



AGENDA

CITY OF CITRUS HEIGHTS CITY COUNCIL AND SUCCESSOR AGENCY FOR THE COMMUNITY REDEVELOPMENT AGENCY

THURSDAY, JANUARY 28, 2016

6:00 PM SPECIAL MEETING

7:00 PM REGULAR MEETING

Citrus Heights Community Center
6300 Fountain Square Drive, Citrus Heights, CA

January 28, 2016 Agenda (PDF)

Documents:

[1-28-16 COUNCIL AGENDA.PDF](#)

CALL SPECIAL MEETING TO ORDER

1. Roll Call: Council Members: Frost, Miller, Turner, Slowey, Bruins

PUBLIC COMMENT

Under Government Code Section 54954.3, members of the audience may address the Council on any item of interest to the public and within the Council's purview, or on any Agenda Item before or during the Council's consideration of the Item. If you wish to address the Council during the meeting, please fill out a Speaker Identification Sheet and give it to the City Clerk. When you are called upon to speak, step forward to the podium and state your name for the record. Normally, speakers are limited to five minutes each with 30 minutes being allowed for all comments. Any public comments beyond the initial 30 minutes may be heard at the conclusion of the agenda. The Mayor has the discretion to lengthen or shorten the allotted times.

CLOSED SESSION

2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1)
Preserve Our Civic Center v. City of Citrus Heights et al.,
Sacramento County Superior Court, Case No. 34-2015-80002080

STUDY SESSION

3. Art - New City Hall

ADJOURNMENT

CALL REGULAR MEETING TO ORDER

1. Flag Salute
2. Roll Call: Council Members: Frost, Miller, Turner, Slowey, Bruins
3. Video Statement

APPROVAL OF AGENDA

PRESENTATIONS

4. Proclamation Honoring Assemblyman Kenneth Cooley For His Contributions To The

City Of Citrus Heights

5. Citrus Heights Homeless Assistance Resource Team (HART) Update
6. Homeless Navigator Update
7. History And Arts Commission Mid-Year Update

COMMENTS BY COUNCIL MEMBERS AND REGIONAL BOARD UPDATES

PUBLIC COMMENT

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CONSENT CALENDAR

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

8. SUBJECT: Approval Of Minutes

RECOMMENDATION: Approve the Minutes of the Special and Regular Meeting of January 14, 2016

Documents:

[ITEM 8 - 1-14-16 MINUTES.PDF](#)

9. SUBJECT: Housing Rehabilitation Program And Guidelines Amendment To Reflect CalHome Program Guidelines

STAFF REPORT: R. Sherman / K. Cooley

RECOMMENDATION: Adopt Resolution No. 2016 – ____ A Resolution of the City of Citrus Heights Amending the City of Citrus Heights Housing Rehabilitation Program Guidelines to Reflect CalHome Program Guidelines

Documents:

[ITEM 9 - CALHOME.PDF](#)

10. SUBJECT: Project Acceptance And Release Of Reimbursement For Traffic Signal Improvement Project At Antelope Road, Amsterdam Avenue, And Rosswood Drive

STAFF REPORT: D. Wheaton / R. Sherman

RECOMMENDATION: Adopt Resolution No. 2016- ____ A Resolution of the City Council of the City of Citrus Heights, California, Accepting the Antelope Road, Amsterdam Avenue, Rosswood Drive Signalization Improvement Project as Complete and Authorizing the City Manager to Reimburse Watt Communities @ Autumnwood, LLC Per the Improvement and Reimbursement Agreement

Documents:

[ITEM 10 - TRAFFIC SIGNAL.PDF](#)

11. SUBJECT: Consideration To Participate In The CSCDA PACE Program

STAFF REPORT: R. Sherman / N. Lagura

RECOMMENDATION: Adopt Resolution No. 2016- ____ A Resolution of the City

Council of the City of Citrus Heights, California, Consenting to the Inclusion of Properties Within the Territory of the City in the CSCDA Open PACE Program; Authorizing the California Statewide Communities Development Authority to Accept Applications from Property Owners, Conduct Contractual Assessment Proceedings and Levy Contractual Assessments Within the Territory of the City; and Authorizing Related Actions

Documents:

[ITEM 11 - PACE.PDF](#)

12. SUBJECT: Quarterly Treasurers Report
STAFF REPORT: S. Daniell
RECOMMENDATION: Staff recommends that the City Council of the City of Citrus Heights Receive and File the Quarterly Treasurer's Report for the Quarter Ending December 31, 2015

Documents:

[ITEM 12 - QUARTERLY FIN REPORT.PDF](#)

13. SUBJECT: Annual Finance Report – City Of Citrus Heights
STAFF REPORT: S. Daniell
RECOMMENDATION: Staff Recommends that the City Council of the City of Citrus Heights Accepts and Files the City of Citrus Heights Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015

Documents:

[ITEM 13 - ANNUAL FINANCE REPORT.PDF](#)

14. SUBJECT: Audited Financial Statements And Compliance Report For Transportation Development Act Funds
STAFF REPORT: S. Daniell
RECOMMENDATION: Staff Recommends that the City Council of the City of Citrus Heights Accepts and Files the City of Citrus Heights Transportation Development Act Funds Audited Financial Statements and Compliance Report for Fiscal Year Ended June 30, 2015

Documents:

[ITEM 14 - AUDITED FIN STMT TDA.PDF](#)

15. SUBJECT: Annual Financial Audit – Successor Agency To The Community Redevelopment Agency Of The City Of Citrus Heights
STAFF REPORT: S. Daniell
RECOMMENDATION: Staff Recommends that the Board Accepts and Files the Combining Statement of Net Assets and Changes in Fiduciary Net Assets for the Fiscal Year Ended June 30, 2015 for the Successor Agency to the Community Redevelopment Agency of the City of Citrus Heights

Documents:

[ITEM 15 - ANNUAL FIN AUDIT SA.PDF](#)

PUBLIC HEARINGS

16. SUBJECT: Second Reading – Medical Marijuana Cultivation

RECOMMENDATION: Adopt Ordinance No. 2016-001 An Ordinance of the City of Citrus Heights Amending Section 106.24.030, Section 106.26.030, And Section 106.80.020 of Chapter 106, Zoning, of the Citrus Heights Municipal Code

Documents:

[ITEM 16 - MED MARIJUANA 2ND READ.PDF](#)

REGULAR CALENDAR

DEPARTMENT REPORTS

CITY MANAGER ITEMS

ITEMS REQUESTED BY COUNCIL MEMBERS / FUTURE AGENDA ITEMS

ADJOURNMENT



Jeannie Bruins, Mayor
Jeff Slowey, Vice Mayor
Sue Frost, Council Member
Steve Miller, Council Member
Mel Turner, Council Member

**CITY OF CITRUS HEIGHTS
CITY COUNCIL AND SUCCESSOR AGENCY FOR THE
COMMUNITY REDEVELOPMENT AGENCY
Special/Regular Meetings of Thursday, January 28, 2016
Citrus Heights Community Center
6300 Fountain Square Dr., Citrus Heights, CA
Special Meeting 6:00 p.m.
Regular Meeting 7:00 p.m.**

PLEASE NOTE: The Council may take up any agenda item at any time, regardless of the order listed. Action may be taken on any item on the agenda. The City Council has established a procedure for addressing the Council. Speaker Identification Sheets are provided on the table inside the Council Chambers. If you wish to address the Council during the meeting, please complete a Speaker Identification Sheet and give it to the City Clerk. So that everyone who wishes may have an opportunity to speak, there is a five-minute maximum time limit when addressing the Council. Audio/Visual presentation material must be provided to the City Clerk's Office at least 48 hours prior to the meeting.

Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at City Hall located at 7927 Auburn Blvd, Citrus Heights during normal business hours. Email subscriptions of the agenda are available online by signing up with the City's Notify Me service.

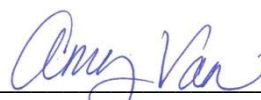
City Council meetings are televised live on Metro Cable 14, the government affairs channel on the Comcast and SureWest Cable Systems and replayed on the following Monday at 9:00 a.m. Meetings are also webcast live at www.citrusheights.net.

The Agenda for this meeting of the City Council for the City of Citrus Heights was posted in the following listed sites before the close of business at 5:00 p.m. on the Friday preceding the meeting.

1. City of Citrus Heights, 7927 Auburn Blvd., Citrus Heights, CA
2. Rusch Park Community Center, 7801 Auburn Boulevard, Citrus Heights, CA
3. Sacramento County Library, Sylvan Oaks Branch, 6700 Auburn Blvd., Citrus Heights, CA

If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's Office 916-725-2448, 7927 Auburn Blvd., at least 48 hours prior to the meeting. TDD (hearing impaired only) 916-725-6185.

January 22, 2016



Amy Van, City Clerk

Please turn off all cellular phones and pagers while the City Council meeting is in session.

SPECIAL MEETING 6:00 PM
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CALL SPECIAL MEETING TO ORDER

1. Roll Call: Council Members: Frost, Miller, Turner, Slowey, Bruins

PUBLIC COMMENT

CLOSED SESSION

2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
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STUDY SESSION

3. Art – New City Hall

ADJOURNMENT

REGULAR MEETING 7:00 PM
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CALL REGULAR MEETING TO ORDER

1. Flag Salute
2. Roll Call: Council Members: Frost, Miller, Turner, Slowey, Bruins
3. Video Statement

APPROVAL OF AGENDA

PRESENTATIONS

4. Proclamation Honoring Assemblyman Kenneth Cooley for His Contributions to the City of Citrus Heights
5. Citrus Heights Homeless Assistance Resource Team (HART) Update
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STAFF REPORT: R. Sherman / K. Cooley
RECOMMENDATION: Adopt Resolution No. 2016 – ____ A Resolution of the City of Citrus Heights Amending the City of Citrus Heights Housing Rehabilitation Program Guidelines to Reflect CalHome Program Guidelines
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PUBLIC HEARINGS

16. **SUBJECT:** Second Reading – Medical Marijuana Cultivation
 STAFF REPORT: R. Sherman
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REGULAR CALENDAR

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CITY MANAGER ITEMS

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ADJOURNMENT

**CITY OF CITRUS HEIGHTS
CITY COUNCIL
MINUTES**

Item 8

**Special/Regular Meetings of Thursday, January 14, 2016
Citrus Heights Community Center
6300 Fountain Square Drive, Citrus Heights, CA**

CALL SPECIAL MEETING TO ORDER

The special council meeting was called to order at 6:05 p.m.

