,422
Public ways and facilities	34,185,103	24,188,701	24,395,899	21,730,069	19,019,629	18,149,133	17,660,038	20,077,331	21,076,523	18,640,661
Culture and recreation	654,183	669,948	722,254	720,442	830,572	540,427	906,037	839,028	1,185,806	1,285,621
Economic development	214,978	402,904	353,608	296,233	950,409	916,027	55,751	1,123,525	1,141,315	468,220
Community enhancements	4,313,943	4,710,977	4,664,278	3,953,127	3,928,848	3,877,993	4,085,740	3,937,025	4,389,584	4,784,190
Interest on long-term debt	-	-	-	70,962	151,957	144,455	131,908	16,108	75,339	176,308
Total governmental activities expenses	61,428,394	53,813,894	57,940,724	57,705,799	56,685,809	57,177,009	46,446,304	61,210,324	64,420,833	69,398,544
Business-type activities:										
Solid waste	757,028	798,694	751,291	809,466	675,849	732,927	788,023	897,894	1,061,583	1,335,548
Total business-type activities expenses	757,028	798,694	751,291	809,466	675,849	732,927	788,023	897,894	1,061,583	1,335,548
Total primary government expenses	62,185,422	54,612,588	58,692,015	58,515,265	57,361,658	57,909,936	47,234,327	62,108,218	65,482,416	70,734,092
Program revenues										
Governmental activities:										
Charges for services:										
General government	1,120,688	1,151,570	1,185,547	1,888,219	1,902,206	1,904,861	1,745,213	1,951,865	2,057,078	2,872,528
Public safety	1,547,840	1,759,927	1,488,252	1,978,407	2,133,898	2,074,980	2,173,237	2,320,214	2,064,564	2,263,851
Public ways and facilities	4,359,774	4,500,372	4,324,674	4,474,641	5,344,895	4,759,239	5,357,787	4,990,571	5,769,421	5,724,776
Culture and recreation	352,401	354,517	449,711	32,526	22,473	-	18,313	31,948	44,742	58,814
Economic development	50	-	-	-	-	-	-	216,596	-	-
Community enhancements	1,912,936	1,597,005	498,673	1,242,148	1,508,999	2,730,818	3,221,746	2,332,285	2,743,416	3,036,893
Operating grants and contributions	10,236,552	6,087,515	6,265,040	7,165,367	6,053,305	11,072,674	10,921,489	11,327,442	12,248,466	16,005,026
Capital grants and contributions	4,489,329	2,006,396	1,483,643	7,101,580	3,790,741	3,589,794	5,389,435	4,959,684	6,409,747	15,451,423
Total governmental activities program revenues	24,019,570	17,457,302	15,695,540	23,882,888	20,756,517	26,132,366	28,827,220	28,130,605	31,337,434	45,413,311
Business-type activities:										
Charges for services:										
Solid waste	732,401	761,614	798,838	839,030	829,397	904,130	1,092,589	1,266,201	1,356,068	1,380,757
Total business-type activities program revenues	732,401	761,614	798,838	839,030	829,397	904,130	1,092,589	1,266,201	1,356,068	1,380,757
Total primary government program revenues	24,751,971	18,218,916	16,494,378	24,721,918	21,585,914	27,036,496	29,919,809	29,396,806	32,693,502	46,794,068
Net (Expense)/Revenue										
Governmental activities	(37,408,824)	(36,356,592)	(42,245,184)	(33,822,911)	(35,929,292)	(31,044,643)	(17,619,084)	(33,079,719)	(33,083,399)	(23,985,233)
Business-type activities	(24,627)	(37,080)	47,547	29,564	153,548	171,203	304,566	368,307	294,485	45,209
Total primary government net expense	(37,433,451)	(36,393,672)	(42,197,637)	(33,793,347)	(35,775,744)	(30,873,440)	(17,314,518)	(32,711,412)	(32,788,914)	(23,940,024)

CITY OF CITRUS HEIGHTS, CALIFORNIA
Changes in Net Position
Last Ten Fiscal Years
(Fiscal year ended June 30)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Continued from previous page:										
General Revenues and Other Changes in Net Position:										
Governmental activities:										
General Revenues:										
Property taxes	946,113	991,552	758,653	339,571	306,250	383,773	638,183	7,538,744	7,872,534	8,139,767
Sales and use tax	15,977,575	15,412,345	15,653,986	12,542,158	12,083,836	13,373,483	14,412,009	14,544,553	13,849,506	13,778,642
Utility users tax	2,810,771	2,881,617	2,932,236	2,739,888	2,650,891	2,717,945	2,794,196	2,974,871	2,732,097	3,077,576
Other taxes	1,601,229	1,616,163	1,600,300	2,225,772	2,019,859	1,412,898	1,807,986	1,551,878	1,450,458	40,865
Shared intergovernmental revenues	7,260,670	7,611,171	8,037,540	8,436,657	8,887,426	9,303,916	9,683,155	10,510,268	11,155,935	13,464,017
Investment earnings	527,734	1,108,551	254,162	32,181	458,727	1,650	-	1,773,829	3,695,776	4,411,069
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	60,019	165,476
Transfers	-	-	-	-	-	-	-	-	5,940	-
Other	-	-	-	-	-	-	-	-	-	46,255
Total governmental activities	29,124,092	29,621,399	29,236,877	26,316,227	26,406,989	27,193,665	29,335,529	38,894,143	40,822,265	43,123,667
Business-type activities:										
Investment earnings	4,913	452	3,450	49,255	66,401	1,117	(14,531)	27,185	94,538	103,206
Other revenue	-	-	-	-	-	61,151	58,444	41,705	61,711	-
Transfers	-	-	-	-	-				(5,940)	-
Total business-type activities	4,913	452	3,450	49,255	66,401	62,268	43,913	68,890	150,309	103,206
Total primary government	29,129,005	29,621,851	29,240,327	26,365,482	26,473,390	27,255,933	29,379,442	38,963,033	40,972,574	43,226,873
Changes in Net Position										
Governmental activities	(8,284,732)	(6,735,193)	(13,008,307)	(10,356,855)	(10,607,634)	(3,850,978)	9,361,673	5,814,424	7,738,866	19,138,434
Business-type activities	(19,714)	(36,628)	50,997	78,819	219,949	233,471	348,480	437,197	444,794	148,415
Total primary government	(8,304,446)	(6,771,821)	(12,957,310)	(10,278,036)	(10,387,685)	(3,617,507)	9,710,153	6,251,621	8,183,660	19,286,849

Source: City Administrative Services Department

CITY OF CITRUS HEIGHTS, CALIFORNIA
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Nonspendable	$ 298,407	$ 32,159	$ 279,210	$ 135,485	$ 302,545	$ 145,343	$ 64,859	$ 1,430,808	$ 983,660	$ 3,781,764
Restricted	14,613	25,394	21,143	-	-	-	-	-	-	-
Committed	18,616,257	4,559,378	4,559,378	4,561,978	4,486,978	4,486,978	4,486,978	4,486,978	4,486,978	4,486,978
Unassigned	146,734	1,101,504	314,061	1,833,065	490,603	4,258,505	7,380,554	17,940,110	29,577,236	32,662,707
Total general fund	19,076,011	5,718,435	5,173,792	6,530,528	5,280,126	8,890,826	11,932,391	23,857,896	35,047,874	40,931,449
All Other Governmental Funds:										
Nonspendable	-	-	2,784,600	2,285,330	1,980	2,345	8,083	6,231	8,258	19,299
Restricted	9,723,591	10,067,839	8,702,340	13,375,587	20,775,754	25,779,873	25,868,240	23,418,902	26,384,509	24,316,007
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	928,925	894,318	1,374,838	945,767	1,141,407	1,172,209	1,467,001	5,642,970	5,931,383	5,797,517
Unassigned (deficit)	(122,707)	(132,660)	(262,719)	(181,979)	(140,450)	(415,934)	(32,428)	(1,253,269)	(1,346,942)	(2,744,830)
Total all other governmental funds	10,529,809	10,829,497	12,599,059	16,424,705	21,778,691	26,538,493	27,310,896	27,814,834	30,977,208	27,387,993
Total all governmental funds	$ 29,605,820	$ 16,547,932	$ 17,772,851	$ 22,955,233	$ 27,058,817	$ 35,429,319	$ 39,243,287	$ 51,672,730	$ 66,025,082	$ 68,319,442

Source: City Administrative Services Department

CITY OF CITRUS HEIGHTS, CALIFORNIA
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)

Revenues:	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Taxes and assessments	$ 16,984,351	$ 16,631,964	$ 16,522,415	$ 16,837,829	$ 16,252,772	$ 17,671,002	$ 19,197,868	$ 26,581,105	$ 25,897,023	$ 26,513,706
Licenses, permits and fees	1,524,848	1,631,147	1,462,504	1,567,925	1,949,980	3,000,422	3,540,116	2,449,287	2,575,555	2,829,747
Fines and forfeitures	1,084,980	1,247,094	1,147,719	1,127,317	1,154,133	1,227,526	1,265,820	1,466,712	1,158,387	1,231,166
Intergovernmental	22,748,760	19,003,009	18,839,531	21,159,815	17,640,156	23,490,200	25,327,254	26,322,994	29,033,652	42,990,674
Use of money and property	874,978	1,398,709	515,517	944,989	761,884	191,732	311,632	1,773,829	3,705,786	3,997,907
Charges for services	6,470,344	6,598,162	6,594,424	7,049,858	7,694,919	7,317,943	7,726,053	7,704,911	8,893,053	9,075,607
Contributions	1,807,470	155,409	19,726	26,872	42,369	103,390	4,416	34,002	25,058	36,666
Other revenues	216,226	1,082,642	491,114	1,580,426	1,430,106	328,076	710,956	409,448	225,146	702,632
Total revenues	51,711,957	47,748,136	45,592,950	50,295,031	46,926,319	53,330,291	58,084,115	66,742,288	71,513,660	87,378,105
Expenditures:										
General government	4,940,481	5,547,678	5,582,583	6,364,953	6,481,755	8,989,692	8,086,021	8,932,680	9,033,599	10,093,749
Public safety	19,537,621	19,631,973	20,018,189	21,352,292	21,743,031	21,077,282	20,242,145	21,037,886	23,347,516	25,883,918
Public ways and facilities	16,288,336	12,303,244	11,251,339	10,177,443	7,469,779	6,347,685	6,348,281	8,221,805	10,504,647	12,989,527
Culture and recreation	667,099	724,750	704,866	673,253	787,545	478,510	961,940	777,710	1,111,682	1,144,199
Economic development	223,753	405,901	298,781	289,440	927,770	907,684	576,313	823,900	1,079,867	1,039,437
Community enhancements	4,425,724	4,714,654	4,306,626	3,920,072	3,708,522	3,573,622	4,139,680	3,918,990	2,491,290	3,609,306
Capital outlay	7,036,250	4,144,138	2,318,319	5,103,347	4,060,450	3,737,928	10,695,156	10,554,732	12,405,709	31,712,905
Debt service:										
Lease principal [1]	-	13,749,031	-	-	-	-	-	-	-	-
Principal [2]	-	-	-	-	-	76,169	3,583,049	112,258	956,128	92,245
Interest and fiscal charges	-	-	-	70,962	76,664	154,731	184,839	21,780	20,892	113,068
Total expenditures	53,119,264	61,221,369	44,480,703	47,951,762	45,255,516	45,343,303	54,817,424	54,401,741	60,951,330	86,678,354
Reconciliation of Governmental Revenues Less Expenditures to Fund Equity:										
Revenues over (under) expenditures	$ (1,407,307)	##########	$ 1,112,247	$ 2,343,269	$ 1,670,803	$ 7,986,988	$ 3,266,691	$ 12,340,547	$ 10,562,330	$ 699,751
Other financing sources (uses):										
Extraordinary loss on dissolution of redevelopmen	-	-	-	-	-	-	-	-	-	-
Tax sharing payments	-	-	-	-	-	-	-	-	-	-
Loan issued	-	-	-	-	-	347,268	396,601	-	779,744	-
Draw on line of credit	-	-	-	50,001	3,470,000	-	-	-	-	-
Debt issuance proceeds	-	-	-	-	-	-	-	18,918	2,944,320	1,429,133
Proceeds from sale of capital assets	14,940	415,345	112,672	32,181	48,112	36,246	150,676	69,978	60,019	165,476
Transfers in	2,514,601	15,236,333	1,514,764	320,356	4,176,222	2,148,207	11,428,316	2,487,416	3,711,066	13,198,244
Transfers out	(2,514,601)	(15,236,333)	(1,514,764)	(320,356)	(4,176,222)	(2,148,207)	(11,428,316)	(2,487,416)	(3,705,126)	(13,198,244)
Total other financing sources (uses)	14,940	415,345	112,672	82,182	3,518,112	383,514	547,277	88,896	3,790,023	1,594,609
Net change in fund balances	$ (1,392,367)	##########	$ 1,224,919	$ 2,425,451	$ 5,188,915	$ 8,370,502	$ 3,813,968	$ 12,429,443	$ 14,352,353	$ 2,294,360
Debt service as a percentage of noncapital expenditures	0.00%	24.09%	0.00%	0.17%	0.19%	0.55%	8.54%	0.31%	2.01%	0.21%

[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

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 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	505,368,074	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	515,200,283	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	532,993,401	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	-	-	-	-	0.000%
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	-	-	-	-	0.000%
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	-	-	-	-	0.000%
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	-	-	-	-	0.000%
FY 22-23	7,361,001,973	1,115,342,553	30,218,661	68,349,526	8,574,912,713	148,741,399	8,723,654,112	8,872,395,511	0.08	-	-	-	-	0.000%
FY 23-24	7,849,768,253	1,185,142,926	43,954,106	48,509,131	9,127,374,416	157,194,022	9,284,568,438	9,441,762,460	0.08	-	-	-	-	0.000%
FY 24-25	8,198,736,512	1,199,170,833	44,840,325	47,713,870	9,490,461,540	164,565,398	9,655,026,938	9,819,592,336	0.08	-	-	-	-	0.000%

Source: Sacramento County Assessor 2015/16 - 2024/25 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. Values are 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 expectations, 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

Direct and Overlapping Tax Rates

For the last ten fiscal years

(Rate per $100 of taxable value)

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
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	0.03060	0.06480	0.01460	0.03320	0.02940	0.02000	0.02360	0.01200	0.01460	0.01100
Los Rios College Gob	0.00910	0.01410	0.01300	0.01310	0.02320	0.02230	0.02490	0.02260	0.01920	0.02000
North Sacto Elementary Gob	0.01260	0.01680	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Rio Linda Elementary Bond	0.04890	0.05210	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
San Juan Unified	0.15470	0.15220	0.21150	0.19930	0.17930	0.18090	0.18870	0.18730	0.17320	0.17960
Twin Rivers Elementary Sfid	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.03410	0.03380
Twin Rivers Unified	0.03890	0.04810	0.14430	0.07340	0.10330	0.10610	0.09840	0.09280	0.10700	0.07900
Total Direct & Overlapping[2] Tax Rates	**1.29480**	**1.34810**	**1.38340**	**1.31900**	**1.33520**	**1.32930**	**1.33560**	**1.31470**	**1.34810**	**1.32340**
City's Share of 1% Levy Per Prop 13 [3]	0.08431	0.08431	0.08431	0.08431	0.08431	0.08431	0.08431	0.08431	0.08431	0.08431
Total Direct Rate[5]	0.07735	0.07759	0.08140	0.07837	0.07908	0.07943	0.07966	0.08021	0.08061	0.08082

[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 2015/16 - 2024/25 Tax Rate Table
Source: HDL Coren & Cone

