

POPULAR ANNUAL FINANCIAL REPORT

City of Citrus Heights, California



For Year Ended
June 30, 2022

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



TABLE OF CONTENTS

- 1** Message from the Administrative Services Director
- 2** Meet the City Council
- 3** About Citrus Heights
- 4** City Demographics & Statistics
- 5** Notable Events
- 6** Explanation of Accounting Terms
- 7** Net Position Statement
- 8** Statement of Activities
- 9** General Fund
- 10** Revenues
- 11** Expenditures



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

City of Citrus Heights
California

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Merrill
Executive Director/CEO

View the ACFR
on the City's
website



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

Message from the Administrative Services Director

December 29, 2022

To the citizens of Citrus Heights:

Welcome to the City of Citrus Heights' second Popular Annual Financial Report (PAFR). The PAFR, also referred to as the "Citizen's Report", is intended to provide our citizens with an easy-to-read explanation of the City's finances. The PAFR provides an overview of the City's financial condition for the fiscal year ended June 30, 2022 (FY 2021-22), and a brief analysis of where the City's revenues are derived and where those dollars are spent.

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

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

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

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

Susan K. Talwar

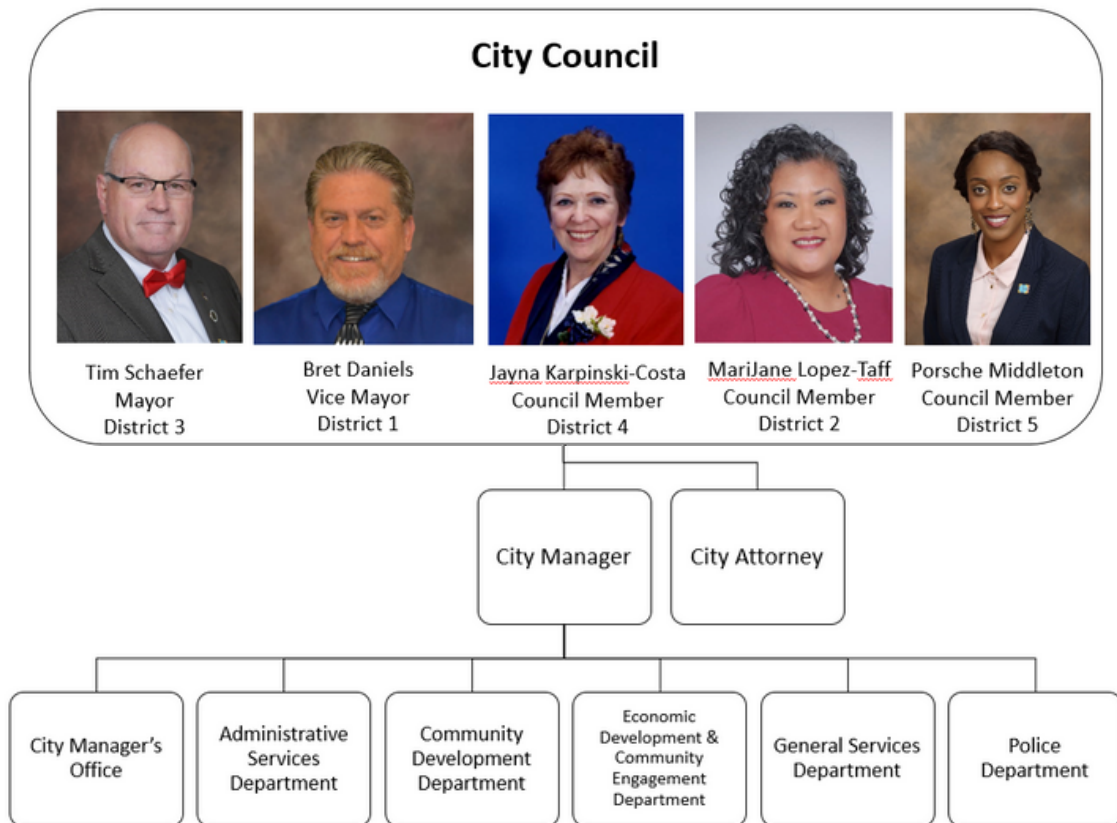
Administrative Services Director

Meet the City Council

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

The City Council responsibilities include:

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



Ashley Feeney
City Manager

Susan Talwar
Administrative Services
Director

Casey Kempenaar
Community
Development Director

Meghan Huber
Economic Development &
Community Engagement
Director

Regina Cave
General Services Director

Alexander Turcotte
Chief of Police

Ryan R. Jones
City Attorney

About Citrus Heights

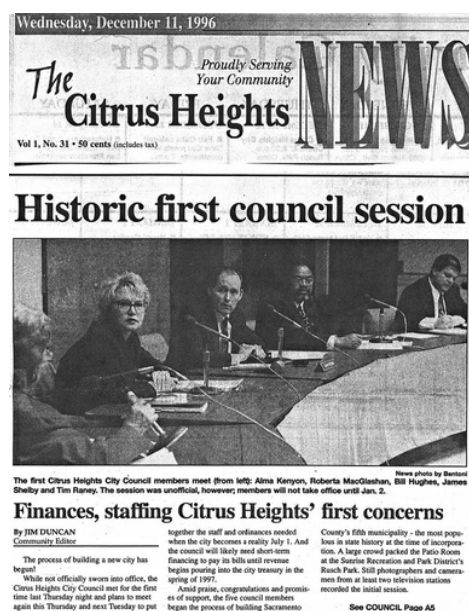
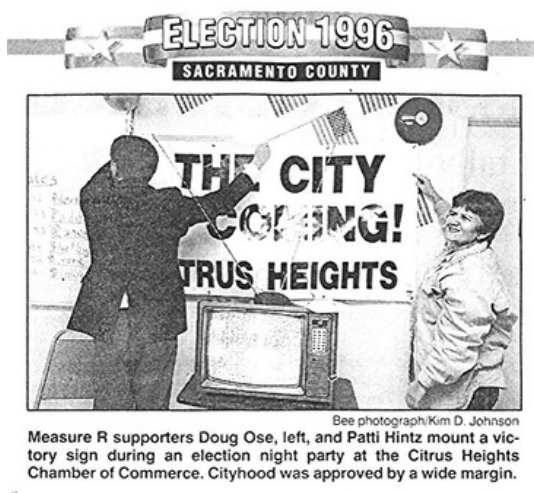
Citrus Heights is located 15 miles northeast of California's capital of Sacramento. It neighbors the City of Roseville to the North, Orangevale to the East, Fair Oaks and Carmichael to the South, and Antelope to the west. Interstate 80 runs through Citrus Heights attracting both Sacramento/San Francisco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



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

The path to incorporation started in 1984 when citizen members of the chamber of commerce circulated petitions and received signatures forming the Citrus Heights Incorporation Project (CHIP). CHIP fought a long battle against Sacramento County arguing over who should be allowed to vote for incorporation and the possible tax revenue loss from a Citrus Heights incorporation. In 1993, the U.S. Supreme Court upheld the California Supreme Court ruling that only residents of the proposed city should vote on incorporation and an agreement, which included a Revenue Neutrality agreement, with the county was reached. On November 5, 1996, voters approved the measure to incorporate and Citrus Heights became a City effective January 1, 1997.