1. Roll Call: Council Members present: Frost, Miller, Turner, Slowey and Bruins
Council Members absent: None
Staff present: Kempenaar, Rodriguez, Tingle, Van, Ziegler and department directors.

PUBLIC COMMENT

None

STUDY SESSION

2. Review of Proposed Community Revitalization Program and Changes to Auburn Boulevard Specific Plan

Development Specialist Rodriguez and Senior Planner Kempenaar led the study session on the proposed Community Revitalization Program and changes to the Auburn Boulevard Specific Plan. Rodriguez explained that it has been 10 years since the adoption of the Auburn Boulevard Specific Plan, and it was developed under a different economy, therefore staff is presenting an interim plan to achieve the vision of development that is discussed in the Boulevard Plan. She explained they are proposing a pilot program for 12 to 18 months with two parts; one would be making some changes to the regulatory framework to make it more flexible; and two is the Commercial Activation Program.

Senior Planner Kempenaar provided information on land use history along Auburn Boulevard. Potential changes the Council may want to consider are more consistency across the districts, reducing permitting requirements for active uses, and loosen restrictions on vehicle sales/service uses. He also presented options for loosening restrictions on parking requirements.

Development Specialist Rodriguez presented an overview of the Commercial Activation Program.

By consensus the City Council agreed to allow automotive uses in the Boulevard Plan on sites where buildings were historically utilized as an automotive use since incorporation. They agreed to support loosening parking requirements in the Boulevard Plan. They also agreed to allow existing, but not new, personal service type businesses, such as tattoo parlors and bars/liquor stores, to participate in the Commercial Activation Program.

ADJOURNMENT

Mayor Bruins adjourned the special meeting at 7:03 p.m.

CALL REGULAR MEETING TO ORDER

The regular council meeting was called to order at 7:08 p.m. by Mayor Bruins.

1. The flag salute was led by Council Member Miller.
2. Roll Call: Council Members present: Frost, Miller, Turner, Slowey, and Bruins
Council Members absent: None
Staff present: McDuffee, Rivera, Russo, Tingle, Van, Ziegler and department directors.
3. The video statement was read by City Clerk Van.

APPROVAL OF AGENDA

On a motion by Vice Mayor Slowey, seconded by Council Member Miller, the City Council approved the agenda.

AYES: Frost, Miller, Turner, Slowey, and Bruins
NOES: None
ABSENT: None

PRESENTATIONS

4. Recognition of Outgoing Mayor

Mayor Bruins presented Sue Frost with a plaque and framed collage of photos in recognition of her service as Mayor in 2015.

5. Annual Baker to Vegas Fundraiser Benefitting Citrus Heights Police Activities League Program

Lt. Russo, who serves as the Citrus Heights Police Activities League (CHPAL) Board President, provided an update on the fundraising activities of the League. He stated CHPAL partnered with the Folsom Police Foundation to help raise funds through participation in the Annual Baker to Vegas Race. The Folsom and Citrus Heights Police Departments will compete in a 120 mile race in the desert on March 19th. Fundraising proceeds raised for the event will benefit the Folsom Police Foundation and CHPAL. He showed a promotional video for the Baker to Vegas event.

COMMENTS BY COUNCIL MEMBERS AND REGIONAL BOARD UPDATES

Council Member Miller provided a report from the Regional Transit Board meeting.

Council Member Frost provided a report from the Greater Sacramento Economic Council meeting.

Mayor Bruins provided a report from the Sacramento Regional County Sanitation District and Sacramento Area Sewer District Board meeting. She attended the Crime and Traffic in Citrus Heights (CATCH) monthly meeting held by the Citrus Heights Police Department.

PUBLIC COMMENT

Kelly Andrews expressed concerns regarding homeless individuals near the greenbelt behind her home.

James Byrd expressed concerns regarding code enforcement complaints relating to his property.

Mike Williams also expressed concerns regarding code enforcement complaints as stated by the previous speaker.

CONSENT CALENDAR

6. **SUBJECT:** Approval of Minutes
RECOMMENDATION: Approve the Minutes of the Special and Regular Meeting of December 10, 2015
7. **SUBJECT:** Second Reading – Noise Control Ordinance Updates
STAFF REPORT: A. Van
RECOMMENDATION: Adopt Ordinance No. 2015 – 011; An Ordinance of the City of Citrus Heights Amending Article III of Chapter 34 of the Citrus Heights Code Relating to Noise Control
8. **SUBJECT:** Sunrise / Sungarden Signalization Improvement Project HSIPL 5475(029)
Project Acceptance – City Project No. 22-12-002
STAFF REPORT: D. Wheaton / S. Hodgkins
RECOMMENDATION: Adopt Resolution No. 2016-001 A Resolution of the City Council of the City of Citrus Heights, California, Accepting the Sunrise Boulevard – Sungarden Drive Signalization Improvements Project as Complete and Authorizing the City Manager to Record a Notice of Completion for the Project with the Sacramento County Recorder
9. Pulled for discussion.
10. Pulled for discussion.

ACTION: On a motion by Vice Mayor Slowey, seconded by Council Member Turner, the City Council approved Consent Calendar Items 6, 7 and 8.

AYES: Frost, Miller, Turner, Slowey and Bruins
NOES: None
ABSENT: None

CONSENT CALENDAR ITEMS PULLED FOR DISCUSSION

9. **SUBJECT:** City Manager's Benefit Adjustment
STAFF REPORT: R. Ziegler, City Attorney
RECOMMENDATION: Adopt Resolution No. 2016-002 A Resolution of the City Council of the City of Citrus Heights, California, Approving a Benefit Adjustment for City Manager Henry Tingle

Council Member Frost pulled Item 9 for questions.

City Attorney Ziegler responded stating that the item is not approving any bonus or extra compensation it is funds that the City Manager is entitled to.

ACTION: On a motion by Vice Mayor Slowey, seconded by Council Member Miller, the City Council adopted Resolution No. 2016-002 A Resolution of the City Council of the City of Citrus Heights, California, Approving a Benefit Adjustment for City Manager Henry Tingle.

AYES: Frost, Miller, Turner, Slowey and Bruins

NOES: None

ABSENT: None

10. **SUBJECT:** Establishing Acting Pay When Serving in the Capacity of Acting City Manager
STAFF REPORT: R. Rivera / S. Nielson
RECOMMENDATION: Adopt Resolution No. 2016-003 A Resolution of the City Council of the City of Citrus Heights, California, Establishing Acting Pay When Serving in the Capacity of Acting City Manager

Council Member Frost pulled Item 10 for questions.

Human Resources and City Information Director Rivera responded that in the past we have had a Lead Director during the City Manager's absence, there has never been a formal Acting City Manager. The item establishes a process that whereby one Director has been designated to act in the City Manager's capacity during the City Manager's absence.

ACTION: On a motion by Vice Mayor Slowey, seconded by Council Member Miller, the City Council adopted Resolution No. 2016-003 A Resolution of the City Council of the City of Citrus Heights, California, Establishing Acting Pay When Serving in the Capacity of Acting City Manager.

AYES: Frost, Miller, Turner, Slowey and Bruins

NOES: None

ABSENT: None

PUBLIC HEARING

None

REGULAR CALENDAR

11. **SUBJECT:** Medical Marijuana Cultivation
STAFF REPORT: R. Sherman / C. McDuffee / J. Russo
RECOMMENDATION: Introduce, Read by Title Only and Waive the First Full Reading of Ordinance NO. 2016-001, An Ordinance of the City of Citrus Heights Amending Section 106.24.030, Section 106.26.030, And Section 106.80.020 of Chapter 106, Zoning, of the Citrus Heights Municipal Code

Planning Manager McDuffee explained that the ordinance would place within the Zoning Code references to the City's existing regulations regarding medical marijuana cultivation. The City currently has regulations in place for cultivating medical marijuana in residential areas and the regulations are located in section 50-702 of Article V of the Municipal Code; however it is not within the Zoning Code. Assembly Bill 243 requires that in order for a person to grow medical marijuana they have to obtain both a local license and a state license. However, the Bill states that if the city does not have land use regulations regarding medical marijuana cultivation in place by March 1, 2016, then in that case, the state would be the sole licensing authority.

Public Comment

Lisa Gresham-Gordon spoke in support of medical marijuana cultivation.

Jeff Patterson spoke in support of medical marijuana cultivation.

Council Member questions and comments followed.

ACTION: On a motion by Vice Mayor Slowey, seconded by Council Member Turner, the City Council introduced for a First Reading, and read by title only and waived the first full reading, Ordinance No. 2016-001, An Ordinance of the City of Citrus Heights Amending Section 106.24.030, Section 106.26.030, And Section 106.80.020 of Chapter 106, Zoning, of the Citrus Heights Municipal Code.

AYES: Frost, Miller, Turner, Slowey and Bruins

NOES: None

ABSENT: None

12. **SUBJECT:** Appointment to Regional Boards and Committees

STAFF REPORT: A. Van

RECOMMENDATION: The Following is Recommended:

- a. Resolution No. 2016-004 A Resolution of the City Council of the City of Citrus Heights, California, Appointing a Citrus Heights Member to Serve as the Representative on the Sacramento Metropolitan Air Quality Management District (SMAQMD) Board of Directors, and Appointing a Member to Serve as the Alternate;
- b. Resolution No. 2016-005 A Resolution of the City Council of the City of Citrus Heights, California, Appointing a Citrus Heights Member to Serve as the Representative on the Sacramento Regional County Sanitation District (SRCSD) and Sacramento Area Sewer District (SASD) Boards of Directors, and Appointing a Member to Serve as the Alternate;
- c. Resolution No. 2016-006 A Resolution of the City Council of the City of Citrus Heights, California, Appointing a Citrus Heights Member to Serve as the Representative on the Sacramento Transportation Authority (STA), and Appointing a Member to Serve as the Alternate; and
- d. Resolution No. 2016-007 A Resolution of the City Council of the City of Citrus Heights, California, Appointing a Citrus Heights Member to Serve as a Director to the Sacramento Area Council of Governments (SACOG) Board of Directors, and Appointing a Member to Serve as the Alternate.

City Clerk Van presented the staff report.

Mayor Bruins explained that there is a need to have an alternate on the Citrus Heights Oversight Board. The City's appointment is the City Manager and on occasion he is unable to attend a meeting. To assure that there is a quorum as the Board moves forward with dissolution of the Successor Agency she appointed Community and Economic Development Director Rhonda Sherman as the alternate to the Oversight Board.