CITY OF CITRUS HEIGHTS, CALIFORNIA

Principal Property Tax Payers

Current Year and 9 Years Ago

	2024-2025			2015-2016		
Property Owner	Assessed Valuation	Rank	% of Total	Assessed Valuation	Rank	% of Total
KW Fund VI Autumn Ridge LLC	$124,848,000	1	1.32%			
Montage Apartments Properties Owners LL	85,883,361	2	0.90%	53,447,826	2	0.90%
Birdcage GRF2 LLC	73,649,004	3	0.78%			
29SC Arcade LP	56,181,600	4	0.59%			
Lakeview Gold	52,311,430	5	0.55%			
MG Atwood Apartments Ria LLC	51,401,365	6	0.54%			
Mitchell Sippola LP	45,692,045	7	0.48%	39,588,487	5	0.67%
Ethan Conrad	40,445,629	8	0.43%			
Gallery Park LLC Westfal LLC Et Al	35,586,084	9	0.37%			
MPG XII Sunrise Village LLC	32,619,006	10	0.34%			
Walmart/Sams				21,835,000	8	0.37%
MP Birdcage Marketplace LLC				61,235,957	1	1.03%
Sunrise Mall Property LLC				48,367,956	3	0.81%
J M Marlow Family Trust				44,616,347	4	0.75%
Fairfield Sunrise LLC				30,387,054	6	0.51%
Oakmont Properties				28,217,768	7	0.48%
Marshall Field Stores				23,889,135	9	0.40%
Costco Wholesale Copr				22,481,522	10	0.38%
	$598,617,524		6.31%	$374,067,052		6.30%

Source: Sacramento County Assessor 2015/16 - 2024/25 Tax Rate Table
Source: HDL Coren & Cone

CITY OF CITRUS HEIGHTS, CALIFORNIA

Direct and Overlapping Sales Tax Rates

Last Ten Fiscal Years

Fiscal Year Ended June 30	City Direct Rate	Sacramento County	STA Measure A	State of California	Total Sales Tax Rate
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%
2023	1.00	0.25	0.50	6.00	7.75%
2024	1.00	0.25	0.50	6.00	7.75%
2025	1.00	0.25	0.50	6.00	7.75%

Source: California Department of Tax and Fee Administration

CITY OF CITRUS HEIGHTS, CALIFORNIA

Schedule of Top 25 Sales Tax Remitters (listed in alphabetical order)

Current Year and Nine Years Ago

Fiscal Year Ended June 30, 2025

2024 (represents 51.19% of total sales tax)	2015 (represents 51.32% of total sales tax)
76 Market	A&A Stepping Stone Manufacturing
Arco AM PM	Arco AM PM
Arco AM PM	Arco AM PM
Best Buy	AT&T Mobility
Burlington	Barnes & Noble
Citrus Heights Shell	Best Buy
Contractors' Warehouse	Burlington
Costco	Costco
El Tapatio Mexican Cuisine	JC Penney
Future Honda	Kmart
Green Acres Nursery & Supply	Kohls
Hibachi Buffet Shushi Grill	Lowes
Kwik Serv	Macy's
Lowes	Maita Honda
Macy's	Marshalls
Marshalls	McDonalds
McDonalds	Ross
Pastor Auto Care	Sams Club w/Fuel
Quik Stop	Sears
Ross	Sears
Sams Club w/Fuel	Shell
Siteone Landscape Supply	Target
Target	Toys R Us
Texas Roadhouse	Walgreens
Walmart Supercenter	Walmart Supercenter

* Firms Listed Alphabetically

Period: January 2024 thru December 2024

Period: January 2015 thru December 2015

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: The HDL Companies, 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
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%
2023	7,147,126	7,147,126	100%	-	7,147,126	100%
2024	7,494,038	7,494,038	100%	-	7,494,038	100%
2025	7,826,637	7,826,637	100%	-	7,826,637	100%

Source: Sacramento County Auditor-Controller's Office

* Due to a Revenue Neutrality law, the City entered into a contract with the County of Sacramento (County), whereby the County kept all of the City's property tax revenue through June 2022. Numbers through Fiscal Year 2022 were provided by the County.

** The City participates in a Teeter Plan (Plan) with the County. Any delinquencies at June 30 are purchased by the County and remited to the City. As part of the Plan, the County retains the penalties and interest on the delinquent taxes.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Direct and Overlapping Debt
Current Year
June 30, 2025

2024-25 Assessed Valuation $9,660,980,372

OVERLAPPING TAX & ASSESSMENT DEBT:	Total Debt 6/30/2025	% Applicable [1]	City's Share of Debt 6/30/2025
Los Rios Community College District	356,335,000	3.456%	$ 12,314,938
San Juan Unified School District	673,593,387	19.665	132,462,140
Twin Rivers Unified School District	73,360,000	0.200	146,720
Twin Rivers Unified School District (former Grant Joint UHSD)	272,060,605	0.158	429,856
CA Statewide Communities Development Authority Assessment District No. 19	4,299,000	100.000	4,299,000
TOTAL OVERLAPPING TAX & ASSESSMENT DEBT			$ 149,652,654
DIRECT & OVERLAPPING GENERAL FUND DEBT:			
Sacramento County General Fund Obligations	91,907,145	4.142%	$ 3,806,794
Sacramento County Pension Obligation Bonds	308,630,000	4.142	12,783,455
Sacramento Board of Education Certificates of Participation	1,120,000	4.142	46,390
City of Citrus Heights Loans	**821,894**	**100.000**	**821,894**
City of Citrus Heights Subscription Liabilities	**3,507,375**	**100.000**	**3,507,375**
City of Citrus Heights Lease Liabilities	**10,184**	**100.000**	**10,184**
Sacramento Metropolitan Fire District General Fund Obligations	6,903,000	10.275	709,283
Sacramento Metropolitan Fire District Pension Obligations Bonds	20,200,000	10.275	2,075,550
Orangevale Recreation and Park District Certificates of Participation	781,000	0.037	289
Sunrise Recreation and Park District Certificates of Participation	4,355,000	54.676	2,381,140
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			26,142,354
Less: Sacramento County supported obligations			395,857
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			$ 25,746,497
TOTAL DIRECT DEBT			**4,339,453**
TOTAL GROSS OVERLAPPING DEBT			171,455,555
TOTAL NET OVERLAPPING DEBT			171,059,698
GROSS COMBINED TOTAL DEBT			175,795,008 [2]
NET COMBINED TOTAL DEBT			175,399,151

(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 2024-25 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.01549
Direct Debit	0.0004
Gross Combined Total Debt	0.01820
Net Combined Total Debt	0.01816

Source: California Municipal Statistics, Inc.
City Administrative Services Department

CITY OF CITRUS HEIGHTS, CALIFORNIA
Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assessed Value	$ 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	$ 8,574,912,713	$ 9,127,374,416	$ 9,490,461,540
Conversion Percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted Assessed Value	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	2,143,728,178	2,281,843,604	2,372,615,385
Debt Limit Percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	219,753,970	226,823,253	237,062,886	251,439,226	264,898,272	277,005,453	290,139,870	321,559,227	342,276,541	355,892,308
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 219,753,970	$ 226,823,253	$ 237,062,886	$ 251,439,226	$ 264,898,272	$ 277,005,453	$ 290,139,870	$ 321,559,227	$ 342,276,541	$ 355,892,308
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

Fiscal Year Ended June 30	Debt	Subscription Liabilities	Percentage of Personal Income	Per Capita
2016	13,749,031	-	655.61%	158.01
2017	-	-	-	-
2018	-	-	-	-
2019	50,001	-	1.96%	0.57
2020	3,520,001	-	130.45%	40.09
2021	3,791,100	-	134.40%	43.90
2022	604,652	-	20.42%	7.04
2023	522,606	149,952	21.61%	6.11
2024	713,664	2,726,830	107.87%	8.27
2025	821,894	3,507,375	n/a (1)	n/a (1)

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
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%
2022		85,837	$2,961,101	$34,496	3.8%	37.9	90.4%	22.4%
2023		85,554	$3,112,386	$36,379	4.2%	38.1	90.6%	22.0%
2024	*	86,280	$3,189,435	$36,966	4.7%	38.3	90.7%	22.2%

Notes and Data Sources:

Information collected by: HDL Coren & Cone

Population: California State Department of Finance. Unemployment Data: California Employment Development Department

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

	2025*			2016*		
Employer	Employees	Rank	Percentage of Top 10 Employment	Employees	Rank	Percentage of Top 10 Employment
State of California	118,943	1	57.90%	73,676	1	39.55%
UC Davis	16,617	2	8.09%			
Sacramento County	13,653	3	6.65%	11,950	2	6.41%
Kaiser Permanente	12,624	4	6.15%	8,885	6	4.77%
U.S. Government	10,568	5	5.14%	10,007	4	5.37%
Sutter Health Sacramento Sierra Region	10,129	6	4.93%	8,905	5	4.78%
Dignity Health	7,353	7	3.58%	7,853	7	4.22%
San Juan Unified School District	5,499	8	2.68%			
City of Sacramento	5,029	9	2.45%	43,000	10	23.08%
Apple	5,000		2.43%			
UC Davis Health System				10,145	3	5.45%
Elk Grove Unified School District				5,863	9	3.15%
Intel				6,000	8	3.22%
Total	205,415		100.00%	186,284		100.00%

Notes:
* Information presented is for the 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 inquires.

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	25	28	28	23	31	31	27	25	26	22
Public safety	144	144	151	149	149	133	138	147	149	151
Public works	20	18	16	28	16	19	17	24	28	21
Community development	18	18	18	15	14	13	12	12	13	13
Economic development	0	0	0	0	0	0	0	3	3	3
Event center	14	11	9	8	6	4	8	4	4	14
Total	221	219	222	223	216	200	202	215	223	224

Source: City Administative Services Department

CITY OF CITRUS HEIGHTS, CALIFORNIA

Operating Indicators by Function

Last Ten Fiscal Years

(Fiscal year ended June 30)

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Arrests	2,990	2730	2452	2249	1,966	2,054	1,411	1,538	2,559	3,435
Parking citations issued	520	650	908	906	581	393	681	1,122	1,813	876
Total police actions	3,510	3,380	3,360	3,155	2,547	2,447	2,092	2,660	4,372	4,311
Fire **	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Public works										
Street resurfacing (miles)	4	1	0	0	2	0	6	3	0	0
Parks and recreation **	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Water **	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sewer **	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Building:										
Commercial/Industrial Construction	12	2	1	2	1	5	2	1	0	2
Residential Construction	28	9	17	26	24	140	189	43	14	55
Total building actions	40	11	18	28	25	145	191	44	14	57

** 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)

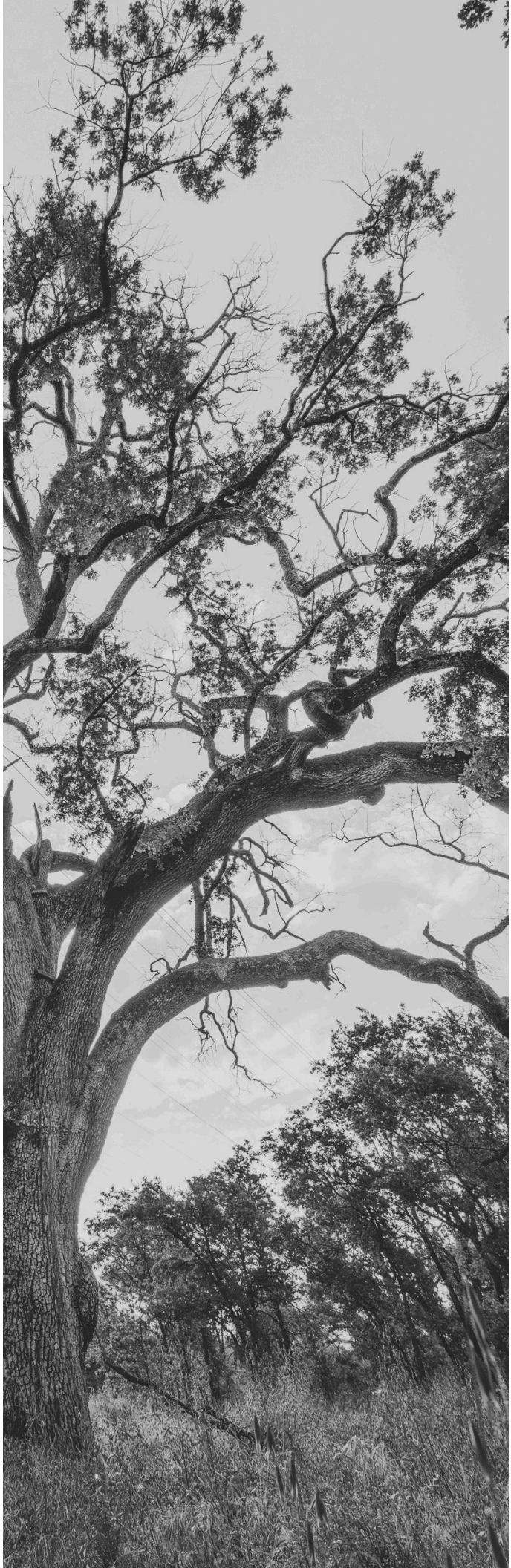
Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire *										
Fire stations	4	4	4	4	4	4	4	4	4	5
Public works										
Streets (miles)	237	237	237	214	237	237	242	242	242	242
Streetlights	4497	4480	4702	4714	4736	4741	4810	4810	4810	4810
Parks and recreation										
Parks *	15	15	15	15	17	17	17	17	17	14
Community centers	3	3	3	3	3	3	3	3	3	3
Water *										
Water mains (miles)	225.00	225.00	225.00	225.00	340.00	340.00	366.66	366.66	367	367.00
Daily average consumption in MGD **	12.00	12.00	12.00	12.00	14.05	13.42	13.53	12.62	12.90	12.90
Sewer *										
Sanitary sewers (miles)	235	235	235	235	238	240	240	240	240	240
Number of pump stations	1	1	1	1	2	2	2	2	2	2
Building										
Commercial/Industrial Construction Value	$22,135,000	$ 7,105,826	$ 680,000	$ 9,950,000	$ 875,001	$ 591,141	$11,269,708	$ 340,000	$ -	$ 270,000
Residential Construction Value	6,898,647	6,306,226	2,753,290	4,495,473	2,720,549	1,047,021	50,274,112	6,919,674	2,123,278	7,330,619

* 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

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ITEM 15

CITRUS HEIGHTS
CALIFORNIA
Solid roots.
New growth.

POPULAR ANNUAL FINANCIAL REPORT

PREPARED FOR

City of Citrus Heights, CA

FOR FISCAL YEAR ENDED

June 30, 2025

PREPARED BY

Finance,
A Division of the Administrative Services Department

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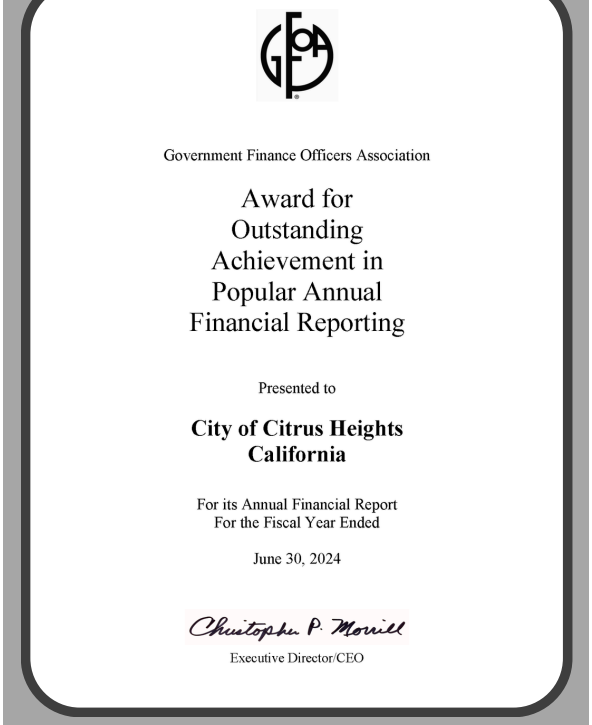
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Government Finance Officers Association

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, 2024

Christopher P. Morrill

Executive Director/CEO

View the ACFR on the City's website

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



MESSAGE FROM THE DIRECTOR

February 28, 2026

Dear Citizens of Citrus Heights:

I’m excited to share the City of Citrus Heights’ fifth Popular Annual Financial Report (PAFR)! Also known as the Citizen’s Report, this document is designed to give you a clear, easy-to-read snapshot of our City's financial health.