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



City Demographics & Statistics



Population
88,306



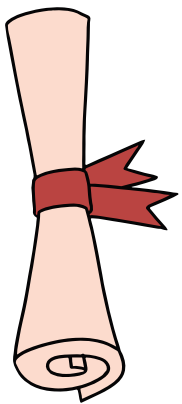
Millennials
20,758



Retiring Soon
26,651

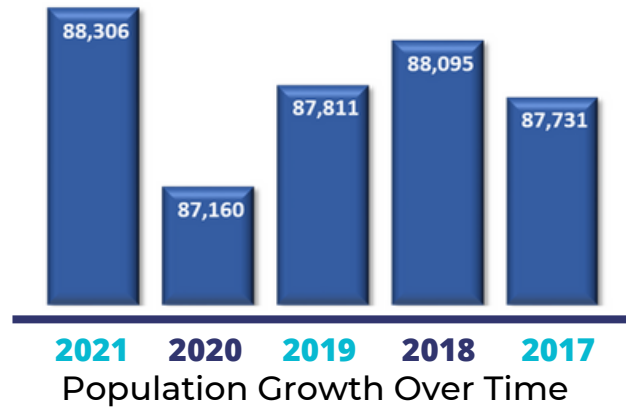


Median Age of Citizens
37.6

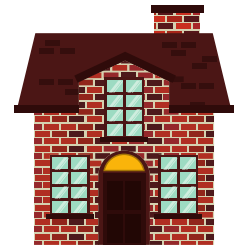


High School
Degree
90.2%

Bachelor's
Degree
21.6%



Average
Housing Price
\$478,148



Total Regional
Employment
27,426



Per Capita
Personal Income
\$32,659



Unemployment
Rate
6.6%



Avg. Earnings
Per Job
\$79.8K



Notable Events

September 2021

Alexander Turcotte was promoted as the new Chief of Police.



November 2021

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



January 2022

Ashley Feeney joins the City as the new City Manager.



February 2022

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



March 2022

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



April 2022

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



June 2022

The 2021 Residential Resurfacing Project was completed.



June 2022

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



Explanation of Accounting Terms



Net investment in Capital Assets:

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

Fund balance:

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

Governmental activities:

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

Business-type activities:

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

Nonspendable:

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



Restricted:

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

Unrestricted:

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

Unassigned:

Includes all spendable amounts not contained in the other classifications

Deferred Outflows:

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

Deferred Inflows:

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

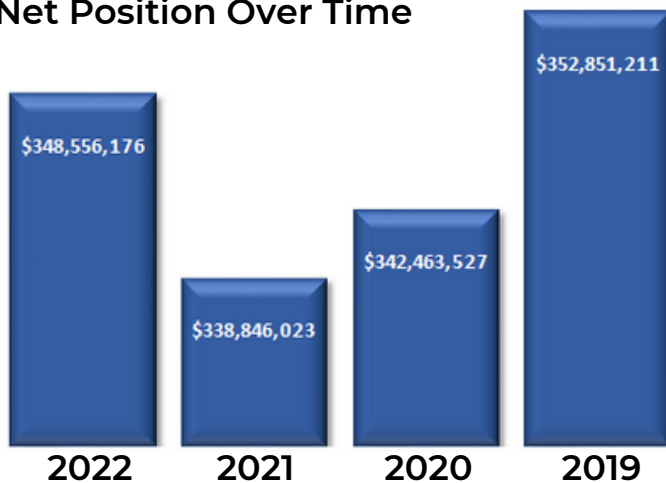


Net Position Statement

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

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

Net Position Over Time



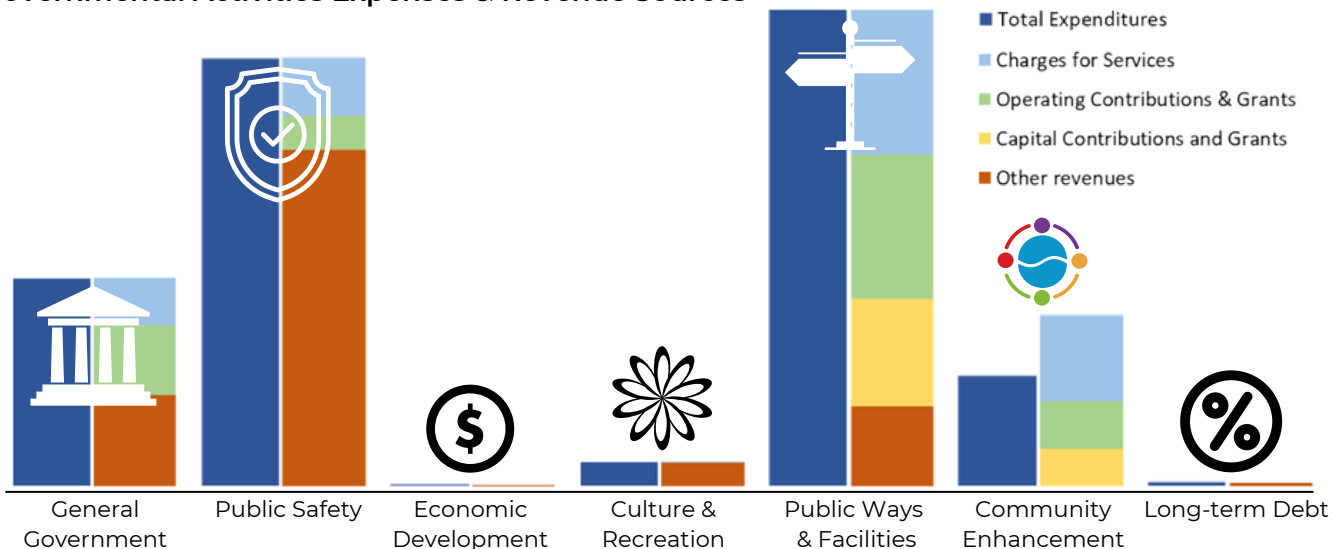
Citrus Heights experienced a decrease in its net position during the height of the COVID-19 pandemic. For 2022, as restaurants and retail continued to open, the city received higher than expected sales tax, additional funds restricted for infrastructure projects around the city, and paid off a significant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