Mayor Bruins also announced her appointments to the following regional boards and commissions:

Sacramento Metropolitan Cable Television Commission	Mel Turner Sue Frost (Alternate)
Sacramento Local Agency Formation Commission	Jeannie Bruins Sue Frost (Alternate)
Sacramento Public Library Authority	Jeff Slowey Mel Turner (Alternate)
Sacramento Area Sewer District	Jeannie Bruins Steve Miller (Alternate)
Sacramento Regional County Sanitation District	Jeannie Bruins Steve Miller (Alternate)
Sacramento Transportation Authority	Mel Turner Jeff Slowey (Alternate)
Sacramento Area Council of Governments	Jeff Slowey Steve Miller (Alternate)
Regional Transit	Steve Miller Mel Turner (Alternate)
Sacramento Metropolitan Air Quality Management District	Sue Frost Jeannie Bruins (Alternate)
Liaisons to Local Entities	
Citrus Heights Chamber of Commerce	Jeannie Bruins Steve Miller
Education and Community Programs	Sue Frost Mel Turner
Sacramento Metropolitan Fire District	Mel Turner Jeff Slowey

Inter-governmental Relations	Jeannie Bruins Jeff Slowey
Sunrise MarketPlace	Steve Miller Sue Frost
Mayors' & Board Chair Forum Collaborative	Jeannie Bruins Jeff Slowey
Council Ad Hoc Subcommittees	
Finance/Administration	Jeff Slowey Steve Miller
Quality of Life	Jeannie Bruins Mel Turner
Legislative	Sue Frost Steve Miller
Law Enforcement	Jeannie Bruins Jeff Slowey

ACTION: On a motion by Vice Mayor Slowey, seconded by Council Member Turner, the City Council adopted the following:

- a. Resolution No. 2016-004 A Resolution of the City Council of the City of Citrus Heights, California, Appointing a Citrus Heights Member to Serve as the Representative on the Sacramento Metropolitan Air Quality Management District (SMAQMD) Board of Directors, and Appointing a Member to Serve as the Alternate;
- b. Resolution No. 2016-005 A Resolution of the City Council of the City of Citrus Heights, California, Appointing a Citrus Heights Member to Serve as the Representative on the Sacramento Regional County Sanitation District (SRCSD) and Sacramento Area Sewer District (SASD) Boards of Directors, and Appointing a Member to Serve as the Alternate;
- c. Resolution No. 2016-006 A Resolution of the City Council of the City of Citrus Heights, California, Appointing a Citrus Heights Member to Serve as the Representative on the Sacramento Transportation Authority (STA), and Appointing a Member to Serve as the Alternate; and
- d. Resolution No. 2016-007 A Resolution of the City Council of the City of Citrus Heights, California, Appointing a Citrus Heights Member to Serve as a Director to the Sacramento Area Council of Governments (SACOG) Board of Directors, and Appointing a Member to Serve as the Alternate.

AYES: Frost, Miller, Turner, Slowey and Bruins

NOES: None

ABSENT: None

13. **SUBJECT:** Appointments to the Sac-Yolo Mosquito & Vector Control Board
STAFF REPORT: A. Van
RECOMMENDATION: The Following is Recommended:
- a. Move to reappoint Dr. Jayna Karpinski-Costa for a term of two or four years; or
 - b. Direct Staff to Re-advertise the Vacancy and Accept Additional Applications for Appointment

City Clerk Van presented the staff report.

Public Comment

Dr. Jayna Karpinski-Costa expressed her desire to continue to serve on the Sacramento Yolo Mosquito and Vector Control District Board.

ACTION: On a motion by Council Member Miller, seconded by Council Member Frost, the City Council appointed Dr. Jayna Karpinski-Costa to the Sacramento Yolo Mosquito and Vector Control District Board for a term of four years.

AYES: Frost, Miller, Turner, Slowey and Bruins
NOES: None
ABSENT: None

DEPARTMENT REPORTS

None

CITY MANAGER ITEMS

None

ITEMS REQUESTED BY COUNCIL MEMBERS/FUTURE AGENDA ITEMS

Vice Mayor Slowey requested clarification regarding the City Council Members conflict of interest with their participation in the decision on the Pedestrian Master Plan.

City Attorney Ziegler responded to questions.

The City Council directed the City Attorney to submit a letter on behalf of each Council Member seeking formal written advice from the Fair Political Practices Commission relating to their conflict of interest as it relates to their participation in the decision of the Pedestrian Master Plan.

ADJOURNMENT

Mayor Bruins adjourned the regular meeting at 8:37 p.m.

Respectfully submitted,

Amy Van, City Clerk



CITY OF CITRUS HEIGHTS

Memorandum

January 28, 2016

TO: Mayor and City Council Members
Henry Tingle, City Manager

FROM: Rhonda Sherman, Community and Economic Development Director
Katherine Cooley, Development Specialist

SUBJECT: **Housing Rehabilitation Program Guidelines Amendment to Reflect CalHome Program Guidelines**

Approved and Forwarded to City Council

_____ Fin.

_____ Atty.

Henry Tingle, City Manager

Summary and Recommendation

Staff requests the Council to review and approve the draft Housing Rehabilitation Program Guidelines. Staff recommends the Council:

1. Adopt the Housing Rehabilitation Program Guidelines; and
2. Authorize the City Manager to make minor adjustments to the guidelines to remain in compliance with all CalHome statutory requirements.

Fiscal Impact

Grant Operation

CalHome funds are State of California grant funds; there is no impact on the General Fund. The CalHome program allows for the City to be reimbursed for the costs of administering the grant.

Eventual Mobile Home Sale

In the event that a loan recipient ceases to occupy their home before the 10-year forgivable loan matures, the city will move to sell the mobile home and place the sale proceeds into a reuse account for future loans. In the event any space rent is paid while a mobilehome is being sold, staff will reimburse this expense with eventual sale proceeds from the mobilehome.

Background and Analysis

CalHome Grant Award

The city was awarded a \$1,000,000 grant from the California Department of Housing and Community Development (HCD) with the purpose of upgrading substandard mobile homes within the City. Through its existing program, the City has awarded more than \$727,000 worth of assistance to low-income seniors living in mobile homes to date using Community

Development Block Grant (CDBG) funds. The addition of this CalHome funding will more than double the City's total assistance to low-income mobile home owners in the City.

Mobile Home Program Parameters

The City's CalHome funded program will provide residents with 10-year forgivable loans in the amount of \$25,000 to perform health and safety repairs to their coaches.

<i>End of Year #</i>	<i>Remaining Principal Balance Due (% of original loan amount)</i>
1	90
2	80
3	70
4	60
5	50
6	40
7	30
8	20
9	10
10	0

Wait List Processing

Loans will be processed on a first-come, first-serve basis for this program. The program administrator is maintaining a wait list for the program and will process applicants first off of the existing list. Any applicants who do not wish to pursue a loan, but would like to wait for any possible grant funded programs will remain on the wait list.

Pre 1976 Mobilehomes

In 1976 Congress passed legislation adopting HUD mobilehome manufacturing standards nationwide. Due to the fact that pre 1976 mobilehomes are not built to any building code standards and would require an inordinate amount of repairs, mobilehomes built prior to 1976 will be ineligible for the City's repair program.

Securing the Loan

As per CalHome regulations, once a loan has been awarded staff will execute paperwork with HCD to place the city as legal owner of the mobilehome and the applicant as the registered owner. Should the applicant remain in the mobilehome for 10-years and satisfy the terms of the loan, the city's interest in the mobilehome ownership will be released and the applicant will be reinstated as both the legal and registered owner. In the event that an owner vacates the mobilehome prior to the loan maturing the City would initiate the sale of the coach to pay off the remaining balance of the loan.

Next Steps

Upon approval of the guidelines and submission of appropriate paperwork to HCD, the City's rehabilitation consultant will begin to process clients off of the existing wait list. Staff will keep the Council informed of the program's progress in the coming year.

Attachments:

- (1) Resolution No.____ amending the City of Citrus Heights Housing Rehabilitation Program Guidelines to Reflect CalHome Program Guidelines
- (2) City of Citrus Heights Mobile Home Rehabilitation and Replacement Guidelines

RESOLUTION NO. 2016 - ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS,
CALIFORNIA AMENDING THE CITY OF CITRUS HEIGHTS HOUSING
REHABILITATION PROGRAM GUIDELINES TO REFLECT CALHOME PROGRAM
GUIDELINES**

WHEREAS the City of Citrus Heights, a political subdivision of the State of California, applied for and received an allocation of funds through the CalHOME Program; and

WHEREAS The California Department of Housing and Community Development (hereinafter referred to as “HCD”) issued a Notice of Funding Availability (“NOFA”) for the CalHome program established by Chapter 84, Statutes of 2000 (SB 1656 Alarcon), and codified in Chapter 6 (commencing with Section 50650) of Part 2 of Division 31 of the Health and Safety Code (the “statute”). Pursuant to the statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the CalHome program, subject to the terms and conditions of the statute and the CalHome Program Regulations adopted by HCD in April 2004; and

WHEREAS the City of Citrus Heights received an allocation of \$1,000,000 for the purpose of improving substandard mobilehome housing within the City;

WHEREAS the City’s existing repair guidelines needed to be updated to be in compliance with CalHome Program Regulations;

NOW THEREFORE BE IT RESOLVED AND ORDERED THAT the City of Citrus Heights shall adopt the Citrus Heights Housing Rehabilitation Program Guidelines; and

THAT the City of Citrus Heights authorizes the City Manager to execute any minor changes to the guidelines in order to remain in compliance with CalHome Program Regulations.

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 28th day of January 2016 by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jeannie Bruins, Mayor

ATTEST:

Amy Van, City Clerk



City of Citrus Heights Housing Rehabilitation Program Guidelines

Last Updated: January 6, 2016

CITY OF CITRUS HEIGHTS
HOUSING REHABILITATION PROGRAM GUIDELINES

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CITY OF CITRUS HEIGHTS

HOUSING REHABILITATION PROGRAM GUIDELINES

The City of Citrus Heights' Housing Rehabilitation Program, using primarily Community Development Block Grant (CDBG) Program funds, CalHOME funds, and loan repayments is designed to correct health and safety hazards in deteriorated housing and extend the useful life of the affordable housing units. Various financing methods are used to achieve cost-effective repairs for owner-occupied, low-income Citrus Heights residents.

GOALS/OBJECTIVES

The City of Citrus Heights Housing Rehabilitation Program is intended to:

1. preserve and enhance the existing housing stock;
2. further neighborhood conservation efforts; and
3. provide a method by which very low-, low-, and moderate-income homeowners can improve their homes.