Inside, you'll find a breakdown of where our revenue comes from, how we invest those dollars back into our community, and a summary of the City's financial position for the fiscal year ending June 30, 2025 (FY25).

In the Finance Division of the Administrative Services Department, we are passionate about transparency and fiscal accountability. This report is part of our commitment to keeping you informed and engaged in the financial decisions that shape our city.

We’re also thrilled to announce that our 2024 PAFR received the Certificate of Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association (GFOA)—marking the third consecutive year we've earned this honor!

We’d love to hear from you! If you have any comments, questions, or suggestions, reach out to the City of Citrus Heights Administrative Services Department at finance@citrusheights.net or call (916) 725-2448.



Thank you for taking the time to stay informed about your city’s finances. We appreciate your engagement and support!

Administrative Services Director

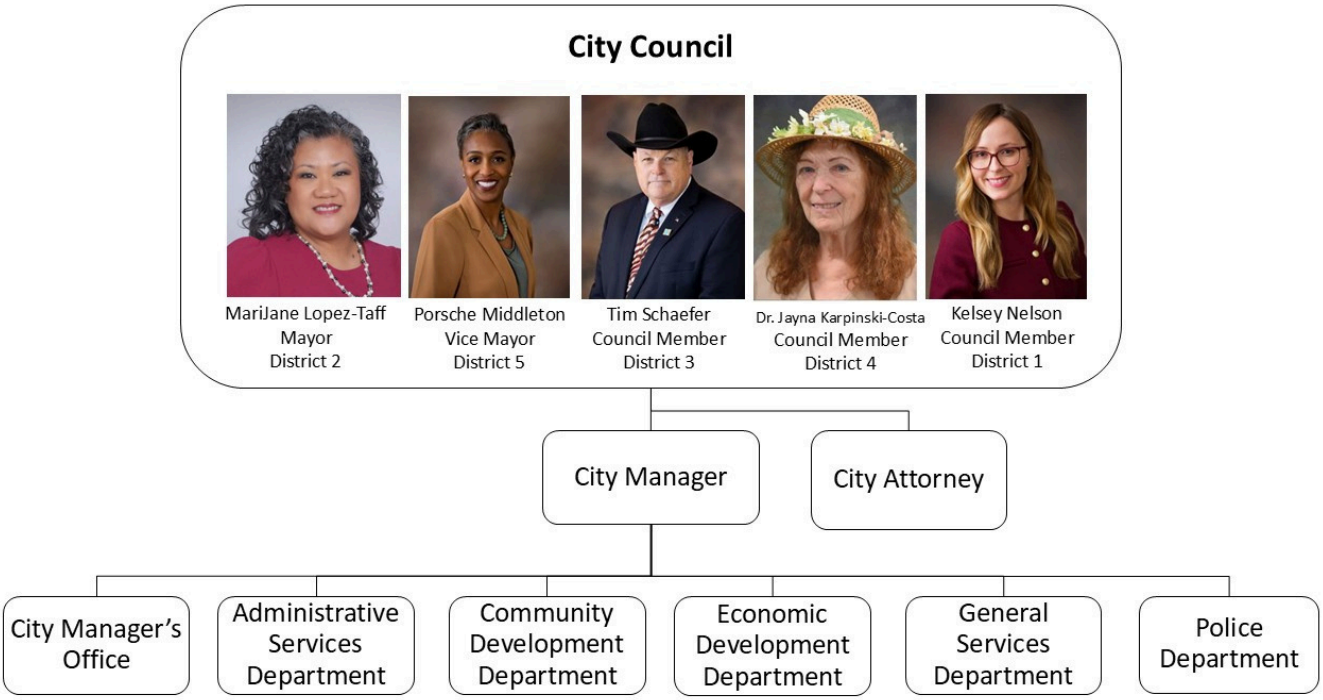
Susan K. Talwar

2 MEET THE CITY COUNCIL

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

The City Council responsibilities include:

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



Ashley 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









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


Citrus Heights NEWS

Vol 1, No. 31 • 50 cents (includes tax)

Historic first council session

News photo by Bentoni

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

Finances, staffing Citrus Heights' first concerns

By JIM DUNCAN

together the staff and ordinances needed

County's fifth municipality - the most popu-

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 local chamber of commerce circulated petitions and received signatures forming the Citrus Heights Incorporation Project (CHIP). During the next several years, CHIP fought a long legal battle that stretched as far as the Supreme Court with the County of Sacramento to place the City's incorporation on the ballot.

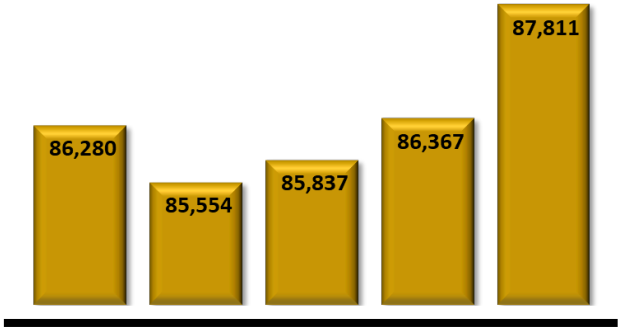
It wasn't until 1994 that an agreement was reached with the County. It was the first agreement for cityhood in California to include terms from a 1992 Senate bill, SB 1559, which required communities to share tax dollars with county governments. The agreement required the City of Citrus Heights to give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

Voters approved the measure to incorporate on November 5, 1996 and Citrus Heights became a City effective January 1, 1997. Citrus Heights received the first full allocation of property taxes in fiscal year 2023.

4 DEMOGRAPHICS & STATISTICS



Total Population
86,280

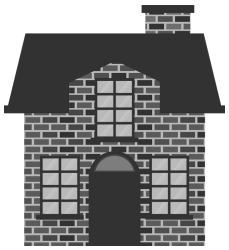


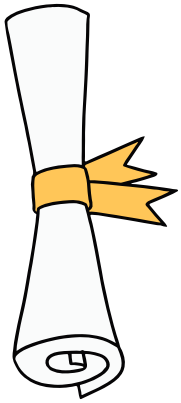
Population Growth Over Time



Median Age of Citizens
38.3

Average House Sales Value
$461,086





High School Degree
90.7%

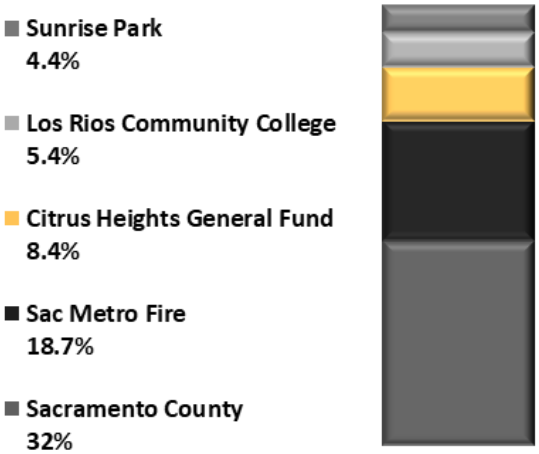
Bachelor's Degree
22.2%

Unemployment Rate
4.7%

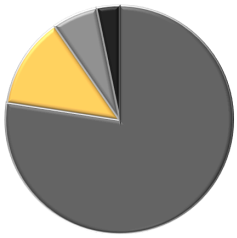


Average Income per person
$36,966





Property Tax Distribution



Sales Tax Rate, 7.75%

State of California 6.00%
City Direct Rate 1.00%
STA Measure A, 0.50%
Sacramento County, 0.25%

Information collected by HDL Coren & Cone

NOTABLE EVENTS

Public Works Award

Awarded American Public Works Association Project of the Year for Arcade Cripple Creek Trails



Animal Serivces



Began New partnership with local Sacramento County Bradshaw Animal Shelter and expanded animal-related services.

Helen Putnam Award

Awarded Helen Pitnam Award for Citrus Heights' Beautification Crew Program and Citrus Heights Cares Campaign.

Distinguished Service



Distinguished Service Medals were awarded to Citrus Heights PD Ofc. Hayden LaCurelle, Ofc. Sheldon Hanson, and Ofc. Christopher Edwards.

Home Repair Grants

Launched the Home Repair Grant Program Supporting low-income mobile home households with health and safety repairs.



Event Center



Rebranded the Community Center to the Citrus Heights Event Center and celebrated with a ribbon cutting

Habitat for Humanity

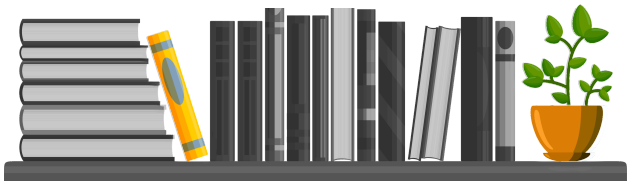
Approved and broke ground on 26 new homes along Sayonara Drive in partnership with Habitat for Humanity.

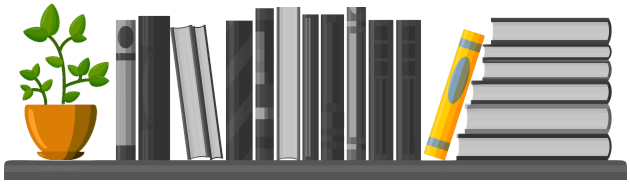
Sunrise Blvd



Resurfaced Sunrise Boulevard from Madison Ave to Greenback Lane to improve safety and ride quality.

6 EXPLANATION OF ACCOUNTING TERMS





Accrual Basis Accounting:
Recognizes revenues when earned and expenses when incurred, regardless of when cash changes hands, providing a more accurate view of the city's financial performance and position.

Business-type activities:
City services that are supported by charges paid by users based on the amount of the service they use.

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

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

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.

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.

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.

Unassigned:
Includes all spendable amounts not contained in the other classifications

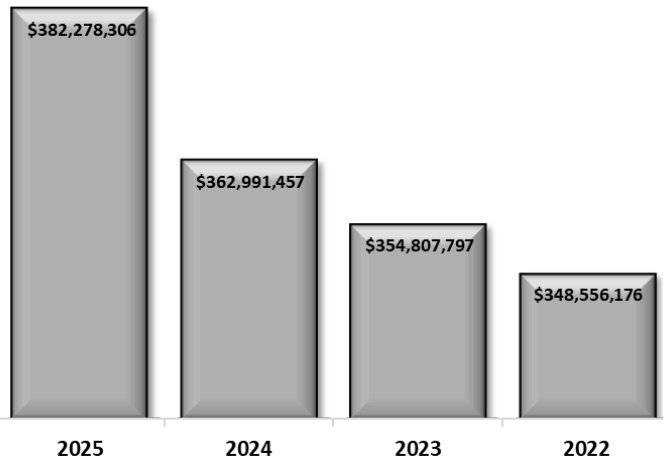
Unrestricted:
The remaining balance available for use that is not invested capital assets or restricted.

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). It is an indication of the City's financial health at the end of each fiscal year.

	Totals			
Assets/Deferred Outflows	**2025**	**2024**	**2023**	**2022**
Current and other assets	$ 90,306,755	$ 88,002,841	$ 75,497,628	$ 65,279,479
Capital assets	336,104,519	316,139,717	316,324,034	317,842,720
Total Assets	**426,411,274**	**404,142,558**	**391,821,662**	**383,122,199**
Total Deferred Outflows	11,583,600	15,415,165	16,392,076	7,271,254
Liabilities/ Deferred Inflows				
Long-term liabilities	29,751,651	34,951,094	26,684,819	8,367,682
Other liabilities	21,101,990	15,406,805	20,149,494	22,813,780
Total Liabilities	**50,853,641**	**50,357,899**	**46,834,313**	**31,181,462**
Total Deferred Inflows	4,862,927	6,208,367	6,571,628	10,655,735
Net position				
Net investment in capital assets	330,825,016	312,267,209	315,340,920	317,238,068
Restricted	24,633,762	26,754,425	23,418,902	25,868,240
Unrestricted	26,819,528	23,969,823	16,047,975	5,449,868
Total Net Position	**$ 382,278,306**	**$ 362,991,457**	**$ 354,807,797**	**$ 348,556,176**

Net Position Over Time



Restricted net position decreased by $2,120,663 due to an increase in the use of restricted funds in a number of special revenue funds for road maintenance, general capital improvement, transit services and various development activities. Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. The City had $26,819,528 of unrestricted net position as of June 30, 2025, which is an increase of $2,849,705. While unrestricted net position is technically unrestricted, much of the amount is committed for a specific use.

8 STATEMENT OF ACTIVITIES

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

	FY 2025	% change	FY 2024	% change	FY 2023	% change	FY 2022
Revenues							
Governmental Activities Revenues							
Program Revenues	$ 45,413,311	45%	$ 31,337,434	11%	$ 28,130,605	-2%	$ 28,827,220
General Revenues	43,123,667	6%	40,822,265	5%	38,894,143	33%	29,335,529
Business-type Activities Revenues							
Solid Waste	1,483,963	-1%	1,506,377	13%	1,335,091	17%	1,136,503
Total Revenues	**90,020,941**	**22%**	**73,666,076**	**8%**	**68,359,839**	**15%**	**59,299,252**
Expenses							
Government Activities							
General Government	15,680,122	54%	10,184,057	8%	9,404,296	22%	7,729,201
Public safety	28,363,422	8%	26,368,209	2%	25,813,011	63%	15,877,629
Public ways and facilities	18,640,661	-12%	21,076,523	5%	20,077,331	14%	17,660,038
Culture and recreation	1,285,621	8%	1,185,806	41%	839,028	-7%	906,037
Economic development	468,220	-59%	1,141,315	2%	1,123,525	1915%	55,751
Community enhancements	4,784,190	9%	4,389,584	11%	3,937,025	-4%	4,085,740
Interest on long-term debt	176,308	134%	75,339	368%	16,108	-88%	131,908
Business-type acitivites expenses							
Solid waste	1,335,548	26%	1,061,583	18%	897,894	14%	788,023
Total expenses	**70,734,092**	8%	**65,482,416**	5%	**62,108,218**	**31%**	**47,234,327**
Change in Net Position	19,286,849	81%	8,183,660	35%	6,251,621	-25%	12,064,925
Net Position - Beginning	$ 362,991,457	2%	$ 354,807,797	2%	$ 348,556,176	3%	$ 338,846,023
Net Position - Ending	**$ 382,278,306**	5%	**$ 362,991,457**	2%	**$ 354,807,797**	1%	**$ 350,910,948**

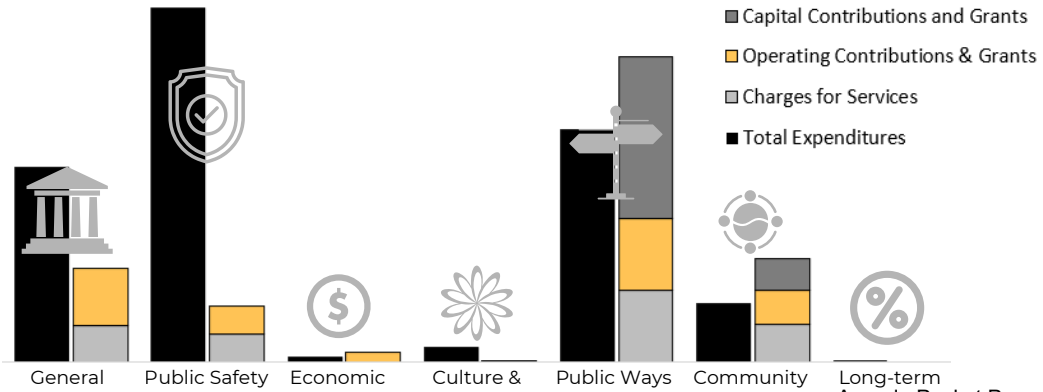
The large variances from FY24 to FY25 are:

Program Revenue - Increase is due to additional grant funding and operating contributions from outside agencies.