Statement of Activities

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

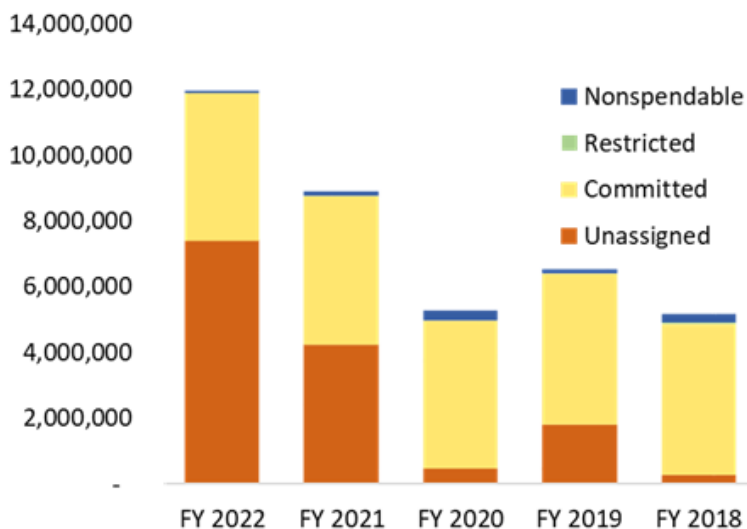
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues					
Governmental Activities Revenues					
Program Revenues	\$ 15,695,540	\$ 23,882,888	\$ 20,756,517	\$ 26,132,366	\$ 28,827,220
General Revenues	29,236,877	26,316,227	26,406,989	27,193,665	29,335,529
Business-type Activities Revenues					
Solid Waste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