Accordingly, the City's Program offers low-interest deferred loans, mobile home repair loans, mobile home repair grants, handicapped accessibility grants, relocation grants and lead hazard evaluation and abatement grants to eligible homeowners with varying housing repair needs.

FAIR HOUSING

This program will be implemented in ways consistent with the City's commitment to Fair Housing. No person shall be excluded from participating, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with any City administered funds on the basis of his or her religion or religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status (children), physical or mental disability, sexual orientation, or other arbitrary cause. Individuals who believe they have been discriminated against in a housing related action may contact Sacramento Self Help Housing's Renter's Help Line at: (916) 389-7877.

INCOME ELIGIBILITY

Income Limits

1. In order to be eligible for assistance, the cumulative gross annual income(s) for all persons age 18 years and over occupying the residence must not exceed 80% of Sacramento County's median-income as adjusted for household size. Income limits are according to The U.S. Department of Housing and Urban Development (HUD) or The California Department of Housing and Community Development (HCD) limits depending on loan funding source.
2. In order to be eligible for Agency assistance, the cumulative gross annual income(s) for all persons age 18 years and over occupying the residence

must not exceed 80% of Sacramento County's median-income as adjusted for household size (according to HUD or HCD income limits depending on loan funding source).

3. The income limits published at the time of loan approval will apply when determining income eligibility. These limits shall automatically be updated and adopted as published by HUD/HCD.
4. The current HUD/HCD income limits by household size will be considered Attachment A of these guidelines.

Calculating Household Income

1. The applicant must own and occupy the housing unit as his/her/their principal residence.
2. Annual household income will be used to determine whether or not a particular household is above or below the published low-income limit.
3. All persons, 18 years of age or more, living in the household are required to provide proof of current income.
4. For employed persons a tax return and/or two earning statements will be required.
5. For retired persons who do not file tax returns or persons receiving government subsidies, copies of benefit checks, benefit award letters or copies of bank statements indicating automatic deposit of benefit checks will be required.
6. All documents will be kept in the participant file and held in strict confidence.
7. Income must be verified no earlier than six months from the date the loan is made. If all or part of income is derived from irregular employment or includes earnings from occasional overtime work, such income received during the preceding calendar year will be used as a basis to anticipate income for the upcoming calendar year.
8. When a property has multiple owners listed on the grant deed, for the purpose of eligibility for any rehabilitation activity, only the income of persons living within the unit will be used to determine household income.
9. Income is defined according to 24 CFR Part 5-General HUD Program Requirement.

10. Income is the gross amount, before any deductions have been taken, of income that is anticipated to be received by all household members during the succeeding twelve-month period.
11. All owners listed on the title are required to sign the City's deed of trust, promissory note, and rehabilitation contract documents, whether or not they reside on the property.

PROPERTY ELIGIBILITY

Characteristics

1. Eligible property types can include:
 - a) conventional single-family housing
 - b) half-plexes (must be legally separate from adjoining structure(s))
 - c) condominiums
 - d) mobile/modular homes (secured to real property or located on land that is leased)
2. Structures may be detached or attached.
3. "Mobile homes", "manufactured homes", and "park trailers" as defined by Sections 18007, 18008, and 18009.3, respectively, of the California Health and Safety Code, and which are not on a permanent foundation, are eligible for this Program. "Recreational vehicles" as defined by Section 18010 of this California Health and Safety Code are not eligible for this Program. In addition, mobilehomes built prior to 1976 are not eligible for the CalHome loan program.
4. Mixed use developments are eligible but any construction items which address shared space between the commercial and housing units will be prorated and funds will be used to pay only for housing units' share of repair costs.
5. Commercial properties may not be converted to housing.
6. Must be owner-occupied.

Location

1. The housing structure must be located within the incorporated boundaries of the City of Citrus Heights. To be eligible to participate in

the City's CalHome mobilehome replacement program the property must be a mobile home residence located on a rented space, on a non-permanent foundation within a mobile home park in the incorporated area of the City.

Condition

1. The property must be in need of repair(s), as determined by a Housing Rehab Specialist. The property must be economically feasible for rehabilitation to correct all health and safety hazards and/or code deficiencies.

Evidence of Ownership

1. "Ownership" means any of the following interests in residential real property:
 - a) Fee simple interest
 - b) 99-year leasehold interest in the property
 - c) Ownership or membership in a condominium, cooperative or mutual housing project
 - d) Joint tenancy
 - e) Tenancy in common
 - f) Life estate or trust, if the beneficiary of the estate or trust occupies the residence
 - g) In the case of a mobile home, the registered owner according to HCD title documents with no outstanding registration fees due, no outstanding space rents due, and no outstanding utility bills due. Registered owner must be in good standing with both space rent and utility payments for 12 months prior to time of application.
2. There cannot be any restrictions or encumbrances that would unduly restrict the good and marketable nature of the ownership interest, including but not limited to:
 - a) Any interest acquired on the execution of a purchase contract
 - b) A lease with or without an option to purchase
 - c) A remained interest

Prior Program Recipients

1. In general, one funding award (whether it is a loan, grant or combination of both) will be permitted per household. Residents who are prior recipients of a rehab loan and/or grant will not be permitted to receive another loan and/or grant in future years. However, the Loan Committee has the ability to make exceptions if circumstances arise which justify the need for additional assistance.

REHABILITATION STANDARDS

Standards

1. The goal of the City's program is to improve the safety of the home, correct substandard conditions, provide improvements for persons with disabilities and extend the useful life of the property. Housing units must have health and safety violations according to federal Section 8 Housing Quality Standards or code-related deficiencies as determined by a Housing Rehab Specialist and/or City Building Division representative.
2. No rehabilitation loan and/or grant will be approved based upon a scope of work that would permit a dwelling unit after rehabilitation to be out of compliance with applicable codes. Such codes include: the Uniform Building Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, and Chapters 5-10 of the Uniform Housing Code, ADA, Section 504 and relevant sections of Titles 24 which pertain to disability access, local building codes and all other applicable local ordinances.
3. In the case of a CalHome funded loan, repairs and improvements will be limited to those necessary to correct any condition causing the home to be substandard pursuant to CCR, Title 25, Section 1606.
4. No rehabilitation loan will be approved that would over-encumber the property, or secure total debt (existing debt plus the City rehabilitation loan amount) against the property in excess of the after-rehabilitation property value. For mobilehome loan to value concerns reference "Eligibility Determination", Section 2 of these guidelines.
5. All work performed must comply with the Program's Rehabilitation Grades and Standards as set forth in Exhibit C of the Contract for Housing Rehabilitation.

Prioritization of Rehabilitation Needs

1. The City of Citrus Heights Housing Rehabilitation loans/grants are intended to:
 - a) reduce accumulated deferred maintenance;
 - b) enhance the safety and security of occupants;
 - c) correct minor structure defects or damages; and
 - d) improve energy efficiency and comfort. In regard to CalHome funded mobilehome repairs, energy efficiency improvements are encouraged when in conjunction with a required repair – energy efficiency items are not allowed as standalone items.
2. The City will establish a wait list and process clients on a first-come first-served basis. Requests will be categorized by loan/grant type and then processed based upon the original date of program contact (i.e. when the applicant requested to have his/her name added to the waiting list). Should a resident be living in an imminently unsafe condition, the City reserves the right to make an exception and provide preference under the discretion of the City's Community and Economic Development Director.

Non-Eligible Improvements

1. The program's intent is to mitigate health and safety hazards and make deferred maintenance repairs. The program is specifically not intended to:
 - a) bring un-inhabitable or compromised structures back into service;
 - b) make primarily cosmetic or convenience (carport, privacy screens, patio covers, etc) improvements;
 - c) furnish appliances, which are considered personal property (exceptions may be considered if need is demonstrated); and
 - d) create accessory dwelling units or to sub-divide existing units.
2. The Loan Committee shall review loan request, the work write up completed by the contractor selected by the homeowner, the in-house

work write up completed by the Program Administer and the bid summary sheet including ALL contractor and bid amounts to determine eligibility.

FINANCING TERMS

Rehabilitation Loans

1. Owner-Occupied Housing Rehabilitation Loan
 - a) Minimum/Maximum Loan Amount
 - (1) The minimum loan amount under the City of Citrus Heights Owner-Occupied Housing Rehabilitation Program shall be \$5,000.
 - (2) The maximum loan amount shall not exceed \$60,000 per owner-occupied housing unit. The Loan Committee may waive the \$60,000 loan limit in special cases such as when there are unexpected rehabilitation expenses.
 - (3) In the case of CalHome assisted mobilehomes, the maximum loan amount shall not exceed \$25,000 per owner-occupied housing unit. This loan amount does not include activity delivery fees. In no event shall assistance exceed \$60,000 including both the loan amount and activity delivery fees per CalHome regulations.
 - (4) All loans, with the exception of CalHome assisted mobilehomes, will require comparables to verify the property's value.
 - b) Terms of Financing
 - (1) Stick built loans will bear a simple annual interest rate of 3.00%. Mobilehome loans will qualify for a zero (0%) percent interest loan.
 - (2) Very low-income, senior (65 years old) and permanently disabled households whose lack of assets enabling them to make the needed repairs without the City's loan will qualify for a zero (0%) percent interest loan.
 - (3) Stick built loans will be made for a 30-year term. Principal and accrued interest payments will be deferred for the 30 years

- (4) CalHome mobilehome loans will be 10-year deferred payment loans with a graduated principal forgiveness schedule as allowed by CalHome. At the end of the first (1st) year of the loan and each year thereafter, ten (10) percent of the loan principal is forgiven. At the end of the ten years, no principal is due and the loan is completely forgiven. See chart below:

<i>End of Year #</i>	<i>Remaining Principal Balance Due (% of original loan amount)</i>
1	90
2	80
3	70
4	60
5	50
6	40
7	30
8	20
9	10
10	0

- (5) The loan and interest will be due upon sale or transfer of title or when the borrower no longer occupies the unit as his/her principal residence.

The loan will be in default if the borrower fails to maintain required homeowner's insurance, fire or flood insurance or fails to pay property taxes. For more information refer to the City's loan servicing policy.

c) Eligible Property Types

- (1) Conventional single-family housing;
- (2) Condominiums; and
- (3) Half-plexes – must be legally separate from adjoining structure(s).

2. Rehabilitation Grants

a) Handicapped Accessibility Grant

- (1) Minimum/Maximum Grant Amount
 - (a) Grants made to owners for the purpose of handicapped accessibility improvements may

not exceed \$5,000.