Solid waste revenue - Charges for service and investment earnings increased for the fiscal year.

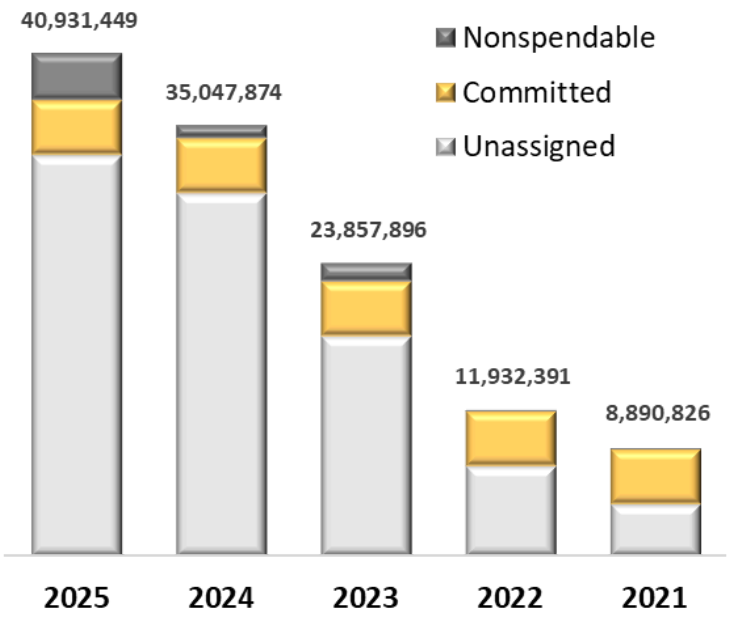
Interest on long-term debt - increased in FY 2025 due to additional IT subscriptions subject to special accounting standards.

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, 2025, the General Fund's fund balance totaled $40,931,449, of which $4,486,978 was committed for reserves and revenue stabilization. Fund balance in the General Fund increased by $5,883,575 largely due increased revenue from grants and contributions to cover capital and operating costs, and intergovernmental revenues.

This increase was higher than we originally budgeted for as well.

The actual total revenues were $7,994,526 higher than the final budgeted amount. The largest variances compared to the budget was in Intergovernmental Revenues, Licenses and Permits, and Investment Revenue. Intergovernmental Revenues increased due increased grant funding for the road maintenance. Additionally, projects that require individuals licenses or permits experience an unexpected increase in activity and investments, which were originally budgeted conservatively, had higher than expected returns for the fiscal year.

While overall expenses came in lower than budgeted amount, transfers to the Capital Projects fund were higher than budgeted amounts.

	Budget	Actual	Amount Change
Revenues			
Taxes	27,074,946	26,503,561	(571,385)
Licenses and Permits	1,692,446	2,628,955	936,509
Intergovernmental	12,048,453	16,247,609	4,199,156
Charges for services	2,003,778	2,528,098	524,320
Use of money and property	913,123	2,938,366	2,025,243
Fines and forfeitures	829,586	1,231,166	401,580
Contributions	5,000	27,420	22,420
Miscellaneous	19,802	476,485	456,683
Total Revenues	44,587,134	52,581,660	7,994,526
Expenditures			
Current	44,485,535	40,300,992	(4,184,543)
Capital outlay	1,364,197	2,061,413	697,216
Debt Service	80,800	173,969	93,169
Expenditures	45,930,532	42,536,374	(3,394,158)
Other Financing			
Transfers out	(1,110,000)	(5,390,369)	(4,280,369)
Debt issuance proceeds	-	1,228,658	1,228,658
Net Change in Fund balance	(2,453,398)	5,883,575	8,336,973

10 REVENUES

The City's total revenues for governmental and business-type activities were $88,588,275 for the fiscal year ended June 30, 2025. Approximately 77.6% of the City's key revenues are generated from four major sources.

	Governmental Activities	Business-type Activities	Totals	Percent of Toal
Program Revenue				
Charges for services	$ 13,956,862	$ 1,380,757	$ 15,337,619	17.3%
Operating Grant	16,005,026		16,005,026	18.1%
Capital Grant	15,451,423		15,451,423	17.4%
General Revenue				
Property taxes and assmt	8,139,767		8,139,767	9.2%
Sales and use taxes	13,778,642		13,778,642	15.6%
Utility user taxes	3,077,576		3,077,576	3.5%
Other taxes	131,310		131,310	0.1%
Shared intergovernmental - unrestricted	11,987,161		11,987,161	13.5%
Investment earnings (loss)	4,411,069	103,206	4,514,275	5.1%
Other revenue	165,476		165,476	0.2%
Total Revenue	**$ 87,104,312**	**$ 1,483,963**	**$ 88,588,275**	**100%**

Four Major Sources of Revenues:



Sales Tax - Annual receipts for the fiscal year ended June 30, 2025 decreased by $70,861 from the prior year due to inflationary pressures causing a cutback in consumer spending, in addition to the closure of retail stores located in the City and the continued decline of the Sunrise Mall.



Shared Intergovernmental Revenues - Annual receipts for the fiscal year ended June 30, 2025 increased by $831,226 from the prior year. This amount represents the property tax in-lieu of vehicle license fees



Grants and Contributions - Governmental Activities Operating & Capital - Governmental Activities operating grants and contributions were mainly from public safety street, road, and community enhancement grants that were for maintenance and operations and DOJ for public safety. The increase in capital revenues reflects more projects with active construction than in the prior year, leading to increased capital project expenditures being reimbursed during the fiscal year.

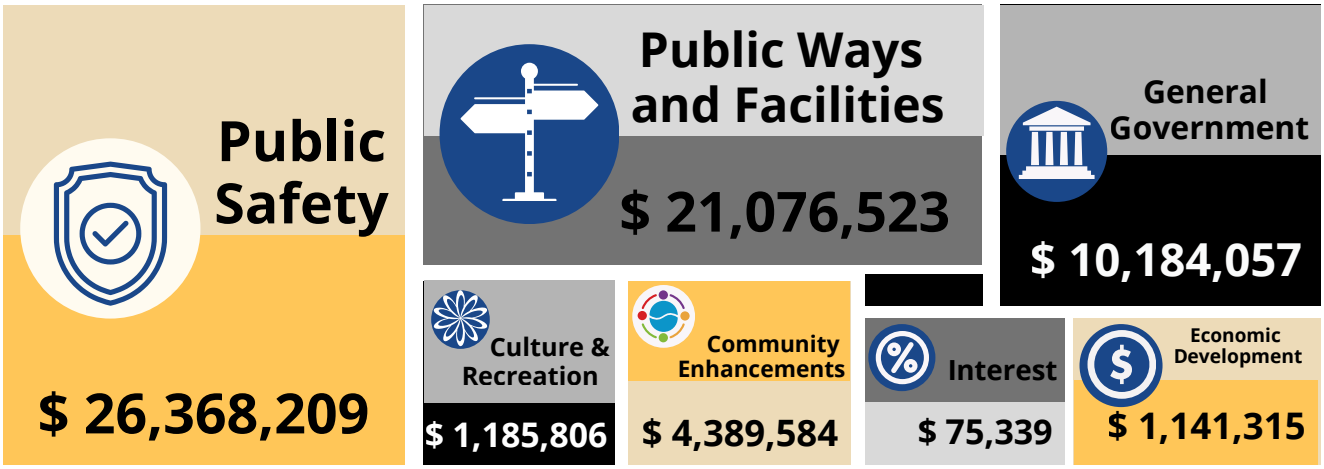


Property Tax - Annual receipts for the fiscal year ended June 30, 2025 increased by $267,233 from the prior year as real estate values increased modestly and new homes from the Mitchell Village development were included in the property tax rolls for the first time.

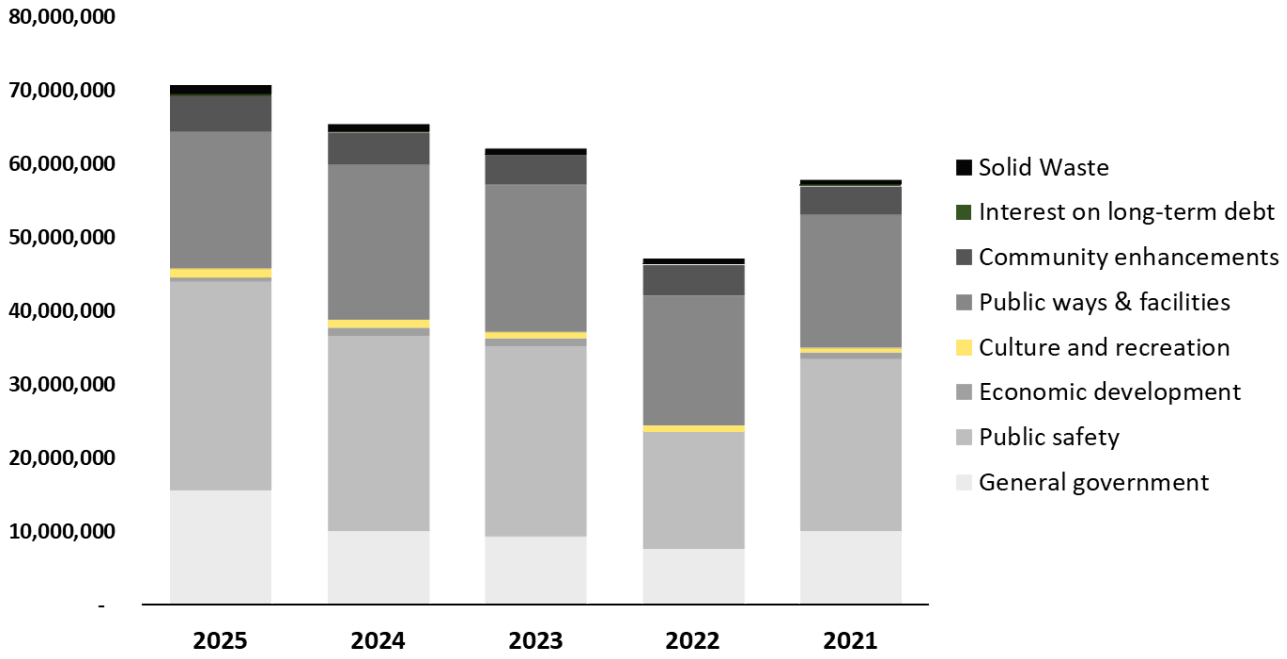
EXPENDITURES

Governmental and business-type activity expenses of the City for the year totaled $70,734,092. Governmental activity expenses totaled $69,398,544 or 98.11% of total expenses. Business-type activities expenses totaled $1,335,548 during the fiscal year. Public safety costs represented 40.87% of total governmental activities expenses and represented the largest single expense for governmental activities.

2025 Expenses by Function



Historical Trends of Expenditures



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January 29, 2026

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Citrus Heights, California (hereafter, the City) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 29, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, *Compensated Absences*, in fiscal year 2025. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the City's financial statements was:

> Management's estimate of the net pension liability is based on actuarial valuations. We evaluated the methods, assumptions, and data used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 29, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

LSL recommend that user access rights and role configurations for all financial and operational software systems be administered under the City Manager's department rather than the CFO or Finance roles. Centralizing this responsibility within the City Manager's office will help ensure segregation of duties, reduce the risk of unauthorized changes, and maintain impartial oversight of system access. This approach aligns with best practices for governance and internal control, as it minimizes potential conflicts of interest and enhances accountability across departments.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedules for the General Fund and major special revenue funds, and the required pension schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

We were engaged to report on the combining and individual fund statements and schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections of the Annual Comprehensive Financial Report, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Future GASB Pronouncements

The following Government Accounting Standards Board (GASB) pronouncements will be effective for the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal Year 2025-2026

GASB Statement No. 103, *Financial Reporting Model Improvements.*

GASB Statement No. 104, *Disclosure of Certain Capital Assets.*

Future Projects

Comprehensive Project, *Revenue and Expense Recognition.*

Major Project, *Going Concern Uncertainties and Severe Financial Stress.*

Major Project, *Infrastructure Assets.*

Practice Issue, *Subsequent Events.*

Restriction on Use

This information is intended solely for the information and use of City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

LSL, LLP
Irvine, California

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 (hereafter, the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 29, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Irvine, California
January 29, 2026

CITY OF CITRUS HEIGHTS, CALIFORNIA

FOR THE YEAR ENDED JUNE 30, 2025

SINGLE AUDIT REPORT

Focused on YOU



CITY OF CITRUS HEIGHTS, CALIFORNIA

Single Audit Report

For the Year Ended June 30, 2025

CITY OF CITRUS HEIGHTS, CALIFORNIA

Single Audit Report

For the Year Ended June 30, 2025

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Citrus Heights (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 29, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP
Irvine, California
January 29, 2026

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Citrus Heights, California (the "City")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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 generally accepted auditing standards,

LSL

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

Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 29, 2026, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

LSL, LLP

Irvine, California
March 26, 2026 (Except for the *Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance* which is dated January 29, 2026)

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	*Federal Assistance Listing Number*	*Pass-Through Entity Identifying Number*	*Total Federal Expenditures*
U.S Department of Housing and Urban Development			
Direct Program			
Community Development Block Grants/Entitlement Grants Cluster			
Community Development Block Grants	14.218	N/A	$ 652,633
Community Development Block Grant Loan (beginning balance)	14.218	N/A	1,348,078
Subtotal - Assistance Listing 14.218			2,000,711
HOME Investment Partnership Program Loan (beginning balance)	14.239	N/A	178,854
Total Department of Housing and Urban Development Programs			**2,179,565**
U.S. Department of Justice			
Direct Programs			
Bulletproof Vest Partnership Program	16.607	N/A	8,932
FY23 Public Safety Partnership and Community Policing Grants	16.710	N/A	423,660
Edward Byrne Memorial Justice Assistance Program	16.738	N/A	46,729
Equitable Sharing Program	16.922	N/A	674
Total U.S. Department of Justice			**479,995**
U.S. Department of Transportation			
Direct Program			
Highway Safety Cluster			
Selective Traffic Enforcement Program	20.600 / 20.608	N/A	58,777
Total Highway Safety Cluster			58,777
Passed through California State Transportation Agency, Department of Transportation			
Highway Planning and Construction*			
Auburn Blvd-Rusch/Northern Limits	20.205	N4YFFGL4CDX5	7,943,249
San Juan Avenue	20.205	N4YFFGL4CDX5	2,464,544
Old Auburn Rd	20.205	N4YFFGL4CDX5	74,648
Arcade Cripple Creek / Electric Greenway	20.205	N4YFFGL4CDX5	256,908
Subtotal - Assistance Listing 20.205			10,739,349
Total U.S. Department of Transportation			**10,798,126**
U.S. Department of Treasury			
Direct Programs			
Equitable Sharing	21.016	N/A	121,106
Coronavirus State and Local Recovery Funds	21.027	N/A	4,068,250
Total U.S. Department of Treasury			**4,189,356**
U.S Department of Energy			
Direct Program			
Energy Efficiency and Conservation Block Grant Program	81.128	N/A	137,060
Total U.S. Department of Energy			**137,060**
Total Expenditures of Federal Awards			**$ 17,784,102**

** Major Program*
Note a: Refer to Note 1 to the Schedule of Expenditures of Federal Awards for a description of significant accounting policies used in preparing this schedule.
Note b: There were no federal awards expended in the form of noncash assistance and insurance in effect during the year.
Note c: Total amount provided to subrecipients during the year was $0.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Citrus Heights, California, that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

B. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The City has elected not to use de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2: LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The City participates in certain federal award programs that sponsor revolving loan programs, which are administered by the City. These programs required servicing arrangements with the City. The funds are returned to the programs upon repayment of the principal and interest. Current year transactions relating to these programs are included in the Schedule of Expenditures of Federal Awards. In accordance with 2 CFR section 200.502(b), the balance of loan program outstanding June 30, 2025, are as follows:

Assistance Listing Number	Program Name	Outstanding Balance at June 30, 2025
14.218	CDBG Loans	$ 1,326,453
14.239	HOME Loans	145,149
	Total Loans Outstanding	$ 1,471,602

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weaknesses identified? ____yes __X__no
- Significant deficiencies identified? ____yes __X__none reported

Noncompliance material to financial statements noted? ____yes __X__no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ____yes __X__no
- Significant deficiencies identified? ____yes __X__none reported

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? ____yes __X__no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B program $750,000

Auditee qualified as low-risk auditee? __X__yes ____no

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2024

No matters were reported.