Governmental Activities Expenses & Revenue Sources



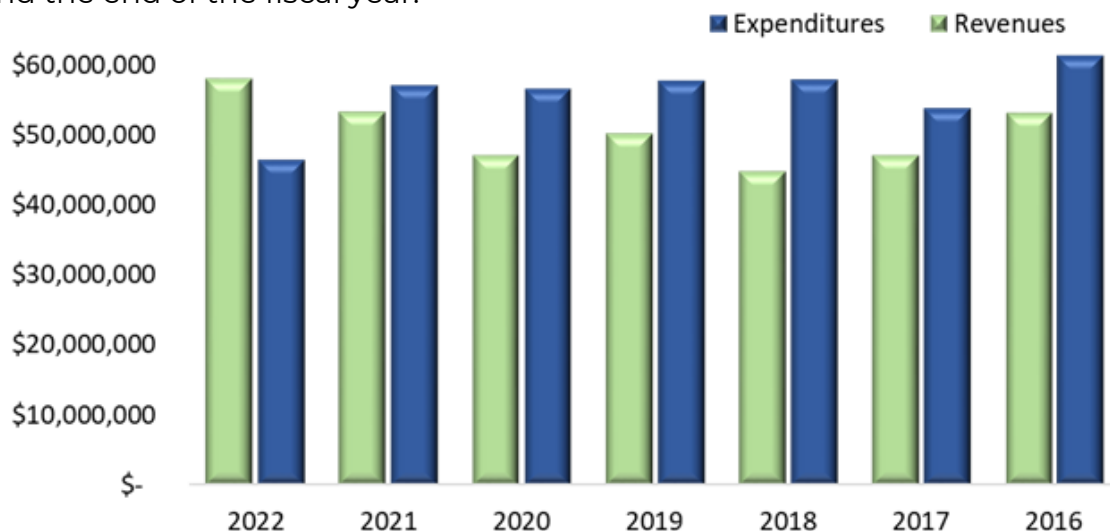
General Fund

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



The fund balance is used to measure the financial resources available. As such it is a good measure of the financial health of the City. At the fiscal year end on June 30, 2022, the General Fund's fund balance totaled \$11,932,391 of which \$4,486,978 was committed for reserves and revenue stabilization. Fund balance in the General Fund increased by \$3,041,565 largely due to decreased expenditures caused by vacant positions.

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



Revenues

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

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



Four Major Sources of Revenues



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



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



Grants and Contributions - Governmental Activities Operating -

Governmental Activities operating grants and contributions were mainly from public safety street, road, and community enhancement grants that were for maintenance and operations as well as CARES Act allocations for CDBG Supplemental and DOJ for public safety.