- (b) Handicapped Accessibility Grants do not require repayment.

b) Mobile Home Grants (CDBG Assisted)

(1) Minimum/Maximum Grant Amount

- (a) Non-recourse grants made to owners who live in mobile homes may not exceed \$10,000

(2) Eligible Property Types

- (a) Eligible property types include: mobile or modular homes (affixed to real property or not)

c) Lead Hazard Evaluation Grant

(1) Lead Hazard Reduction Inspection and Mitigation

- (2) Occupants of units constructed prior to 1978 will receive proper notification of Lead-Based Paint (LBP) hazards subject to implementation of the Federal Lead Based Paint Regulations by HCD. Lead Hazard mitigation is not required by the CalHome program, therefore grants of this nature will not be incorporated into CalHome funded projects.

- (3) All owners will receive the Lead Hazard Information Pamphlet published by the EPA/HUD/Consumer Product Safety Commission. Informational Pamphlet should be signed by the homeowner and placed in the file. If lead-based paint hazards are found through testing or if presumption is used, a Notice of Lead Hazard Reduction Activity and a Lead Hazard Evaluation Report will also be provided.

- (4) Units constructed prior to 1978 will also be evaluated according to the following HUD regulations subject to implementation of the Federal Lead Based Paint Regulations by HCD:

- (5) If the total amount of Federal assistance or the total amount of rehabilitation hard cost is between \$1,000 and \$5,000 the following is required:

- (a) Paint testing or presume LBP;

- (b) Clearance of disturbed work areas; and

- (c) Notifications listed above in (c) (2)
- (d) If the amount of Federal assistance or the total amount of rehabilitation hard cost is more than \$5,000 and up to and including \$25,000 the following is required:
 - (e) Paint testing or presume LBP;
 - (f) Risk assessment; and
 - (g) Clearance of unit. If LBP hazards are identified, interim controls must be implemented. This level will also require a notice to residents within a 50' radius of the structure an "Abatement of Lead Hazards Notification" at least five days prior to starting work.
- (6) If the amount of Federal assistance or the total amount of rehabilitation hard cost is more than \$25,000 the following is required:
 - (a) Items (a), (b), and (c) of the second bullet point above;
 - (b) Abatement of all LBP hazards identified or produced;
 - (c) Use of interim controls on exterior surfaces not disrupted by rehab; and all notices listed above in c) (2).
- (7) All paint tests that result in a negative finding of lead-based paint are exempt from any and all additional requirements. A State-certified Specialist/Assessor must perform all paint testing, risk assessments, and clearances. A trained supervisor may oversee interim controls; however, a certified supervisor and workers must perform all abatement.
- (8) Minimum/Maximum Grant Amount
 - (a) Grants of up to \$750 may be provided for the cost of lead hazard evaluation activities.
- (9) Lead Hazard Evaluation Grants do not require repayment.

LOAN COMMITTEE

Committee Composition

1. The loan committee shall consist of the City of Citrus Heights Community and Economic Development Director, Development Specialist and Grants and Housing Program Technician.

Committee Role

1. Confidentiality of clients shall be maintained at all times and personal financial records will not be public information.
2. The Loan Committee will review each application and will make decisions on the loan amount and terms to be utilized.
3. The Loan Committee may review program guidelines and make recommendations for future modifications. Any changes made shall be in accordance with regulations and be approved by the City Council.

Conflict of Interest Requirements

1. In accordance with Title 24, Section 570.611 of the code of Federal Regulations and with the State of California conflict of interest laws, no member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the program shall directly or indirectly be eligible for this program.
2. Exceptions to this policy can be made only after public disclosure and formal approval by the City Council.

LOAN APPROVAL AND CONSTRUCTION PROCESS

Outreach

1. Community members are informed of the details of the rehabilitation program and eligibility requirements through the City's website, area newspapers, advertisements, public meetings, private interviews, program flyers distributed throughout the City, and other fair marketing efforts.
2. Written information is provided in English and the primary language of any significant portion of target area residents.

3. Bilingual personnel will conduct or assist with outreach and community meetings, as needed.
4. Pre-qualification and marketing criteria will focus upon income eligibility and rehabilitation needs.

Applications/Interview

1. Applications will be accepted year-round until the goals of the program have been met and/or all funds have been committed. Once all funds have been committed, the City will add eligible applicants' names to a program waiting list organized by contact date and loan/grant category.
2. Completed applications will be processed on a first-come, first-served basis.
3. The Housing Rehab Specialist will hold private interviews with families to explain program requirements and guidelines, documentation, the rehabilitation process, and when necessary, to assist in completing the application process. Required signatures will be obtained, and the unit's rehabilitation needs will be discussed. Additional documents may be obtained through the mail or at follow-up visits.

Eligibility Determination

1. The program administer will document income and property eligibility by reviewing tax returns, bank statements and by ordering a preliminary title report. The programs administer will establish an estimated property value (i.e. property profile, comparable market analysis, and appraisal).
2. In the case of CalHome assisted mobilehome loans, the properties are exempt from any loan-to-value ("LTV") analysis as the CalHome program does not require an appraisal in the case of rehabilitation work or replacement of a manufactured home not on a permanent foundation. As no appraisal is required, a loan-to-value analysis will not be performed.

Initial Inspection / Work Write-Up / Estimate

1. Initial Inspection: After eligibility has been determined, the Housing Rehab Specialist will inspect the house and prepare a detailed work write up and in-house cost estimate. Costs will be determined based upon a construction estimation program and staff experience.
2. A pre-bid conference notice will be sent out to licensed contractors on the program's interested contractor list.

3. The Housing Rehab Specialist will then conduct a walk-through bid conference with interested contractors. After reviewing bids for completeness, the Housing Rehab Specialist will share the results with the homeowner. By comparing the initial in-house estimate to the bids submitted, the cost reasonableness of the bids will be determined. After the homeowner selects a contractor, a notice of award will be sent out to contractors who submitted bids on the project.

Determination of Assistance

1. The amount of assistance will be based on the final construction bid of the selected contractor, eligible loan processing costs, and the amount of equity available in the unit. An appropriate level of assistance will be established to ensure that adequate funds are available for the necessary repairs and any eligible loan processing charges.

Loan Approval

1. A loan package will be prepared by the program administer that:
 - a) confirms the applicant's income eligibility and property eligibility;
 - b) documents equity in and/or existing encumbrances on the property;
 - c) enumerates the loan and construction costs; and includes any other information particular to the case at hand; and
 - d) recommends an appropriate amount of loan/grant funds and the corresponding rates and terms associated with those loan/grant funds as set forth in the City's Rehabilitation Program Guidelines.

Document Signing

1. In the case of a grant request approved by the City, all grant funds shall be included in the homeowners Loan Agreement that specifically indicates the grant amount and type of grant provided to the homeowner.
2. Upon notice that the City has approved a loan request, the programs administer will draft the appropriate loan documents necessary to secure the loan against the property. The borrower will sign the appropriate loan documents and the deed will be recorded at the County Recorder's Office.

3. The City will utilize the services of a reputable Title and Escrow Company to assist with the recording of all appropriate legal documents and with the issuance of title insurance for conventional home loans. In the case of mobilehome loans, the City shall request a Formal Title Search from HCD to establish the registration and titling status of the subject property prior to the loan award.
4. In the case of CalHome assisted mobilehome loans, the City shall perfect its security interests related to any loan to repair a mobilehome by making the necessary filings with HCD. After making the necessary filings with HCD, the City shall be on title as the legal owner of the mobilehome used to secure the loan and the borrower shall be the registered owner.

Work Commencement, Interim Inspections and Progress Payments

1. The homeowner and the contractor will then sign the Rehabilitation Construction Contract.
2. The Housing Rehab Specialist will issue a Notice to Proceed, with a copy to the City Housing and Grants Division.
3. The contractor will be responsible for securing all necessary building permits either from the City's building division or HCD in the case of mobilehomes.
4. The programs administer will establish a rehabilitation disbursement record to track all payments. City staff will have established a rehabilitation disbursement record to track all payments against the program administers tracking sheet. The program administer shall provide City staff a record of funds committed and funds remaining to be committed.
5. Any and all change orders to the original construction contract must be submitted in writing and approved by the contractor, homeowner, Housing Rehab Specialist, and City staff (see below).
6. Signatures of the homeowner, contractor, and Housing Rehab Specialist will be required for release of payments.
7. Any necessary inspections by the City's building division will be coordinated by the contractor and reviewed by the Housing Rehab Specialist.
8. All pay requests must be submitted to City staff Tuesday by 12:00 p.m. for a contractor to receive payment by Friday. Checks will be placed in the mail.

9. Include a signed W9 Form by the contractor. If the City not already have a signed W9 Form the contractor will need to submit in order to be paid for service.
10. The Housing Rehab Specialist will submit a completed project file to the city no later than the 30 days after the date of recordation of the Notice of Completion.

Change Orders

1. All change orders will require the approval of the owner, the contractor (if a contractor is involved) and the Housing Rehab Specialist. All three parties will sign the change order form prior to commencement of the work proposed in the change order. All change orders in amount of \$2,000.00 or greater must be approved by the City staff.

Work Completion

1. The Housing Rehab Specialist will conduct a final walk-through inspection with the homeowner and contractor to address any outstanding items. Upon completion of work and a final inspection by the City building division, a Notice of Completion (signed by the borrower) will be recorded at the County Recorder's Office.
2. The final 10% retention payment will be released to the contractor 30 days after the date of recordation on the Notice of Completion.

Exceptions/Special Circumstances

1. Exceptions are defined as any action, which would depart from policy and procedures as stated in the Program Guidelines.
2. The City and/or its programs administer may initiate consideration of an exception and/or special circumstance at its discretion. Any requested exception to Program Guidelines must be proposed in writing to the City Loan Committee as part of the Loan Committee Request.
3. The Loan Committee shall make a determination on the request for an exception and/or special circumstance at a regular or special meeting.