CITY OF CITRUS HEIGHTS

TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2025

CITY OF CITRUS HEIGHTS

TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2025

Audited Financial Statements

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Compliance Report

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and the Transportation Development Act 8

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Citrus Heights, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act Funds (the Funds) of the City of Citrus Heights (the City), as of and for year ended June 30, 2025, and the related notes to the 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 financial position of the Transportation Development Act Funds of the City of Citrus Heights, as of June 30, 2025, and the changes in financial position 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 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis-of-Matter

As discussed in Note B, the financial statements present only the Transportation Development Act Funds of the City of Citrus Heights and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025 and 2024, the changes in financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are 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.

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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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.

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 Matters

Prior Year Comparative Information

We have previously audited the June 30, 2024 Transportation Act Funds of the City of Citrus Heights' financial statements dated March 17, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Management has omitted management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2026 on our consideration of the City's internal control over financial reporting related to the Funds and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, and the Transportation Development Act. 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.

Richardson & Company, LLP

March 5, 2026

CITY OF CITRUS HEIGHTS

TRANSPORTATION DEVELOPMENT ACT FUNDS

BALANCE SHEETS

June 30, 2025
(With Prior Year Data For Comparative Purposes Only)

	2025			(Comparative Purposes Only)
	Transit	Non-Transit	Total	2024
ASSETS				
Cash and investments	$ 462,430		$ 462,430	$ 24,539
Interest receivable	1,327	$ 83	1,410	1,088
Due from other governments		416,298	416,298	718,433
TOTAL ASSETS	$ 463,757	$ 416,381	$ 880,138	$ 744,060
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 3,879		$ 3,879	$ 6,337
Salaries and benefits payable	521		521	
Due to other governments	35,000		35,000	
Due to other funds		$ 121,333	121,333	66,689
TOTAL LIABILITIES	39,400	121,333	160,733	73,026
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues		7,799	7,799	323,825
FUND BALANCES				
Restricted for transit administration	424,357		424,357	321,582
Restricted for pedestrian and bicycle facilities		287,249	287,249	25,627
TOTAL FUND BALANCES	424,357	287,249	711,606	347,209
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 463,757	$ 416,381	$ 880,138	$ 744,060

The accompanying notes are an integral part of these financial statements.

CITY OF CITRUS HEIGHTS

TRANSPORTATION DEVELOPMENT ACT FUNDS

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2025
(With Prior Year Data For Comparative Purposes Only)

	2025			(Comparative Purposes Only)
	Transit	Non-Transit	Total	2024
REVENUES				
Local Transportation Funds				
Pedestrian and bicycle		$ 413,162	$ 413,162	
Contract administration payment from SacRT	$ 389,253		389,253	$ 394,608
Other revenue	125		125	
Use of money and property	23,573	1,307	24,880	13,356
TOTAL REVENUES	412,951	414,469	827,420	407,964
EXPENDITURES				
Administration	275,176		275,176	250,684
Contract services	35,000		35,000	35,000
Pedestrian and bicycle facilities				
TOTAL EXPENDITURES	310,176		310,176	285,684
EXCESS OF REVENUES OVER EXPENDITURES	102,775	414,469	517,244	122,280
OTHER FINANCING SOURCES (USES)				
Transfers out - pedestrian and bicycle facilities		(152,847)	(152,847)	(101,713)
NET CHANGE IN FUND BALANCES	102,775	261,622	364,397	20,567
Fund balances at beginning of year	321,582	25,627	347,209	326,642
FUND BALANCES AT END OF YEAR	$ 424,357	$ 287,249	$ 711,606	$ 347,209

The accompanying notes are an integral part of these financial statements.

CITY OF CITRUS HEIGHTS

TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A – ORGANIZATION

The City of Citrus Heights (the City) receives funds under the provisions of the Transportation Development Act (TDA) from the Sacramento County Local Transportation Fund (LTF) under Article 3, Section 99234 for pedestrian and bicycle facilities. The City's Article 3 LTF funds represent amounts set aside by the Sacramento Area Council of Governments (SACOG), the transportation planning agency administering TDA funds, to be allocated for pedestrian and bicycle facilities within the jurisdictions of Sacramento County and represent up to 2% of the available funds countywide.

On January 1, 2019, the City's transit operations were annexed by the Sacramento Regional Transit District (SacRT). As a result of this annexation, beginning in April of 2019, the City's transit related State Transit Assistance (STA), State of Good Repair (SGR) and LTF funds, with the exception of Article 3 funds, will be claimed directly from SACOG by SacRT. The transit administration allocation is provided by SacRT and will be adjusted in each future fiscal year to match the percent increase or decrease in the budgeted TDA apportionment to the City for that fiscal year as compared to the previous year. The City will also continue to receive an apportionment for pedestrian and bicycle facilities under Article 3. The City of Citrus Heights' Transit Fund and Transportation Development Act Fund (the Funds) are used to account for Transit and Non-transit TDA funds, received by the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements of the Transportation Development Act Funds (the Funds) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity: The financial statements are intended to present the financial position and results of operations of only those transactions recorded in the Funds. The Funds are included in the financial statements of the City.

Fund Accounting: The accounts of the City are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

The City utilizes the special revenue fund type of the governmental fund group to account for the activities of the Funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. A special revenue fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by special revenue funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is generally 90 days. TDA revenues are recognized when all eligibility requirements have been met. Expenditures are recorded when the related fund liability is incurred.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF CITRUS HEIGHTS

TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term Interfund Receivables/Payables: During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet. The "due to other funds" at June 30, 2025 represents payments made for the Transit Fund by another City fund.

Deferred Inflows of Resources: Deferred inflows of resources in governmental funds arise when a potential revenue source does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources consisted of revenues for which all eligibility requirements had been met at year end, but the amounts were not received from the Sacramento County Auditor – Controller's Office within the 90-day availability period.

Fund Balance: Restrictions of fund balance represent amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation. The restrictions of fund balance are according to the provisions of the Transportation Development Act and the purpose of each restriction is indicated by the account title on the face of the balance sheets. Unassigned fund balance is used in governmental funds to report deficit balances due to overspending for specific purposes for which amounts had been restricted, committed or assigned.

Use of Estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Statements: The financial statements include certain prior-year summarized comparative information in total, but not by individual fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Funds' financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Reclassification: 2024 pedestrian and bicycle expenditures were reclassified as transfers out to conform to the current presentation. This change had no effect on the total change in fund balance for the year ended June 30, 2024.

NOTE C – CASH AND INVESTMENTS

Investment Policy: The City's investment policy may be found in the notes to City's basic financial statements.

Investment in the City's Investment Pool: The Funds' cash is held in the City's investment pool. The City maintains an investment pool and allocates interest to the various funds based upon the average daily cash balances. Investments held in the City's investment pool are available on demand to the Funds and are stated at fair value.

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 the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2025, the weighted average maturity of the investments contained in the City of Citrus Heights investment pool was approximately 247 days.

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. The City's investment pool does not have a rating provided by a nationally recognized statistical rating organization.

CITY OF CITRUS HEIGHTS

TRANSPORTATION DEVELOPMENT ACT FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025

NOTE C – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk: Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the City's investment pool).

NOTE D – DUE FROM OTHER GOVERNMENTS

The due from other governments consists of the following at June 30, 2025:

	2025			(Comparative Purposes Only)
	Transit	Non-Transit	Total	2024
Transportation Development Act:				
Local Transportation Fund				
Fiscal Year 2024/25		$ 97,137	$ 97,137	
Fiscal Year 2023/24		107,229	107,229	$ 107,229
Fiscal Year 2022/23		109,253	109,253	109,253
Fiscal Year 2021/22		94,880	94,880	94,880
Fiscal Year 2020/21		7,799	7,799	7,799
Fiscal Year 2019/20				4,664
Sacramento Regional Transit District				394,608
Total due from other governments	$ -	$ 416,298	$ 416,298	$ 718,433

NOTE E – CONCENTRATION

The Funds receive a substantial amount of their support from a statewide retail sales tax from the LTF created by the TDA. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Funds' activities.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE TRANSPORTATION DEVELOPMENT ACT

To the City Council
City of Citrus Heights, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Citrus Heights' (the City) Transportation Development Act Funds (the Funds), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Funds' basic financial statements, and have issued our report thereon dated March 5, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our audit was further made to determine that Transportation Development Act (TDA) funds allocated and received by the City were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6666 and 6667 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the TDA.

To the City Council
City of Citrus Heights, California

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the TDA in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

March 5, 2026

CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: April 8, 2026

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

FROM: Susan Talwar, Administrative Services Director
Dena Jenkins, Finance Manager

SUBJECT: **Approval of Investment Policy Updates**

Recommendation

Staff recommend that the City Council adopt Resolution No. 2026-___, a Resolution of the City Council of the City of Citrus Heights, California, Approving the Investment Policy and delegating authority to the Administrative Services Director to invest funds in accordance with the Investment Policy.

Strategic Plan Alignment

This item is in alignment with the following City Council priority:

Goal: Maintain and Enhance Fiscal Stability while supporting operational excellence.

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 (Code) sections 53600-53610 and 53646. The City Council periodically reviews the City's Investment Policy to ensure compliance with the provisions of the Code. The City's Investment Policy was last updated by the City Council on February 12, 2025. Staff, City Attorney Ryan Jones and City investment services firm Chandler Asset Management completed an annual review of the City's Investment Policy and is recommending the following modifications:

Main changes to the investment policy with a focus on best practice and legal updates include:

Summary of Key Changes in the 2026 Investment Policy

- Authorized Financial Dealers and Institutions – Added to the list of institutions the City can conduct business with as defined in Section 5102 of the Financial Code. (LEGAL)
- Joint Powers Authority (JPA) Investment Pools Clarified – Splits Other Local Government Investment Pools keeping the focus on JPA Investment Pools. Provides stronger oversight of pooled investment vehicles, ensuring transparency, creditworthiness, and operational stability. (BEST PRACTICE)
- New Section on Other Local Government Investment Pools (LGIPs) Establishes ability to invest in county or other LGIPs. Caps non-LAIF/JPA LGIPs at 20% of the portfolio. Expands diversification options while adding a limit to prevent overreliance on any one type of external pool. (BEST PRACTICE)
- Glossary Expanded and Updated - Adds/updates definitions across a wide range of investment terms (e.g., supranational, structured notes, make whole calls, collateralized deposits). Provides clarity, improves transparency, and supports public understanding and staff training.

Attachments

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

RESOLUTION NO. 2026 - ____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS, CALIFORNIA 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; and

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 8th day of April, 2026, by the following vote, to wit:

AYES: **Council Members:**
NOES: **Council Members:**
ABSTAIN: **Council Members:**
ABSENT: **Council Members:**

MariJane Lopez-Taff, Mayor

ATTEST:

Amy Van, City Clerk

City of Citrus Heights

Investment Policy

April 08, 2026

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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

A. Goal

It is the City's policy 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 incorporates 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).

B. **Interpretation of Policy**

If any portion of these policies is or becomes contrary to Government Code 53600 et seq., or any other applicable law(s), the requirements of this investment policy shall be interpreted consistent with such applicable law(s).

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, Section 53600 et seq. These funds are accounted for in the City's Annual Comprehensive Financial Report and include: the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Fund, Internal Service Funds and Fiduciary Funds.

The following are *not* governed by this policy:

- The City's Retiree Healthcare Plan. It is administered and managed separately by the California Employers' Retiree Benefit Trust (CERBT) Fund under California Government Code Section 53620-53622.
- Bond proceeds. They are subject to the conditions and restrictions of bond documents;
- 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. 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 or other activity that could conflict with the proper execution of the investment program, or that could impair their ability to make impartial investment decisions. All participants shall comply with the Political Reform Act and the City's Conflict of Interest Code, as it is updated from time to time, including the requirements to disclose any material financial interests in financial institutions that conduct business within their jurisdiction, and any personal financial/investment positions. Additionally, all participants shall immediately inform the Citrus Heights City Manager of any potential conflict of interest. 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 for City Treasurers 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, 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 Administrative Services Director 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. Securities shall only be purchased from authorized institutions and firms.

The Administrative Services Director shall maintain procedures for establishing a list of authorized brokers/dealers and financial institutions which are approved for investment purposes and are selected through a process of due diligence as determined by the City. Due inquiry shall determine whether such authorized brokers/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 and proof of FINRA certification as a broker-dealer as defined in Section 25004 of the Corporations Code.
- Institutions that are members of a federally regulated securities exchange.
- Primary government dealers as designated by the Federal Reserve Bank.
- Nationally or state-chartered banks.
- Savings association or federal association as defined in Section 5102 of the Financial Code.
- 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 that 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 brokers/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 the 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. ("Code"). 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, unless it would be contrary to applicable law, in which case applicable law shall control.

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 section 53601.6, but must only be invested in any of the following instruments as permitted by law (California Government Code Section 53601). An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and issuer to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

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 callable agency 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 180 days 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) for short-term debt obligations; or long-term debt obligations that 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 has 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 morethan 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 of 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, over-collateralization, 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 397 days.

8. **REPURCHASE AGREEMENTS.** As authorized in Government Code Section 53601(j), 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 (1) 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, 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.

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(*l*)(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 (5) 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. **SUPRANATIONALS.** 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. **SHARES OF BENEFICIAL INTEREST ISSUED BY A JOINT POWERS AUTHORITY (JPA).** 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 each of the types of securities and obligations authorized by Government 53601.
    - 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.

17. **OTHER LOCAL GOVERNMENT INVESTMENT POOLS (LGIP)**. Other LGIPs permitted by the City (such as a County Pool as defined by California Government Code Section 27000.3).
    - No more than 20% of the total portfolio may be invested in LGIPs other than LAIF and JPAs.

The investment in the LGIP shall not cause the City's investment policy to violate any other investment requirement, including the requirements to not invest more than 25% of the total portfolio in eligible commercial paper, or more than 5% of the total portfolio in any one issuer's

commercial paper.

B. Collateralization

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.

Certificates of Deposit (CDs). The City shall require any commercial bank or savings and loan association to deposit eligible securities with an agency 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. 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, including, but not limited to futures and options. 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 sunsetting on January 1, 2031, 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 are 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. The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment 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 and known future liabilities. 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 from the date of trade settlement, 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 be provided to City Council within 45 days after the end of the quarter and 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 complies 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. Benchmarks may change over time based on changes in market conditions or cash flow requirements.

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. Benchmarks may change over time based on changes in market conditions or cash flow requirements.

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 "Freddie Mac" 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.

ASSET-BACKED SECURITIES: Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

BANKER'S ACCEPTANCE: A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which "accepts" the obligation to pay the investor.

BENCHMARK: A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BID: The indicated price at which a buyer is willing to purchase a security or commodity.

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.

CALLABLE: A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

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.

COLLATERALIZED BANK DEPOSIT: A bank deposit that is collateralized at least 100% (principal plus interest to maturity). The deposit is collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO): Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COLLATERALIZED TIME DEPOSIT: Time deposits that are collateralized at least 100% (principal plus interest to maturity). These instruments are collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

COMMERCIAL PAPER: The short-term unsecured debt of corporations.

COUPON: The rate of return at which interest is paid on a bond.

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.

DISCOUNT: The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION: Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

DURATION: The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a security to changes interest rates.

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.