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

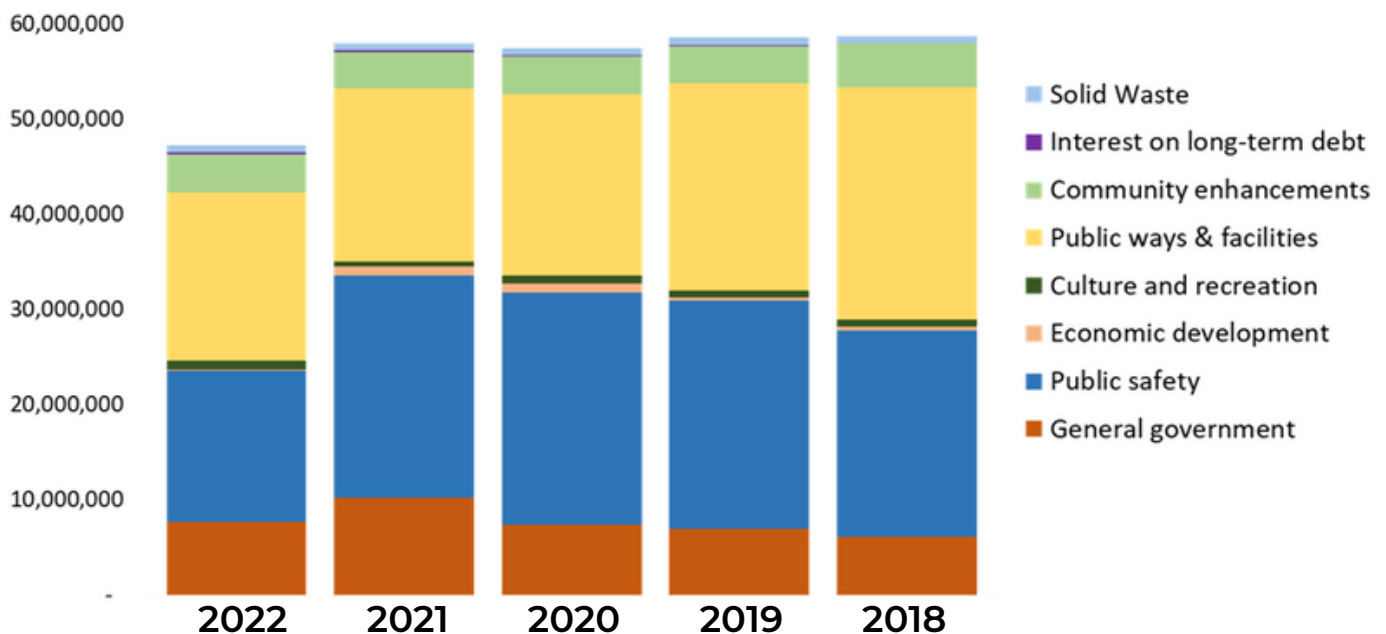
Expenditures

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

2022 Expenses by Function



Historical Trends of Expenditures



Contact Us

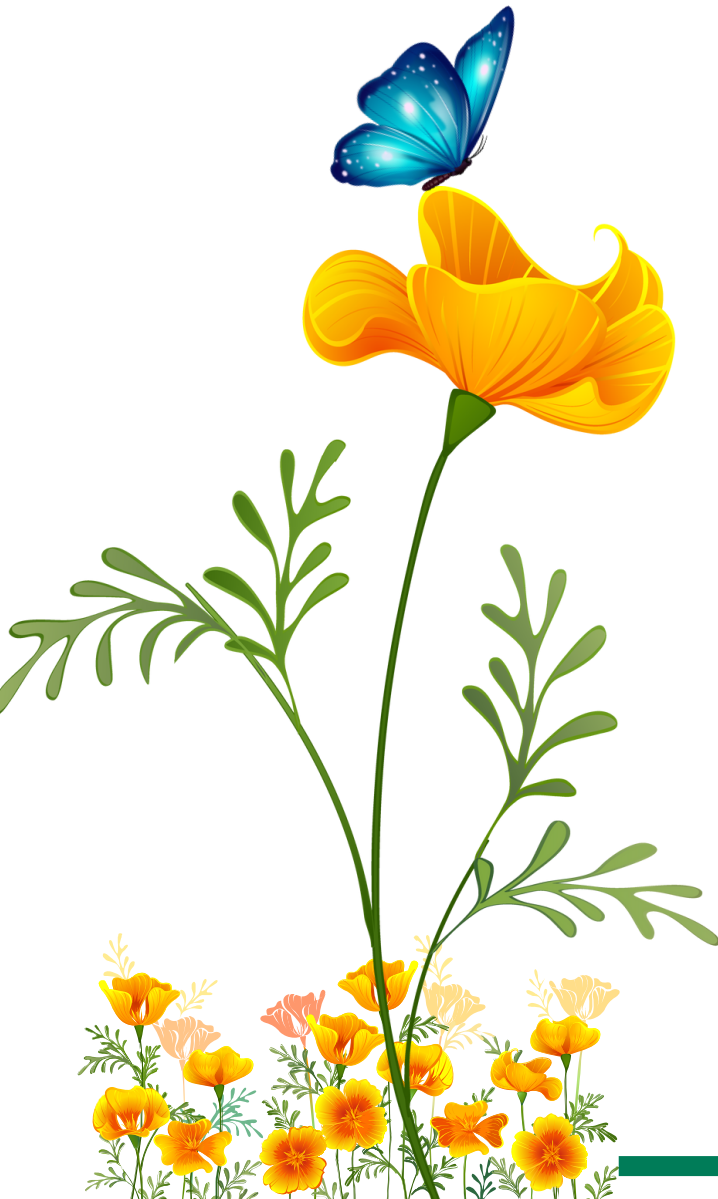
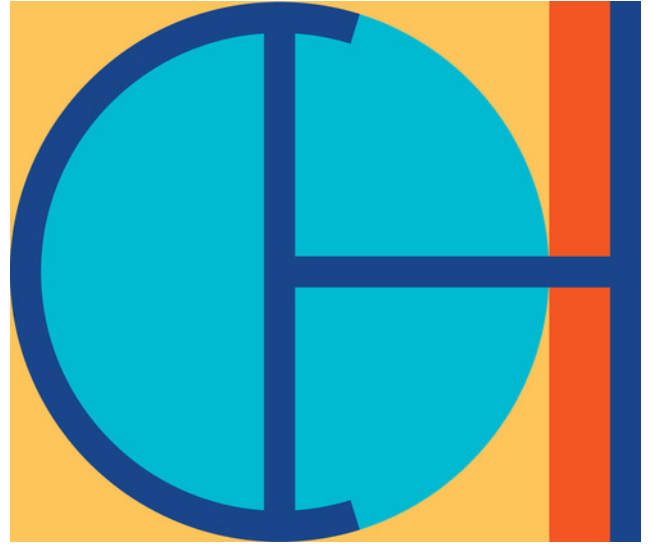
**6360 Fountain Square Drive
Citrus Heights, CA 95621**

Phone: 916-725-2448

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

Fax: 916-725-5799

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



Join Us



Facebook



Twitter

@CityofCHeights



Instagram

cityofcitrusheights



Youtube

COCitrusHeights



Nextdoor



Sign up for News