Dispute Resolution/Appeals Procedure

During pre-construction, construction or post-construction periods, the applicant/borrower shall engage in the following process to have any disputes heard and resolved:

1. Any person/homeowner applying for a rehabilitation loan through the

program has the right to appeal if his/her/their application is denied. Complaints concerning the Program should be addressed to the City's Housing Rehabilitation Specialist, first. If unresolved in this manner, the complaint or appeal shall be sent in writing to:

City of Citrus Heights
Div. of Housing and Grants
6237 Fountain Square Drive
Citrus Heights, CA 95621

2. The City will then schedule a meeting with the Loan Committee. Their written response will be made within thirty (30) working days. If the applicant is not satisfied with the committee's decision, a final appeal may be filed with the City Council. This appeal must also be sent in writing to:

City of Citrus Heights
Div. of Housing and Grants
6237 Fountain Square Drive
Citrus Heights, CA 95621

3. Rehabilitation program representatives are primarily responsible for assuring that the program is implemented in compliance with state and federal regulations in a timely and responsible manner. This includes developing accurate and professional files, work write-ups and contract documents. The Housing Rehab Specialist will attend the original meeting between the homeowner and the contractor when the contract documents are signed. At this meeting, the Housing Rehab Specialist will facilitate in the clarification and/or correction of proposed work in order to establish a clear understanding between both parties.
4. During and after completion of construction, the contractor's work is monitored for code compliance by the City Building Division and for quality by the Housing Rehab Specialist.
5. During pre-construction, construction and/or post-construction periods, the applicant/borrower has a right to have any disputes heard and resolved. However, the contractual obligation for rehabilitation is ultimately between the contractor and the homeowner. If a situation occurs where the two parties are in conflict, the following procedure will occur:
 - a) Stage 1: Before any intervention occurs, the homeowner or contractor shall communicate perceived problems or

complaints directly to the other party. In an attempt to resolve the differences, each will give the other an opportunity to respond to or correct the problem.

- b) Stage 2: If the Stage 1 attempt fails, the homeowner or contractor may ask the program representative to informally intervene. This intervention might include telephone call(s) to the contractor or homeowner, meeting(s) at the job site or in the office, or other actions as seem appropriate, including the establishment of written working guidelines, or other post-contractual agreements.
 - c) Stage 3: Any and all disputes arising out of or related to this engagement shall be resolved through binding Arbitration according to the laws of the State of California and the rules of American Arbitration Association. The award of such Arbitration should be final and not subject to appeal. The prevailing party shall be reimbursed by the losing party for any and all reasonable legal costs and fees.
6. The homeowner has other options that may be utilized, including the following:
- a) submitting a complaint to the Contractors State Licensing Board;
 - b) contacting HCD;
 - c) using professional mediation or binding arbitration services; and/or
 - d) taking legal action.
7. It is hoped that the informal intervention process outlined above will offset other contractor and/or homeowners actions, and that every attempt is made to remedy problems and resolve differences before more drastic options are necessary. Any dispute between the parties that cannot be settled through the informal intervention process outlined above shall be settled by the owner and contractor through other options listed above.

ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

This program is subject to the "Relocation, Displacement and Acquisition" Amendment of the Housing and Community Development Act of 1977, URA and Section 104(d) of the

Housing and Community Development Act of 1974. CDBG rehabilitation projects will not result in involuntary displacement.

Temporary Relocation Assistance

1. Owner-occupants participate in the housing repair program on a voluntary basis, and therefore, will not normally be eligible for relocation assistance under this program.
2. Relocation assistance will be considered only if an extreme situation of hardship exists, such as when the owner is elderly, financially destitute, has no friends or family to assist with housing, all alternatives have been exhausted, and the relocation is necessary for medical reasons while substantial rehabilitation is occurring.
3. Owner-occupants will be eligible for up to \$750.00 per household to help pay for relocation costs if they meet the special criteria and are required to temporarily relocate during the rehabilitation of their home.
4. These funds may be used to help pay for the rent and/or utility costs of temporary housing and/or for the cost of moving and storing furniture.
5. In the case of a CDBG funded project, relocation costs will not be part of the loan funds advanced to the borrower, but will be given to the family as a grant instead and will not require repayment. If the project is funded by CalHome, the relocation expenses will be incorporated as part of the loan.
6. If homeowner receives a relocation grant or loan, the grant or loan must be included in the Loan Agreement.

CONTRACTING REQUIREMENTS

Role of the Local Government

1. The City of Citrus Heights is an equal opportunity, fair housing lender, providing affordable financing for housing rehabilitation performed in accordance with the adopted Program Guidelines. The City does not warrant any construction work, or provide any insurance coverage.

Contracting Process

1. Contracting will be done on a competitive bid basis.
2. The homeowner will be the responsible agent, but the local government and/or its agent will prepare and advertise the bid package and assist the owner in negotiating the contract.
3. The owners will select the contractor of their choice.
4. The contract for rehabilitation will be between the owner and the contractor.

Approved Contractors

1. All contractors will be checked with HUD's federally debarred list of contractors; no award will be granted to a contractor on this list.
2. Contractors are required to be licensed with the State of California and to be active and in good standing with the Contractors State License Board.
3. Contractors must also have public liability insurance and when necessary, Workman's Compensation insurance, unemployment and disability.
4. Contractors must agree to comply with all federal and state regulations as set forth in the Contract for Housing Rehabilitation.

Acceptance of Work

1. In order for payment to be issued by the City, payment requests submitted by the contractor must bear the signatures of the homeowner, the Housing Rehab Specialist and City staff.
2. Final payment will be made to the contractor only after the City Building Division has accepted the work, as evidenced by a final sign-off on the building permit or in the case of mobilehomes an approved HCD permit, and all items on the final punch list, as created by the homeowner, have been completed.

3. At the time of the contractor's request for the release of the final 10% retention, the contractor will provide both: 1) lien releases from all subcontractors, material and equipment rental; and 2) a copy of a recorded Notice of Completion 3) a copy of the City's final building permit or in the case of mobilehomes a HCD permit. The final 10% retention will be held for 30 days after the date of recordation on the Notice of Completion to ensure that all unconditional liens have cleared.

LOAN PAYMENT, DEFAULT, ASSUMPTION AND SUBORDINATION POLICIES

Please refer to the Citrus Heights Loan Servicing Plan.

FORECLOSURE PROCEDURE

Please refer to the Citrus Heights Loan Servicing Plan.

HUD & HCD INCOME LIMITS 2015 ADJUSTED FOR FAMILY SIZE

SACRAMENTO COUNTY

Number of Persons in Family

Household Size	1	2	3	4	5	6	7	8
Maximum Income Limit for HCD funded projects	42,650	48,750	54,850	60,900	65,800	70,650	75,550	80,400
Maximum Income Limit for HUD funded projects	40,050	45,800	51,500	57,200	61,800	66,400	70,950	75,550

All published limits will be updated annually as new information is provided by HUD. If multiple funding sources are layered, the lower income limit will be used.



CITY OF CITRUS HEIGHTS

Memorandum

January 28, 2016

TO: Mayor and City Council Members
Henry Tingle, City Manager

FROM: David Wheaton, General Services Director
Rhonda Sherman, Community & Economic Development Director

SUBJECT: **Project Acceptance and Release of Reimbursement for Traffic Signal Improvement Project at Antelope Road, Amsterdam Avenue, and Rosswood Drive**

Approved and Forwarded to
City Council

_____ Fin.

_____ Atty.

Henry Tingle, City Manager

Summary and Recommendation

As a condition of the Muschetto Tentative Subdivision Map (now called Autumnwood located at 7108 Antelope Road), the developer installed a traffic signal at the intersection of Antelope Road, Amsterdam Avenue, and Rosswood Drive. City Staff inspected the work and is recommending City Council accept the traffic signal improvements as complete.

On March 12, 2015, City Council approved the Improvement and Reimbursement Agreement for the Traffic Signal between the City of Citrus Heights and Watt Communities @ Autumnwood, LLC. The Improvement and Reimbursement Agreement outlined the City of Citrus Heights and Watt Communities @ Autumnwood, LLC responsibilities for construction of a traffic signal at Amsterdam Avenue and Antelope Road, and the roles and responsibilities of each of the parties. As of January 8, 2016, the developer completed construction, satisfied the City's inspections and submitted all required documents for reimbursement.

Staff recommends the City Council:

Approve Resolution 2016-_____, accepting the project as complete and authorizing the City Manager to reimbursement the developer for the traffic signal at Antelope Road, Amsterdam Avenue, and Rosswood Drive. A copy of the Agreement is included as Attachment 1.

Fiscal Impact

The total cost of the traffic signal is \$477,123.32. The Tentative Subdivision Map conditions (approved in 2005), require the developer to cover 10% of the total cost (\$47,712.33). The City's cost is \$429,410.99. At Building Permit time, the City credited the developer \$1,231 per unit in Roadway Impact Fees for the 46 housing units (Totaling \$56,626). The remaining balance of \$372,784.99 is funded by a combination of Gas Tax, Roadway Development Impact Fees, and Measure A funds.

**Subject: Project Acceptance and Reimbursement for Traffic Signal Improvements –
Antelope/Amsterdam/Rosswood**
Date: January 28, 2016
Page 2 of 2

Background and Analysis

Formerly known as the Muschetto Subdivision, Watt Communities @ Autumnwood, LLC, by Watt Communities is a residential subdivision consisting of 46 single-family homes on 9.2 acres. The development is located on the south side of Antelope Road between Amsterdam Avenue and Van Maren Lane.

On November 10, 2005, the City Council denied an appeal and upheld Planning Commissions approval of the project Tentative Map. Dunmore Communities was the original developer; however, they were not able to proceed to construction mainly due to the recession. In 2014, Watt Communities acquired the property and obtained necessary approvals from the City and service agencies and started work on onsite improvements. In addition to frontage improvements on Antelope Road, the City required the developer to construct a signalized intersection at Antelope Road and Amsterdam Avenue intersection as mitigation for project traffic impacts.

Conditions 18 of the Tentative Subdivision Map require the developer to construct a traffic signal at Antelope Road, Amsterdam Avenue, and Rosswood Drive. The developer is responsible for ten percent (10%) of the traffic signal costs and the City is responsible for reimbursing the developer for the remaining ninety percent (90%) of the traffic signal costs. The City credited the \$1,231 Roadway Impact Fees charged at time of the Building Permit for each on the 46 homes for a total of \$56,626. The remaining balance of \$372,784.99 is funded by a combination of Gas Tax, Roadway Development Impact Fees, and Measure A funds.

Conclusion

As a condition of the Muschetto Tentative Subdivision Map (now called Autumnwood located at 7108 Antelope Road), the developer installed a traffic signal at the intersection of Antelope Road, Amsterdam Avenue, and Rosswood Drive. City Staff inspected the work and is recommending City Council accept the traffic signal improvements as complete. On March 12, 2015, City Council approved the Improvement and Reimbursement Agreement and the agreement was signed and executed on March 17, 2015. The developer is responsible for 10% of the costs. All the accompanying documentation to include payroll and contractor invoices have been submitted.