FIDUCIARY: A person or organization that acts on behalf of another person(s) or organization that puts their clients' interest ahead of their own as they are bound both legally and ethically to act in the other's best interests.

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.

JOINT POWERS AUTHORITY (JPA): An entity created by two or more public agencies that share a common goal to jointly exercise powers common to all members through a joint powers agreement or contract.

LEVERAGE: Borrowing funds to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

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.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MAKE WHOLE CALL: A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

MARGIN: The difference between the market value of a security and the loan a broker makes using that security as collateral.

MARKET RISK: The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

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. The investment's term or remaining maturity is measured from the settlement date to

final maturity.

MEDIUM TERM NOTES: Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MODIFIED DURATION: The percent change in price for a 100-basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

MONEY MARKET: The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

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).

MORTGAGE PASS-THROUGH SECURITIES: A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES: Securities issued by state and local agencies to finance capital and operating expenses.

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): A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. Standard and Poor's, Moody's, and Fitch Financial Services are examples of such organizations.

NEGOTIABLE CERTIFICATE OF DEPOSIT (CD): A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state- licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market.

OFFER (ASK): An indicated price at which market participants are willing to sell a security. Also referred to as the "ask price."

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.

PAYDOWN: A reduction in the principal amount owed on a bond, loan, or other debt.

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.

PREMIUM: The difference between the par value of a bond and the cost of the bond, when the cost is above par.

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.

PRUDENT INVESTOR (PRUDENT PERSON) RULE: A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

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.

REGIONAL DEALER. A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

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).

SAFEKEEPING: A service to bank customers whereby securities are held by the bank in the customer's name.

SECURITIES AND EXCHANGE COMMISSION (SEC): The U.S. Securities and Exchange Commission (SEC) is an independent federal government agency responsible for protecting investors, maintaining fair and orderly functioning of securities markets and facilitating capital formation. It was created by Congress in 1934 as the first federal regulator of securities markets. The SEC promotes full public disclosure, protects investors against fraudulent and manipulative practices in the market, and monitors corporate takeover actions in the United States.

STRUCTURED NOTE: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

SUPRANATIONAL: A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision-making to promote economic development in the member countries.

THIRD PARTY CUSTODIAN: An independent, third-party custodial safekeeping provider that has a fiduciary responsibility for safekeeping their client's assets to minimize the risk of a fraudulent transaction.

TOTAL RATE OF RETURN: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

- **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 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.

- **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.

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 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

April 08, 2026

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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

A. Goal

It is the City's policy 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 incorporates 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).

B. **Interpretation of Policy**

If any portion of these policies is or becomes contrary to Government Code 53600 et seq., or any other applicable law(s), the requirements of this investment policy shall be interpreted consistent with such applicable law(s).

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, Section 53600 et seq. These funds are accounted for in the City's Annual Comprehensive Financial Report and include: the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Fund, Internal Service Funds and Fiduciary Funds.

The following are *not* governed by this policy:

- The City's Retiree Healthcare Plan. It is administered and managed separately by the California Employers' Retiree Benefit Trust (CERBT) Fund under California Government Code Section 53620-53622.
- Bond proceeds. They are subject to the conditions and restrictions of bond documents;
- 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. 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 or other activity that could conflict with the proper execution of the investment program, or that could impair their ability to make impartial investment decisions. All participants shall comply with the Political Reform Act and the City's Conflict of Interest Code, as it is updated from time to time, including the requirements to disclose any material financial interests in financial institutions that conduct business within their jurisdiction, and any personal financial/investment positions. Additionally, all participants shall immediately inform the Citrus Heights City Manager of any potential conflict of interest. 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 for City Treasurers 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, 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 Administrative Services Director 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. Securities shall only be purchased from authorized institutions and firms.

The Administrative Services Director shall maintain procedures for establishing a list of authorized brokers/dealers and financial institutions which are approved for investment purposes and are selected through a process of due diligence as determined by the City. Due inquiry shall determine whether such authorized brokers/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 and proof of FINRA certification as a broker-dealer as defined in Section 25004 of the Corporations Code.
- Institutions that are members of a federally regulated securities exchange.
- Primary government dealers as designated by the Federal Reserve Bank.
- Nationally or state-chartered banks.
- Savings association or federal association as defined in Section 5102 of the Financial Code.
- 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 that 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 brokers/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 the 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. ("Code"). 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, unless it would be contrary to applicable law, in which case applicable law shall control.

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 section 53601.6, but must only be invested in any of the following instruments as permitted by law (California Government Code Section 53601). An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and issuer to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

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 callable agency 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 180 days 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) for short-term debt obligations; or long-term debt obligations that 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 has 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 morethan 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 of 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, over-collateralization, 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 397 days.

8. **REPURCHASE AGREEMENTS.** As authorized in Government Code Section 53601(j), 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 (1) 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, 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.

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(*l*)(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 (5) 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. **SUPRANATIONALS.** 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. **SHARES OF BENEFICIAL INTEREST ISSUED BY A JOINT POWERS AUTHORITY (JPA).** 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 each of the types of securities and obligations authorized by Government 53601.
    - 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.

17. **OTHER LOCAL GOVERNMENT INVESTMENT POOLS (LGIP)**. Other LGIPs permitted by the City (such as a County Pool as defined by California Government Code Section 27000.3).
    - No more than 20% of the total portfolio may be invested in LGIPs other than LAIF and JPAs.

The investment in the LGIP shall not cause the City's investment policy to violate any other investment requirement, including the requirements to not invest more than 25% of the total portfolio in eligible commercial paper, or more than 5% of the total portfolio in any one issuer's

commercial paper.

B. Collateralization

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.

Certificates of Deposit (CDs). The City shall require any commercial bank or savings and loan association to deposit eligible securities with an agency 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. 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, including, but not limited to futures and options. 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 sunsetting on January 1, 2031, 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 are 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. The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment 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 and known future liabilities. 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 from the date of trade settlement, 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 be provided to City Council within 45 days after the end of the quarter and 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 complies 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. Benchmarks may change over time based on changes in market conditions or cash flow requirements.

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. Benchmarks may change over time based on changes in market conditions or cash flow requirements.

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 "Freddie Mac" 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.

ASSET-BACKED SECURITIES: Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

BANKER'S ACCEPTANCE: A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which "accepts" the obligation to pay the investor.

BENCHMARK: A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BID: The indicated price at which a buyer is willing to purchase a security or commodity.

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.

CALLABLE: A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

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.

COLLATERALIZED BANK DEPOSIT: A bank deposit that is collateralized at least 100% (principal plus interest to maturity). The deposit is collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO): Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COLLATERALIZED TIME DEPOSIT: Time deposits that are collateralized at least 100% (principal plus interest to maturity). These instruments are collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

COMMERCIAL PAPER: The short-term unsecured debt of corporations.

COUPON: The rate of return at which interest is paid on a bond.

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.

DISCOUNT: The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION: Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

DURATION: The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a security to changes interest rates.

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.

FIDUCIARY: A person or organization that acts on behalf of another person(s) or organization that puts their clients' interest ahead of their own as they are bound both legally and ethically to act in the other's best interests.

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.

JOINT POWERS AUTHORITY (JPA): An entity created by two or more public agencies that share a common goal to jointly exercise powers common to all members through a joint powers agreement or contract.

LEVERAGE: Borrowing funds to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

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.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MAKE WHOLE CALL: A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

MARGIN: The difference between the market value of a security and the loan a broker makes using that security as collateral.

MARKET RISK: The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

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. The investment's term or remaining maturity is measured from the settlement date to

final maturity.

MEDIUM TERM NOTES: Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MODIFIED DURATION: The percent change in price for a 100-basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

MONEY MARKET: The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

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).

MORTGAGE PASS-THROUGH SECURITIES: A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES: Securities issued by state and local agencies to finance capital and operating expenses.

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): A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. Standard and Poor's, Moody's, and Fitch Financial Services are examples of such organizations.

NEGOTIABLE CERTIFICATE OF DEPOSIT (CD): A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state- licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market.

OFFER (ASK): An indicated price at which market participants are willing to sell a security. Also referred to as the "ask price."

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.

PAYDOWN: A reduction in the principal amount owed on a bond, loan, or other debt.

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.

PREMIUM: The difference between the par value of a bond and the cost of the bond, when the cost is above par.

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.

PRUDENT INVESTOR (PRUDENT PERSON) RULE: A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

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.

REGIONAL DEALER. A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

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).

SAFEKEEPING: A service to bank customers whereby securities are held by the bank in the customer's name.

SECURITIES AND EXCHANGE COMMISSION (SEC): The U.S. Securities and Exchange Commission (SEC) is an independent federal government agency responsible for protecting investors, maintaining fair and orderly functioning of securities markets and facilitating capital formation. It was created by Congress in 1934 as the first federal regulator of securities markets. The SEC promotes full public disclosure, protects investors against fraudulent and manipulative practices in the market, and monitors corporate takeover actions in the United States.

STRUCTURED NOTE: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

SUPRANATIONAL: A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision-making to promote economic development in the member countries.

THIRD PARTY CUSTODIAN: An independent, third-party custodial safekeeping provider that has a fiduciary responsibility for safekeeping their client's assets to minimize the risk of a fraudulent transaction.

TOTAL RATE OF RETURN: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

- **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 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.

- **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.

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 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: April 8, 2026

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

FROM: Meghan Huber, Economic Development & Community Engagement Director

SUBJECT: **Approval of Sunrise MarketPlace Property-Based Improvement District 2025 Annual Report**

Recommendation

The Sunrise MarketPlace Property-Based Improvement District (PBID) is required by law to provide an annual report to the City Council. The PBID Board of Directors approved the 2025 Sunrise MarketPlace Annual Report on March 12, 2026 and are ready to present this report to the City Council.

Staff recommend the City Council adopt Resolution No. 2026-____ a Resolution of the City Council of the City of Citrus Heights, California, Approving the Sunrise MarketPlace 2025 Annual Report.

Strategic Plan Alignment

This item is in alignment with the following City Council priority:

Goal: Diversify for a Vibrant Economy

Fiscal Impact

There is no fiscal impact associated with this action.

Background and Analysis

The City Council approved the formation of the Sunrise MarketPlace PBID in 1999 and the most recent renewal in June 2024. Sunrise MarketPlace is an important partner of the City to achieve shared economic development goals.

The PBID is governed by the Management District Plan (MDP), which serves as the foundational document outlining the district's purpose, boundaries, governance structure, assessment methodology, and program of services. In accordance with the MDP and the Property and Business Improvement District Law of 1994, the Owners' Association is required to prepare an annual report and present it to the City Council for review and approval.

The annual report provides transparency and accountability for the use of assessment funds and must include, at a minimum, a description of proposed improvements and activities, associated budgets, assessment methodology, and any anticipated changes to the district. City Council approval is required each year to authorize the continued levy and expenditure of assessments in alignment with the MDP.

The Sunrise MarketPlace Board of Directors approved the 2025 Annual Report at its meeting on March 12, 2026. The meeting was properly noticed and conducted in compliance with the Brown Act.

Attachments

1. Resolution 2026-___, a Resolution of the City Council of the City of Citrus Heights, California, Approving the Sunrise MarketPlace 2025 Annual Report
    a. Sunrise MarketPlace 2025 Annual Report

RESOLUTION NO. 2026- ___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS, CALIFORNIA, APPROVING THE SUNRISE MARKETPLACE 2025 ANNUAL REPORT

WHEREAS, The City Council approved the formation of the Sunrise MarketPlace PBID in 1999 and the most recent renewal in June 2024; and

WHEREAS, the Sunrise MarketPlace Board of Directors approved the Sunrise MarketPlace 2025 Annual Report on March 12, 2026; and

WHEREAS, the Sunrise MarketPlace 2025 Annual Report is incorporated as part of this Resolution and is on file with the City Clerk.

NOW THEREFORE BE IT RESOLVED AND ORDERED The City Council of the City of Citrus Heights does approve the Sunrise MarketPlace 2025 Annual Report.

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 8th day of April, 2026 by the following vote, to wit:

AYES: Council Members:
NOES: Council Members:
ABSTAIN: Council Members:
ABSENT: Council Members:

_____
MariJane Lopez-Taff, Mayor

ATTEST:

_____
Amy Van, City Clerk

Attachment

Sunrise MarketPlace 2025 Annual Report

OPENED IN 2025

Aisha Hair Salon
Fair Oaks Plaza

Bargain Supermarket

Citrus Heights Chamber
Greenfaire Village

D & D European Nails
Greenback Square

Fire and Ice
Sunrise Hills

Mancinis Sleepworld
Citrus Town Center

Must Be Cow

Nothing Bundt Cakes
Sunrise Village

Pinkberry
Sunrise Village

Sunrise Montessori
Former Sears Service building

Teriyaki Madness
Marketplace at Birdcage

The Bizzy Bee Hair Salon
Greenfaire Village

2025 BOARD OF DIRECTORS

OFFICERS

Ross Tolbert
Chair
Ethan Conrad Properties

Tiffany Clement
Chair (2024 - 10/25)
Merlone Geier

Vickie Adams
Secretary (9/25 - present)
Citrus Heights Pet Hospital

Eric Brickson
Secretary (through 8/25)
Citrus Heights Pet Hospital

Christina DeCelle
Treasurer (10/25 - present)
Ben's Barketplace

Don Tollefson
Treasurer (through 10/25)
Batteries Plus

Brooke Bolden-Mallory
(through 2/25)
Sunrise Mall

Kareem Daniels
(through 9/25)
Intercal Real Estate
Citrus Town Center,
Greenback Square,
Greenfaire Village

Grant Bollinger
(9/25 - present)
Intercal Real Estate
Citrus Town Center,
Greenback Square,
Greenfaire Village

Phil Jarrett
Property Owner

Ted Mitchell
Mitchell Properties

Ryan Eichorst
Gerrity Group
Marketplace at Birdcage

Andrea Velasquez
Merlone Geier, Sunrise Village

STAFF

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Lisa Cordell
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Mikhaila Freas
Marketing Assistant
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CITY COUNCIL LIAISONS

MariJane Lopez-Taft
2025 Vice Mayor

Tim Schaefer
Council Member

PRSRT STD
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SUNRISE MARKETPLACE
8095 Greenback Lane Suite D
Citrus Heights, CA 95610

SUNRISE MARKETPLACE

SHOP DINE DO PLAY

2025 ANNUAL REPORT

CLEAN & SAFE COMMITTEE

The Clean & Safe Committee meeting is a valuable opportunity to connect with PBID, City, and Police representatives to discuss issues impacting your business. Your input helps ensure resources are allocated effectively. All are welcome to attend, but security and loss prevention personnel are especially encouraged. The committee's goal is to promote information sharing and collaboration to maintain a safe and welcoming District.



MESSAGE FROM THE CHAIR

BY **ROSS TOLBERT**
Chair - Sunrise MarketPlace board of directors
Executive Vice President - Property Management Ethan Conrad Properties



As a representative of a company that owns/manages more than 12 million square feet of real estate in the region, I participate in 10 business improvement districts (PBID). One of the first things we did after purchasing property in Sunrise MarketPlace was to actively participate in the PBID. Last year I became chair of the board. These districts are of vital importance to the economic vitality, physical vibrancy and safety of its business and property owners.

Sunrise MarketPlace acts as the area's communications center. The PBID alerts business and property owners of relevant information coming from the City and police department, Sacramento County and other organizations. The PBID facilitates relationships between property owners and between owners and the City.

HERE IS HOW TO GET THE MOST OUT OF BEING IN THE PBID:

- Be sure you are subscribed to our newsletter by going to our website at **sunrisemarketplace.com**.
- **Reach out to staff if you need help navigating issues with the City or police.**
- **Send staff information on deals or unique events that can be posted to social media channels.**
- **Attend the Clean and Safe Committee.**
  see more information in the report
- **Distribute our crime prevention flier to front-line employees. Be proactive and call in issues that require either security or the porter service -download the flier which has contact numbers and other useful information on our website.**
- **Submit a Letter of Agency to the PBID - allows security to trespass individuals on your behalf.**

If you have questions or need more information on anything contained in the report, please contact Executive Director Kathilynn Carpenter at: **kathilynn@sunrisemarketplace.com**

PROGRAMS & SERVICES

CLEAN & SAFE PROGRAMS

SMP Clean & Safe Programs Show Positive Impact For Businesses & Consumers

NOR-CAL SECURITY

2025 statistics communicate an undeniable fact- security is necessary and it is effective. The data reflects a measurable reduction in disruptive and criminal activity. At the same time, there was a significant increase in proactive assistance and enforcement efforts, allowing for a strategic shift toward prevention, visibility, and early intervention.

SMP CLEAN & SAFE



INCIDENT TYPE	TOTAL 2025	TOTAL 2024	VARIANCE
> Assistance Business Clearing, Foot Patrol, Vehicle Patrol, Medical	1,416	511	+950
> Disturbance Behavior that interferes with business or center operation bothering customers	142	190	-48
> Loitering / Trespassing Camps & Panhandling, Street/parking lot sales	1,667	2,006	-309
> Theft Prevention, Recovery & Assistance	79	243	-164
> Vandalism / Large Illegal Dumps	60	101	-41
> Vehicle / RV Incidents	166	92	+74
> # of Transient Interations	2,215	3,001	-876
> # of Non-Transient Interactions	585	717	-132
> Total Individual Interactions	2,710	3,718	-1,008
> 602's Issued	88	14	+74

PORTER SERVICE

SMP contracted with City Wide Property Services to provide porter service in the District. The Porter removes illegally dumped items, homeless camps, abandoned shopping carts, cleans graffiti, and picks up trash. An assigned porter patrols the District Monday through Friday, four hours per day.

To report dumping graffiti, or trash cleanup, call, text or email Kathilynn Carpenter (916) 769-5615 - kathilynn@sunrisemarketplace.com






SERVICE TYPE	TOTAL 2025	TOTAL 2024	VARIANCE
> Bags of Trash	1,412 63,540 lbs	848 38,160 lbs	+564 +25,380 lbs
> Shopping Carts	529	631	-102
> Graffiti Tags	436	407	+29
> Illegal Dumping-Large Dumps	34	30	+4
> Items Removed furniture, tires, pallets, appliances, mattresses, etc.	391	218	+173
> Hazardous Items needles, paint, chemicals	41	101	-60

While we saw less homeless camp debris in 2025, trash and dumping increased substantially. Our porter did an excellent job staying on top of these unsightly and unsafe issues. With consistent security we also see fewer rogue shopping carts. Many graffiti taggers are not homeless.

Fun Fact:
64,000 lbs of trash is equal to one Megladon! Or 32 tons of trash! Our porter picked up 25,000 more pounds than last year equal to one whale shark.

MARKETING & EVENTS

SOCIAL MEDIA CONTEST

Sunrise MarketPlace strategically uses Facebook and Instagram to promote District businesses, highlight community events, and drive both online engagement and in-person visits. Through consistent content creation, targeted promotions, seasonal campaigns, business spotlights, and grand opening features, SMP strengthens brand awareness, increases tenant visibility, and fosters community pride while delivering measurable growth in reach, impressions, and engagement. These coordinated efforts position Sunrise MarketPlace as a dynamic, connected destination that supports local businesses and encourages shoppers to keep their spending within the District.



- **Flash Friday Giveaways**
  Weekly $25 gift card promotions encouraging repeat engagement and storefront visits.



- **Lucky the Leprechaun District Hunt**
  Multi-day spring scavenger hunt awarding $75 business gift cards and a $300 "Pot of Gold" grand prize.



- **Spooky Season Photo Contest**
  Halloween photo submissions with three $250 gift card prizes celebrating community creativity.



- **Gobbles the Turkey Hunt**
  November holiday scavenger hunt with weekly $75 prizes and a $300 Thanksgiving grocery grand prize.



- **25 Days of Giving**
  December daily giveaways awarding 25 $50 gift cards to District businesses.



- **Holiday Shopping Spree**
  SMP's largest promotion awarding three winners a combined $2,250 in District gift cards during peak holiday shopping season.

SMP FOLLOWERS WON $15,375 IN GIFT CARDS SUPPORTING LOCAL SMP BUSINESSES



FACEBOOK

13,835 Followers
+ 387 from 2024

8,051 Engagements
+4,608 from 2024



INSTAGRAM

2,513 Followers
+ 186 from 2024

9,192 Engagements
+469 from 2024



NEWSLETTER

9,619 Consumer Subscribers

348 Business Subscribers

24 Business Newsletters Distributed

27 Consumer Newsletters Distributed

25.66% Open Rate

2.41% Click Rate

113,121 Total Open

Visit **shopsmp.com** to sign up for newsletters

CITRUS HEIGHTS SENTINEL HOMEPAGE ADVERTISING

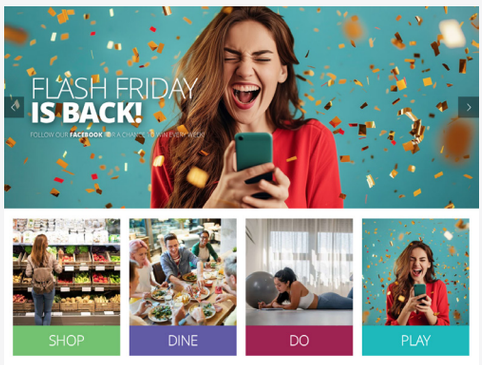
In 2025, SMP placed targeted advertisements on the homepage of the Citrus Heights Sentinel to promote District events, seasonal campaigns, and local businesses. These placements increased visibility among the community, supported marketing initiatives, and encouraged both online and in-person engagement with the District.

3,792,218 Impressions

50,000+ Hovers

5,899 Clicks





WEBSITE

Our website is consumer-facing, and includes a directory of our businesses, special event and contest information, clean and safe information, Art in SMP page and details about Sunrise MarketPlace.

40,595 Users Visited Shopsmp.com

67,458 Page Views

PROPERTY OWNERS will find information here as well, such as previous Annual Reports and board meeting agendas and minutes.

SPECIAL EVENTS IN THE DISTRICT

HOLIDAY EVENTS

Our largest events take place during the holiday season, drawing over **1,200+ attendees** to the District during key retail periods while creating family-friendly experiences that strengthen emotional connections with our community and businesses.





HARVEST FESTIVAL & MOVIE NIGHT

OCTOBER 17TH

200+ Attendees

Free Halloween-themed event featuring pumpkin decorating, face painting, train rides, live magic, food trucks, and an outdoor screening of Beetlejuice, bringing families to Sunrise Mall for an evening of seasonal fun.

LASER LIGHT SHOW

DECEMBER 5TH

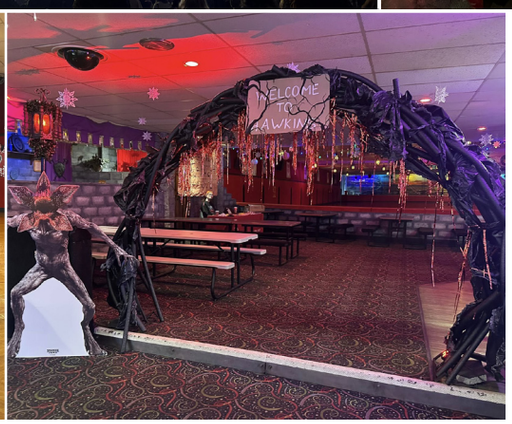
1,000+ Attendees

Signature holiday kickoff event featuring a Christmas Beam Lighting, free Santa photos, a 45-minute laser spectacular, car show, night market, carnival games, and live entertainment — creating a high-energy holiday destination in the District.









STRANGER THINGS FINALE SKATE PARTY

DECEMBER 12TH

100+ Attendees

1980s-themed roller skating event inspired by Stranger Things, featuring costume contests, themed prizes, and nostalgic décor that engaged local youth and families.

COMMUNITY SUPPORT



FALL FOOD DRIVE

In partnership with Sunrise Christian Food Ministry we collected 1,000+ food items (two full pallets) to support local families during the Thanksgiving season.

BIG DAY OF SERVICE

In support of the Citrus Heights Police Department we hosted volunteers to create supportive signage for local law enforcement, reinforcing strong community partnerships.



Big Day of Service



Citrus Nights Concerts



Spaghetti Fest



Bubble Bash



Best of Citrus Heights

COMMUNITY EVENTS SMP SUPPORTED

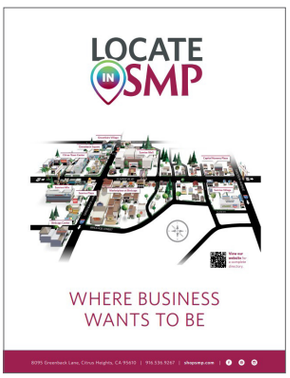
- **American Legion - We Support Vets event**
- **Big Day of Giving**
- **Cappuccino Cruisers Cruising for Kids**
- **Chamber Best Of Citrus Heights**
- **Citrus Heights HART Student Store Reopening Event**
- **Citrus Heights HART Spaghetti Fest**
- **Citrus Town Center Funtopia Events/Halloween event & Christmas Promotion**
- **City of Citrus Heights**
  - Arcade Creek Trail Ribbon Cutting
  - City of Citrus Heights 4th of July event
  - City of Citrus Heights Citrus Nights Concert
  - City of Citrus Heights Tree Lighting
- **Citrus Heights Police Dept.**
  - Operation Cheer
- **CHPD PALS**
  - Golf Tournament
  - Trunk or Treat
- **Marketplace at Birdcage Bubble Bash**
- **Marketplace at Birdcage Citrus Heights Market Event (Spring & Fall)**
- **Marketplace at Birdcage Low Riders Trunk or Treat**
- **Single Mom Strong Valentines Fundraiser**
- **Sunrise Parks & Recreation District – 75th Anniversary Concert**

"Thank you to the Sunrise MarketPlace Team for their continued support of our activation efforts at Marketplace at Birdcage in Citrus Heights. We are truly grateful for their partnership in helping spread the word about new retailers, supporting our events and activations, assisting with grant opportunities, and championing initiatives that celebrate local artists and the community as a whole."

- Monika Foley, Vice President, Placemaking Gerrity Group Marketplace

ECONOMIC DEVELOPMENT

SMP assists owners and new tenants in navigating the City's entitlement and permitting processes, helping them to get open quickly and efficiently. All of our programs and services are aligned to keep the District a safe, clean, attractive place for existing businesses to be successful and for new businesses taking a look at the area. Download our "Locate in SMP" brochure on our website **sunrisemarketplace.com/locate/.**



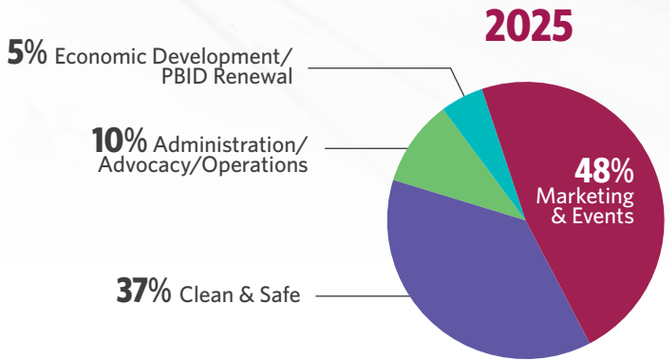
In 2025:

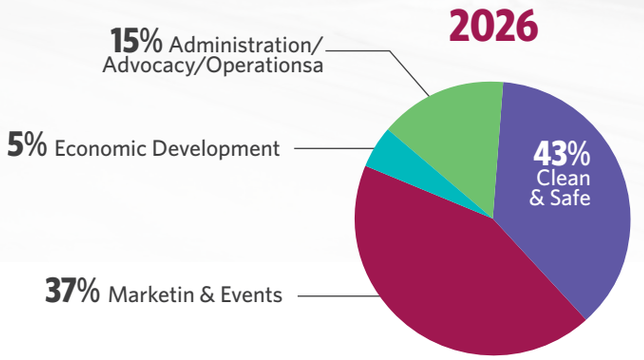
- We worked to facilitate the sale of the former Marie Callenders building.
- We worked with the owners of Marketplace at Birdcage to open a pop-up coffee shop- Black Sails coffee- together we overcame many challenges from the County.
- We supported several brokers with letters of support and marketing information.

"Kathilynn Carpenter's extensive knowledge of the Sunrise Marketplace business district and the City of Citrus Heights staff and residents' wishes and concerns regarding the Marie Callenders building was valuable in getting the "causual dining use" use approved and understanding how to present the redevelopment of the Marie Callender's site on Sunrise. Blvd."

- Stephen Patterson- Patterson Properties

FINANCIALS





FINANCIAL REPORT

2025 ACTUAL INCOME

Surplus/Deficit	$87,000
Assessment Income *late pays to be sent in 2026*	$874,348
Total Assessment Income	**$961,348**
Grants/Sponsorships/Event/misc.	$87,797
TOTAL	$1,045,145

2025 ACTUAL EXPENSES

Admin/Advocacy/Operations	$128,901	14.93%
Economic Development*	$46,265	5.36%
Marketing & Events	$318,530	36.89%
Clean & Safe	$369,777	42.82%
TOTAL	$863,473	100%
Carry Over/January/February Expense	$181,672	

2026 BUDGET - INCOME

Surplus/Deficit	$181,672
Assessment Income	$931,769
Total Assessment Income	**$1,113,441**
Grants/Sponsorships	$42,300
TOTAL	$1,155,741

2026 BUDGET - EXPENSES

Admin/Advocacy/Maintenance *increase due to higher operational costs from increase in premiums, rent, etc.*	$140,045	15%
Economic Development/PBID Renewal	$47,426	5.08%
Marketing & Events	$379,623	40.67%
Clean & Safe	$349,247	37.42%
Contingency	$17,000	2%
TOTAL	$933,341	100%
Carry Over/January/February Expense *Assessment funds are received in March and June*	$224,400	

SUMMARY: TERM - 2025 - 2034

Term: The board approved a small 5% CPI increase to the 2026 assessment to keep up with rising prices.

Assessment: Assessment Rates: Retail zoned parcels will now be assessed at 0.735 (up from $0.07 cents) per square foot of land, per year. Office/Professional zoned parcels will be assessed at $0.047 (up from $0.045 cents) per square foot of land per year

Boundaries: The District includes parcels along Greenback Lane between Birdcage Street and Fair Oaks Blvd. and along Sunrise Blvd. between Madison Avenue and just north of Arcadia.Management: Sunrise MarketPlace, Inc. will continue to serve as the Owners' Association for the District.

All information regarding the District is included in the Management District Plan, which can be downloaded from the website at https://sunrisemarketplace.com/about/owners/

CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: April 8, 2026

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

FROM: Amy Van, City Clerk

SUBJECT: **Consider Policy Adoption for Public Meeting Disruption Procedures under Brown Act Amendments (SB 707)**

Recommendation

Staff recommends the City Council adopt Resolution No. 2026-___, A Resolution of the City Council of the City of Citrus Heights, California, adopting a City Council policy on disruption of telephonic or internet service during public meetings.

Strategic Plan Alignment

This item is in alignment with the following City Council priority:

Goal: Enhance Community Vibrancy and Engagement

Fiscal Impact

SB 707 is a legislative unfunded mandate of cities which must bear the additional costs associated with compliance. An estimate of costs to implement SB 707 requirements is unknown at this time. Anticipated costs include alteration and expansion of Council Chambers audio visual equipment, outreach and website materials, and additional staff time necessary to ensure meetings comply with SB 707.

Background and Analysis

On October 3, 2025, Senate Bill 707 (SB 707) was signed by Governor Newsom that made significant changes to the Ralph M. Brown Act intended to diversify and increase public engagement in local government. One provision of SB 707 requires eligible legislative bodies to adopt, on or before July 1, 2026, a policy addressing how the agency will respond to disruptions in telephonic or internet service that prevent members of the public from attending or observing a meeting remotely. This item is being presented to the City Council to comply with that requirement as well as provide an overview of the new Brown Act requirements under SB 707.