Attachments: (1) Agreement
(2) Resolution 2016-____

RESOLUTION NO. 2016 - _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS, CALIFORNIA, ACCEPTING THE ANTELOPE ROAD, AMSTERDAM AVENUE, ROSSWOOD DRIVE SIGNALIZATION IMPROVEMENT PROJECT AS COMPLETE AND AUTHORIZING THE CITY MANAGER TO REIMBURSE WATT COMMUNITIES @ AUTUMNWOOD, LLC PER THE IMPROVEMENT AND REIMBURSEMENT AGREEMENT

WHEREAS, on November 10, 2005, the City Council denied an appeal and upheld Planning Commissions approval of the project Tentative Map; and

WHEREAS, conditions 18 of the Tentative Subdivision Map required the developer to construct a traffic signal at Antelope Road, Amsterdam Avenue, and Rosswood Drive; and

WHEREAS, On March 12, 2015, City Council approved the Improvement and Reimbursement Agreement for the Traffic Signal between the City of Citrus Heights and Watt Communities @ Autumnwood, LLC; and

WHEREAS, the developer, Watt Communities @ Autumnwood, LLC, has completed the work for the Signalization Improvement Project, in accordance with City standards, and

WHEREAS, staff has approved the Final Quantities and payroll.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the City Council of the City of Citrus Heights that the Antelope Road, Rosswood Drive and Amsterdam Signalization Improvement Project is accepted as complete and the City Manager is authorized to reimburse the developer the remaining balance of \$372,784.99.

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 28th day of January, 2016, by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jeannie Bruins, Mayor

ATTEST:

Amy Van, City Clerk

**IMPROVEMENT AND REIMBURSEMENT
AGREEMENT BETWEEN THE CITY OF CITRUS HEIGHTS
AND WATT COMMUNITIES @ AUTUMNWOOD, LLC
FOR CONSTRUCTION OF A TRAFFIC SIGNAL
AT ANTELOPE RD, AMSTERDAM AVE, AND ROSSWOOD DRIVE**

This Subdivision Improvement and Reimbursement Agreement ("Agreement") is entered into on March 17, 2015 ("Effective Date") by and between the City of Citrus Heights, a California municipal corporation ("City") and Watt Communities @ Autumnwood, LLC, a Delaware limited liability company ("Developer"). The City and Developer are hereinafter collectively referred to as the "Parties."

RECITALS

WHEREAS, Developer has obtained City approval for a forty-six (46) unit single family residential subdivision, along with seven (7) lots for landscaping and access corridors, located at the property commonly known as Autumnwood Subdivision [7108 Antelope Road] ("Development") a Tentative Subdivision Map for which was approved on November 10, 2005 as City File No. TT-03-03 (the "Tentative Subdivision Map");

WHEREAS, Condition numbers 18 and 19 of the Tentative Subdivision Map require the Developer to construct a traffic signal at Antelope Road, Amsterdam Avenue, and Rosswood Drive ("Improvement"). City desires to allow Developer to receive a credit against the Roadway Impact Fee that City would otherwise collect for each building permit issued for the Development, which shall be offset by Developer's share of the cost to install the Improvement. Developer is responsible for ten percent (10%) of the cost of the Improvement, and the City is responsible for reimbursing Developer for the remaining ninety percent (90%) of the cost of the Improvement as set forth in this Agreement;

WHEREAS, Condition 19 of the Tentative Subdivision Map requires that, prior to issuance of a building permit for the fourteenth (14th) unit, Developer shall commence construction of the Improvement, which shall be completed prior to issuance of the certificate of occupancy for the thirty-sixth (36th) unit;

WHEREAS, the Subdivision Map Act, Government Code Sections 66485-66487, authorizes the City to require that any improvements installed to serve the Development contain supplemental size or capacity for the benefit of property not located within the subdivision, and that such improvements be dedicated to the public;

WHEREAS, the Improvement will serve existing and future development consistent with the City's General Plan;

WHEREAS, the City is willing to enter into an improvement and reimbursement agreement with Developer to provide standards for construction and reimbursement for that portion of the cost of the Improvement in excess of the construction required for the Development;

WHEREAS, Developer now desires to enter into an agreement with the City to provide for reimbursement to Developer for the proportional share of the cost of the Improvement, which shall be funded as set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises below, the City and Developer agree as follows:

1. Term of the Agreement

The term of this Agreement shall begin on the Effective Date and expire upon the full reimbursement to the Developer, except as otherwise specified herein.

2. Construction of Improvement

2.1 Compliance with City Standards and Approved Plans

Developer shall design, furnish, construct and install the Improvement in accordance with: (a) the City's standard engineering specifications; (b) the City's standard details; (c) the conditions of approval imposed on the Development by the City; and (d) any additional requirements reasonably specified by the City General Services Director ("Approved Plans"). Developer shall be responsible for obtaining all necessary permits for construction of the Improvement. The plans and specifications of the Improvement may be modified by the Developer, subject to the prior written approval of the City Engineer. The total estimated cost of the Improvement (including costs of construction, engineering costs and permit fees), as determined by the City General Services Director ("Director"), is Five Hundred Thousand Dollars (\$500,000.00.) An itemization of the projected costs of the Improvement is attached hereto and incorporated herein as "Exhibit A."

2.2 Prior to Commencement of Work

Prior to commencement of work, Developer shall comply with the following: (a) obtain written preapproval from the Director of Developer's construction documents; (b) cause its contractor to obtain any necessary permits from City or other entities for construction in the City's right of way; (c) cause its contractor to provide insurance and related documentation to the City in accordance with Section 6 of this Agreement.

Developer shall pay to the City all fees imposed in connection with the construction and inspection of the Improvement. These fees must be paid in full prior to the City's acceptance of the Improvement. The fees referred to above are not necessarily the only City fees, charges or other costs that have been, or will be, imposed on the Development, and this Agreement shall in no way exonerate or relieve Developer from paying such other applicable fees, charges, and/or costs.

2.3 Changes in Scope of Work

If during the course of construction, field conditions require a change in scope of work different than contemplated in the Approved Plans, and prior to making any changes that will affect the scope of the Agreement or the costs of the Improvement up to

Seventy Five Thousand Dollars (\$75,000), which represents a 15% contingency of the overall estimated cost, Developer shall contact City and obtain approval in writing from the General Services Director consenting to the increased costs and changes in scope of work in advance of authorizing changes to the Approved Plans or the Improvement. The cap on increases referenced herein applies to the total of any changes during the construction of the Improvement, not merely to each individual proposed change. For any changes that will affect the scope of the Agreement or the costs of the Improvement by more than \$75,000 or 15% of the overall estimated cost, Council approval must be obtained in advance before field work can be authorized.

2.4 Completion Date

Developer shall complete the Improvement prior to issuance of the certificate of occupancy of the thirty-sixth (36th) unit; provided, however, that the Improvement shall not be deemed to be completed until accepted in writing by the City. City shall not issue the certificate of occupancy for more than thirty-five (35) units in the subdivision until such time that the Improvement is accepted by the City. Time is of the essence of this Agreement.

2.5 Work; Satisfaction of Director

All of the work on the Improvement is to be done at the places, of the materials, in the manner, and at the grades, as shown upon the approved plans and specifications and the City's Improvement Standards and Specifications, to the satisfaction of the Director.

2.6 Injury to Public Improvement, Public Property or Public Utilities Facilities

Developer shall replace or repair, or have replaced or repaired, all public improvements, public utility facilities, and surveying or subdivision monuments which are destroyed or damaged in Developer's performance of any work under this Agreement. Developer shall bear the entire cost of replacement or repairs of any and all public or private utility property damaged or destroyed in Developer's performance of any work done under this Agreement, whether such property is owned by the United States or any agency thereof, or the State of California, or any agency or political subdivision thereof, or by the City or any public or private utility corporation or by any combination of such owners. Any repair or replacement shall be to the satisfaction of the Director.

2.7 Inspection

Developer shall at all times maintain proper facilities and safe access for inspection of the Improvement by City and to the shops wherein the work is in preparation. Upon completion of the work, Developer may request a final inspection by the Director or designated representative thereof. If the Director or designated representative thereof determines that the work has been completed in accordance with this Agreement, then the Director shall certify the completion of the Improvement to the City Council. No Improvement shall be finally accepted unless all aspects of the work have been inspected and determined to have been completed in accordance with the Improvement

Plans and City standards. Developer shall bear all costs of plan check, inspection and certification.

2.8 Developer's Obligation to Warn Public During Construction

Until final acceptance of the Improvement, Developer shall give good and adequate warning to the public of each and every dangerous condition existing in said Improvement, and will take reasonable actions to protect the public from such dangerous condition.

2.9 Superintendence by Developer

Developer shall require each contractor and subcontractor to have a competent foreman on the job at all times when that contractor or subcontractor, or any employee or agent thereof, is performing work on the Improvement. In addition, Developer shall maintain an office with a telephone and Developer or a person authorized to make decisions and to act for Developer in Developer's absence shall be available on the job site within three (3) hours of being called at such office by the City during the hours of 9:00 A.M. through 5:00 P.M., Monday through Friday, or any other day or time when work is being performed on the Improvement.

2.10 Utility Undergrounding and Relocation Costs

Developer shall assume all costs for utility and cable television undergrounding and/or relocation which is not the responsibility of the cable television, gas, electric, telephone, or other utility company under the terms of the franchises with the City or otherwise imposed upon the utility companies by law.

3. Improvement Security

Concurrently with the execution of this Agreement, Developer shall furnish the City with the following:

3.1 Faithful Performance Security

Developer shall provide faithful performance security as set forth in the Citrus Heights Municipal Code section 82-411 to secure faithful performance of this Agreement (the "Faithful Performance Security"). This security shall be in the amount of one hundred percent (100%) of the total estimated cost of the Improvement, as determined by the City Engineer. The Faithful Performance Security shall be furnished on the form attached hereto and incorporated herein as "Exhibit B."

3.2 Payment Security

Developer shall also provide payment security as set forth in the Citrus Heights Municipal Code section 82-411 to secure payment to the contractor, subcontractors and to persons renting equipment or furnishing labor or materials to them for the work (the "Payment Security"). This security shall be in the amount of one hundred percent (100%) of the total estimated cost of the Improvement, as determined by the Director

and shall secure the obligations set forth in California Civil Code Section 9550 *et seq.* The Payment Security shall be furnished on the form attached hereto and incorporated herein as "Exhibit C."

3.3 Guarantee and Warranty Security

Developer shall also file with this Agreement a "Guarantee and Warranty Security" in the amount of ten percent (10%) of the total estimated cost of the Improvement, as determined by the Director, to guarantee and warrant the Improvement for a period of one year following acceptance against any defective work or labor done, or defective materials furnished. The Guarantee and Warranty Security shall be furnished on the form attached hereto and incorporated herein as "Exhibit D."