Summary of SB 707 Brown Act Changes

The Ralph M. Brown Act requires that, with limited exceptions, all meetings of a legislative body of a local agency be open and public and that all persons be permitted to attend and participate. Beginning July 1, 2026, the Citrus Heights City Council will be required to comply with the following:

Mandatory Hybrid Public Meetings: Eligible legislative bodies such as Citrus Heights City Council must provide hybrid meetings, which means an in-person meeting plus a teleconference option for all its meetings. The teleconference option must be either a two-way telephonic or audiovisual platform. The City will utilize Zoom Webinar to provide public access to meetings. For both non-agenda public comment and comments on specific agenda items, in-person speakers will be called first, followed by remote participants. Remote participants will be audio-only and will not have the ability to enable video or share their screens.

Policy Regarding Broadcast Disruption: Prior to July 1, 2026, the City Council must adopt an open session policy regarding hybrid meetings that includes procedures for restoring service in the event of a broadcast disruption. The policy should include the steps to be taken if audio, video, or the entire platform fails, and the procedure to notify the public and resume the meeting upon restoration of service. If a disruption prevents the public from attending the meeting remotely, the City Council must take a recess and try to restore service. If service cannot be restored within one (1) hour, the City Council must conduct a roll call vote confirming that good faith efforts were made and make a finding that the public interest in continuing the meeting outweighs remote access.

SB 707 also authorizes the removal of virtual attendees causing disruption under the Brown Act. The City must still provide warning before removal, unless behavior constitutes use of force or true threat of force.

Staff prepared the attached City Council Policy on the Disruption of Telephonic or Internet Service during Public Meetings to satisfy this new State requirement. The Policy mirrors the meeting disruption guidelines that are already outlined in SB 707. Please note that the public would still be able to view the City Council meeting using any of the following resources:

1. The City's website https://www.citrusheights.net/152/Council-Meetings
2. Metro Cable Channel 14
3. City's YouTube Channel https://www.youtube.com/@COCitrusHeights
4. In person at the meeting location

Attachments

1. Resolution No. 2026-____ Adopting a City Council policy on disruption of telephonic or internet service during public meetings
    a. City Council Policy on the Disruption of Telephonic or Internet Service during Public Meetings

RESOLUTION NO. 2026- ___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS, CALIFORNIA, ADOPTING A CITY COUNCIL POLICY ON DISRUPTION OF TELEPHONIC OR INTERNET SERVICES DURING PUBLIC MEETINGS

WHEREAS, on October 3, 2025, Senate Bill 707 (SB 707) was signed by Governor Newsom that made significant changes to the Ralph M. Brown Act intended to diversify and increase public engagement in local government; and

WHEREAS, among the various new requirements under SB 707, all eligible legislative bodies must now offer hybrid meetings (through a two-way telephonic or audiovisual platform); and

WHEREAS, SB 707 requires the City Council to adopt, on or before July 1, 2026, a policy addressing how the agency will respond to disruptions in telephonic or internet service that prevent members of the public from attending or observing a meeting remotely.

NOW THEREFORE BE IT RESOLVED AND ORDERED that the City Council of the City of Citrus Heights does hereby adopts the City Council policy on disruption of telephonic or internet service during public meetings (Exhibit A).

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 8th day of April 2026 by the following vote, to wit:

AYES: Council Members:
NOES: Council Members:
ABSTAIN: Council Members:
ABSENT: Council Members:

_____
MariJane Lopez-Taff, Mayor

ATTEST:

_____
Amy Van, City Clerk

Exhibit

A. City Council Policy on Disruption of Telephonic or Internet Service During Public Meetings

City of Citrus Heights

City Council Policy on Disruption of Telephonic or Internet Service During Public Meetings

1. Background

Senate Bill 707 (2025) amended the Brown Act to require eligible legislative bodies to adopt, on or before July 1, 2026, a policy addressing how the agency will respond to disruptions in telephonic or internet service that prevent members of the public from attending or observing a meeting remotely. This policy is adopted to comply with that requirement and to ensure continuity of public participation during technical disruptions.

2. Purpose

This policy establishes procedures for responding to a disruption in the telephonic or internet services that provide two-way remote public access to meetings of the Citrus Heights City Council, as required by the Brown Act (Gov. Code § 54953.4). The policy ensures transparency, public participation, and continuity of government during technology disruptions.

3. Definitions

For purposes of this policy:

- "Disruption" means any failure, outage, or other interruption that prevents members of the public from attending or observing the meeting via these remote access services.
- "Remote access services" means the two-way telephonic service and/or two-way audiovisual platform used to provide real-time remote public attendance and observation of meetings.

4. Applicability

This policy applies to all open and public meetings of the Citrus Heights City Council at which remote public participation is offered or required under the Brown Act.

5. Procedures in the Event of a Service Disruption

5.1. Response to Service Disruption

If the Presiding Officer or Clerk becomes aware of a disruption to the agency's remote access services that prevents members of the public from attending or observing the meeting remotely:

1. The Presiding Officer or Clerk shall immediately announce the disruption to the public.
2. The Presiding Officer may then call for a recess of the open session or convene the legislative body in closed session, consistent with the Brown Act.
3. Staff shall begin efforts to diagnose and restore the disrupted service.
4. The meeting shall remain in recess for at least one hour or until service is restored, whichever is sooner. The recess period may be extended if restoration efforts are ongoing.

6. Reconvening the Open Session

6.1. Timing

The open session may be reconvened after at least one hour has elapsed from the time of disruption or as soon as service is restored, whichever occurs earlier.

6.2. If Service Is Restored

If the remote access service is restored before or at the time the meeting reconvenes, the meeting shall continue as normal.

6.3. If Service Is *Not* Restored

If service has not been restored after one hour, the Citrus Heights City Council may reconvene and:

1. Adjourn the meeting; or
2. Continue the meeting in open session by adopting, by roll call vote, the following, or a substantially similar, finding:
   "The City of Citrus Heights has made good faith efforts to restore telephonic or internet service in accordance with its adopted policy, and the public interest in continuing the meeting outweighs the public interest in remote public access."

Upon adoption of the finding, the legislative body may continue the open session despite the fact that remote access services have not been restored.

7. Recordkeeping

The Clerk shall enter a brief statement into the meeting minutes, including the following:

- The nature and time of the disruption
- The restoration efforts undertaken
- The time the meeting was reconvened (if applicable)
- Any finding adopted pursuant to Section 6.3

8. Review and Updates

This policy may be amended by the Citrus Heights City Council at a noticed public meeting in open session, not on the consent calendar.

CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: April 8, 2026

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

FROM: Amy Van, City Clerk

SUBJECT: **Discussion of City's Regulations for Temporary Signs Placed in the Public Right-of-Way**

Recommendation

At the October 23, 2024 City Council Meeting, two members of Council requested to agendize an item to discuss temporary sign regulations. Staff recommends the City Council review the information provided in this report and presentation and provide direction to staff regarding whether to consider modifications to the City's temporary sign regulations within the public right-of-way.

Fiscal Impact

There is no immediate fiscal impact associated with this item.

Background and Analysis

This report provides an overview of the City's regulatory framework governing temporary signs placed within the public right-of-way. It summarizes current standards, enforcement practices, and common issues associated with temporary and permanent signage in these areas.

The public right-of-way includes streets, sidewalks, medians, planting strips, utility poles, traffic control devices, and any other publicly owned corridor used for transportation or public access. Because these areas must remain safe, accessible, and free of obstructions, the City maintains strict limitations on private signage within them.

Citrus Heights Municipal Code Regulations – Signs within a public right-of-way
Zoning Code Section 106.38.050(E) of the City's Municipal Code governs signs within a public right-of-way as follows:

1. No sign shall be allowed in the public right-of-way except for the following:

a. A projecting sign in compliance with Section 106.38.070.G (Projecting and suspended signs);
b. Public signs erected by or on behalf of a governmental agency to convey public information, identify public property, post legal notices, or direct or regulate pedestrian or vehicular traffic;
c. Transit stop signs installed on behalf of a public or contracted private transit company;
d. Informational signs of a public utility regarding its lines, pipes, poles, or other facilities; or
e. Emergency warning signs erected by a governmental agency, a public utility company, or a contractor doing authorized work within the public right-of-way.

2. ***Any sign installed or placed within the public right-of-way other than in compliance with this Section shall be forfeited to the public and be subject to confiscation [emphasis added].***
3. In addition to other remedies identified in Municipal Code Chapter 50 (Neighborhood Enhancement Code), ***the City shall have the right to recover from the owner, or person placing the sign, the full costs related to the removal and disposal of the sign [emphasis added]***.
4. A sign permit shall not be required for City signs placed within the public right-of-way.

The City's regulations have been in place since December 2008 and are consistent with other jurisdictions in the region.

Enforcement Practices
Enforcement is typically carried out by Code Enforcement staff, General Services staff, or both. Common practices include:

- **Routine Removal** — Unauthorized signs may be removed without notice when placed in prohibited areas.
- **Complaint Driven Response** — Staff respond to reports of sign violations from residents or businesses.
- **Administrative Citations** — Repeat or egregious violations may result in fines or cost recovery for removal.
- **Education and Outreach** — Staff often provide guidance to community groups, campaigns, and businesses regarding compliant sign placement.

Current Administrative Code Enforcement Penalties are $100 for the first violation, $200 for the second violation within one year from the first violation. Three or more violations within a year is $500.

Issues and Challenges
One ongoing issue in regulating signs within the right-of-way is that political sign activity surges during election periods, leading to a need for increased oversight. Political signs may be placed no sooner than 90 days before Election Day and must be removed within 10 days after the election. Zoning Code Section 106.38.035 (D)(3) provides that temporary political signs are allowed without a sign permit, provided that they comply with Zoning Code Section 106.38.050, and the signs:

1. Are installed with the property owner's consent;
2. Do not exceed a maximum cumulative area of 50 square feet on any lot, do not exceed a maximum height of six feet, and are not illuminated;
3. If freestanding are set back a minimum of five feet from any property line, and are not placed within 15 feet of a fire hydrant, street sign, or traffic signal, and do not interfere with, confuse, obstruct, or mislead traffic;
4. ***Are not placed unlawfully. The placement of a sign in the public right-of-way in violation of the City's Municipal Code is a nuisance, and any sign so placed may be removed summarily and disposed of by the City [emphasis added]***; and
5. Each sign shall be removed within 10 days after the conclusion of the political campaign or event to which they relate. A sign that is not removed may be removed by the City at the expense of the political candidate or organization involved.

Candidates for Citrus Heights City Council are provided with a document explaining the City's guidelines for placement of campaign signs. Details are also provided on a dedicated Elections page on the City's website. Should any political signs be placed unlawfully within the public right-of-way or on City property, City staff will remove these signs. Staff will inform the candidate or campaign committee to collect the removed signs.

Additionally, the City works closely with the Sacramento County Voter Registration and Elections Division to educate other candidates and committees of the City's regulations.

Items for City Council Consideration
The City Council may wish to review current enforcement measures and if desired, consider adjustments to penalty structures or oversight protocols in response to recurring challenges with all temporary signs placed in the public right-of-way. However, revisiting enforcement protocols and penalty structures could require additional staff time, resources, and administrative effort.

In considering enforcement protocols for temporary signs placed within the public right-of-way, one of the Council members that requested this item presented regulations from the City of Mountain House, CA. Under these regulations, a fine of $350.00 is imposed for each day that a structure or object within the public right-of-way remains after the individual responsible—whether causing, owning, or controlling the structure or object—has received a 10-day notice to remove it. The City of Mountain House is located near Tracy with a population of 28,795 and a geographic size of 7.5 square miles.

While this approach establishes clear penalties for non-compliance and reinforces accountability for maintaining public spaces, it also places a significant enforcement burden on City staff. Staff are responsible for monitoring sign placement, removing violations, and coordinating with individuals responsible to remove the signs, all of which require substantial time and resources. Additional signage notifying the public of any penalty or fine would need to be installed at various locations across the City, with particular attention to areas that frequently experience a higher incidence of unlawfully placed signs. Furthermore, installing these signs could contribute to visual blight and increase ongoing maintenance responsibilities for City staff.

CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT
REVISED MEMORANDUM

DATE: April 8, 2026

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

FROM: Susan K. Talwar, Administrative Services Director
Dena Jenkins, Finance Manager

SUBJECT: **Annual Comprehensive Financial Report, Single Audit Report, and Audited Financial Statements and Compliance Report for Transportation Development Act Funds**

Recommendation

Staff recommends the City Council receive and file the City of Citrus Heights Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025, the City of Citrus Heights Popular Annual Financial Report for the Fiscal Year Ended June 30, 2025, the Audit Communication Letter, the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters, the Single Audit Report for the fiscal year ended June 30, 2025, and the City of Citrus Heights Transportation Development Act (TDA) Funds Audited Financial Statements and Compliance Report for the fiscal year ended June 30, 2025.

Strategic Plan Alignment

This item is in alignment with the following City Council priority:

Goal: Maintain and Enhance Fiscal Stability while supporting operational excellence.

Fiscal Impact

There is no fiscal impact associated with this action.

Background and Analysis

Annual Comprehensive Financial Report (ACFR)

Financial Report

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 Lance, Soll & Lunghard, LLP (LSL) performed the annual audit of the City's general purpose financial statements for the fiscal year ended June 30, 2025. 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 in Property Tax of $267,000;
- A decrease in Sales Tax Revenue of $71,000;
- An increase in State Vehicle In-Lieu tax of $831,000;
- Higher than expected revenues in investment revenue and vehicle fines;
- Savings in the General Fund of approximately $1.5 million due primarily to salary savings and lower than anticipated operating expenses;
- An increase in the General Fund balance of approximately $5.8 million.

Popular Annual Financial Report

The City has also completed its fourth 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, 2025 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 2024 ACFR and its 2024 PAFR, and the 2025 reports have been submitted for consideration of the awards.

Communications from LSL

The City's audit firm, LSL is required by auditing standards to provide communication to the Council in the form of an Auditor Communication Letter and an Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

The purpose of the Auditor Communication Letter is to communicate significant audit matters (if any) to the City Council. No significant audit matters were identified as a result of the audit procedures.

The purpose of the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters is to communicate any deficiencies in internal control or

instances of noncompliance with certain provisions of laws, regulations, contracts, and grant agreements. LSL reports that they did not identify any deficiencies in internal control or instances of noncompliance.

Single Audit Report

A single audit is required by Title 2 of the U.S. Code of Federal regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) when federal expenditures during a fiscal year exceed $750,000. For the fiscal year ended June 30, 2025, the City made federal expenditures of $17.7 million. The City's audit firm, LSL, performed the single audit. The single audit report also includes the report on Internal Control over Financial Reporting and Compliance and Other Matters. LSL issued a clean audit opinion regarding compliance and internal control over compliance for the City's major federal programs and Schedule of Expenditures of Federal Awards (SEFA).

The Single Audit Report for the fiscal year ended June 30, 2025 is posted on the City's website at: http://citrusheights.net/213/Financial-Reporting-Budget-CIP.

Transportation Development Act Audit

The accounting firm of Richardson & Company, LLP was hired by the Sacramento Area Council of Governments to audit the transportation funds received by member agencies for the fiscal year ended June 30, 2025. They have determined that the City of Citrus Heights Transportation Fund financial statements present fairly, in all material respects, the financial position of the Transportation Development Act Funds of the City of Citrus Heights as of June 30, 2025. The statements are in conformity with Generally Accepted Accounting Principles.

Attachments

1. City of Citrus Heights Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025.
2. City of Citrus Heights Popular Annual Financial Report for the Fiscal Year Ended June 30, 2025.
3. Auditor Communication Letter.
4. Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters.
5. City of Citrus Heights Single Audit Report for the year ended June 30, 2025.
6. City of Citrus Heights Transportation Development Act Funds – Audited Financial Statements and Compliance Report as of June 30, 2025.