3.4 Standards for Securities

3.4.1 All required securities shall be in a form approved by the City Attorney

3.4.2 Any bonds submitted as security pursuant to this section shall be executed by a surety company authorized to transact a surety business in the State of California. These bonds shall be furnished on the forms enclosed following this Agreement and shall be satisfactory to the City. The bonds shall be obtained from a responsible corporate surety (or sureties) acceptable to the City, which is licensed by the State of California to act as surety upon bonds and undertakings and which maintains in this State at least one office for the conduct of its business. The surety (or sureties) shall furnish reports as to its financial condition from time to time as requested by the City. The premiums for said bonds shall be paid by Developer.

3.4.3 Any bonds submitted as security pursuant to this section shall be furnished by companies who are authorized and licensed by the Insurance Commissioner as "admitted surety insurers." Bonds must be approved by the City. Before approving the proposed surety and in order to assess the sufficiency of the Surety, the Surety shall provide the City with an original of a certificate from the clerk of Sacramento County that the certificate of authority of the insurer has not been surrendered, revoked, canceled, annulled, or suspended or, in the event that it has, that renewed authority has been granted.

3.4.4 No change, alteration, or addition to the terms of this Agreement or the plans and specifications incorporated herein shall in any manner affect the obligation of the sureties, except as otherwise provided by the Subdivision Map Act.

3.4.5 The securities shall be irrevocable, shall not be limited as to time (except as to the one-year guarantee and warranty period) and

shall provide that they may be released, in whole or part, only upon the written approval of the Director and as provided in Section 4 (Release of Security). All securities provided pursuant to this Agreement shall expressly obligate the surety for any extension of time authorized by the City for Developer's completion of the Improvement, whether or not the surety is given notice of such an extension by the City.

3.4.6 The Attorney-in-Fact (resident agent) who executes the securities on behalf of the surety company must attach a copy of his/her Power of Attorney as evidence of his/her authority. A notary shall acknowledge the power as of the date of the execution of the surety bond that it covers.

4. Release of Security

4.1 Guarantee and Warranty Security

The guarantee and warranty security shall be released one year after acceptance of the Improvement by the City Council. The amount to be released shall first be reduced by the amount deemed necessary by the City to correct any defects in the Improvement that are known or believed by the City to exist at the end of the guarantee and warranty period, which have not been repaired by Developer or City pursuant to Section 9, and consistent with applicable law.

4.2 Payment Security

The payment security may be released thirty-five (35) days after passage of the time within which claims of lien are required to be recorded, but in no event shall such security be released prior to one hundred and twenty (120) days after acceptance of the Improvement by the City Council. The amount to be released shall first be reduced by the total of all claims on which an action has been filed and notice thereof given in writing to the City. City may require the surety not to release the amount of security deemed necessary by City to assure payment of reasonable expenses and fees, including reasonable attorney's fees.

4.3 Faithful Performance Security

The faithful performance security shall be released in full upon acceptance of the Improvement by the City Council.

5. Defense, Indemnification and Hold Harmless

Developer shall defend, indemnify, and hold harmless the City, its officers, employees, agents, and elective and appointive boards from any and all claims, losses, damages, including property damage, personal injury, including death, costs, including attorney fees, and liability of any kind or nature directly or indirectly arising out of or in any way connected with performance under this Agreement and/or the construction of the Improvement by Developer, contractor or any subcontractor, or of any person directly or indirectly employed by, or acting as agent for Developer, contractor or any

subcontractor, save and except those matters arising from the sole or gross negligence of the City.

This defense, indemnification and hold harmless provision shall extend to claims, losses, damage, injury, costs, including attorney fees, and liability for injuries occurring after completion of the construction of the Improvement as well as during construction, and shall apply regardless of whether or not the City has prepared, supplied or approved the plans and/or specifications for the Improvement or has inspected or accepted the same. Acceptance of insurance required under this Agreement shall not relieve Developer from liability under this defense, indemnification and hold harmless provision.

The parties intend that this provision shall be broadly construed to effectuate its purpose. This provision shall survive the expiration and/or termination of this Agreement.

6. Developer's Insurance

6.1 Developer Shall Maintain Insurance

Developer shall not commence any work before obtaining, and shall maintain in force at all times during the duration and performance of this Agreement, the policies of insurance specified in this Section. Such insurance must have the approval of the City as to limit, form, and amount, and shall be placed with insurers with an A.M. Best rating of no less than A:VII.

6.2 Developer to Provide Evidence of Insurance

Prior to the execution of this Agreement and prior to the commencement of any work, Developer shall furnish to the City, and the City must approve, original certificates of insurance and endorsements effecting coverage for all policies required by the Agreement. Developer shall not allow any contractor or subcontractor to commence work until similar insurance first shall have been so obtained by such contractor or subcontractor and approved by the City. Certificates shall be signed by a person authorized by the insurer, or insurers, to bind coverage on their behalf. Certificates of insurance and endorsements shall be on standard Department of Insurance, and Insurance Services Office, approved forms or on forms approved by the City. As an alternative to providing the City with approved forms of certificates of insurance and endorsements, Developer may provide complete, certified copies of all required insurance policies, including endorsements, affecting the coverage required by this Section. At any time, at the written request of the City, Developer agrees to furnish one or more copies of each required policy including declarations pages, conditions, provisions, endorsements, and exclusions. Such copies shall be certified by an authorized representative of each insurer.

6.3 No Suspension of Insurance

Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, terminated by either party,

reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.

6.4 Deductibles

Any deductibles, or self-insured retentions, exceeding twenty-five thousand dollars (\$25,000) must be declared to, and approved by, the City. Upon request by the City, Developer shall demonstrate financial capability for payment of such deductibles or self-insured retentions.

6.5 Coverages Shall Not Limit Obligations

The requirement as to types, limits, and the City's approval of insurance coverage to be maintained by Developer are not intended to, and shall not in any manner, limit or qualify the liabilities and obligations assumed by Developer under this Agreement.

6.6 Required Limits

Developer and its contractors and subcontractors shall, at their expense, maintain in effect at all times during the term of this Agreement, not less than the following coverage and limits of insurance, which shall be maintained with insurers and under forms of policy satisfactory to the City. The maintenance of Developer and its contractors and subcontractors of the following coverage and limit of insurance is a material element of the Agreement. The failure of Developer or of any of its contractors or subcontractors to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of this Agreement.

6.7 Workers' Compensation Insurance

Developer shall maintain, during the term of this Agreement, Workers' Compensation insurance for all of Developer's employees as required by Labor Code section 3700 of the State of California and Employer's Liability Act, including Longshoremen's and Harbor Workers' Act, if applicable. Employer's Liability limits shall not be less than one million dollars (\$1,000,000) per occurrence. The Developer shall execute a certificate in compliance with Labor Code section 1861, on the form provided in the Contract Documents. The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, and employees for losses arising from the work falling within the terms of this Agreement. Developer shall indemnify and hold harmless the City for any damage resulting to it, including attorney fees, from failure of either Developer or any contractor or subcontractor to take out and maintain such insurance.

6.8 Commercial General Liability Insurance

Developer shall maintain during the term of this Agreement such commercial general liability insurance as shall insure the City, its elective and appointive boards and commissions, officers, agents and employees, Developer and any contractor or subcontractor performing the work. The insurance shall include, but not be limited to, protection against claims arising from death, bodily or personal injury, or damage to property resulting from actions, failures to act, or operations of Developer, any

contractor's or subcontractor's operations hereunder, whether such operations are by Developer or any contractor or subcontractor or by anyone directly or indirectly employed by either Developer or any contractor or subcontractor. The amount of insurance coverage shall not be less than one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) per policy aggregate. As an alternative to the policy aggregate the Developer may have an aggregate limit of one million dollars (\$1,000,000) per project apply. Coverage shall be at least as broad as Insurance Services Office "occurrence form CG 00 01 (ed. 10/01)" covering commercial general liability or its equivalent.

6.9 Endorsements

Developer shall see that the commercial general liability insurance shall include, or be endorsed to include, the following:

- 6.9.1** Provision or endorsement naming the City of Citrus Heights, its officers, employees, agents, boards, commissions, and volunteers as Additional Insureds with respect to liability arising out of the performance of any work under this Agreement.
- 6.9.2** Provision or endorsement stating that insurance is primary insurance with respects the City, its officers, employees, agents, boards, commissions, and volunteers, to the extent the City is an additional insured. Any insurance or self-insurance maintained by the City, its officers, officials, employees, agents, boards, commissions, and volunteers shall be excess of the Developer's insurance and shall not contribute with it.
- 6.9.3** Provision or endorsement stating that the Developer's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability (cross-liability).
- 6.9.4** Provision or endorsement stating that any failure to comply with reporting or other provisions of the policies including breaches of representations shall not affect coverage provided to the City, its officers, employees, agents, boards, commissions, and volunteers.

7. Prevailing Wage

Developer is required to pay prevailing wages for the work performed under this Agreement to complete the Improvement, and the Developer shall pay all penalties and wages as required by applicable law.

8. Title to Improvement

The City shall not accept any real property to be dedicated or the Improvement unless they are constructed in conformity with the approved plans and specifications, approved

modifications, if any, the approved final map, and City Improvement Standards and Specifications, to the satisfaction of the Director. Until such time as the Improvement is accepted by the City, Developer shall retain title and shall be responsible for, and bear the risk of loss to, any of the improvements constructed or installed.

Title to and ownership of any real property to be dedicated and the Improvement constructed under this Agreement by Developer shall vest absolutely in the City upon completion and acceptance in writing of the Improvement by City. The City shall not accept the Improvement unless title to the Improvement is entirely free from liens. Prior to acceptance, Developer shall supply the City with appropriate lien releases, at no cost and in a form acceptable to the City.

9. Repair or Reconstruction of Defective Work

If, within a period of one year after final acceptance by the City Council of the Improvement, any of the work done under this Agreement materially fails to fulfill any of the requirements of this Agreement or the specifications referred to herein, Developer shall without delay and without any cost to City, repair, replace or reconstruct any defective or otherwise unsatisfactory part or parts of the Improvement. If Developer fails to act promptly or in accordance with this requirement, or if the exigencies of the situation require repairs or replacements to be made before the Developer can be notified, then the City may, at its option, make the necessary repairs or replacements or perform the necessary work, and Developer shall pay to City the actual cost of such repairs plus fifteen percent (15%) within thirty (30) days of the date of billing for such work by City.

10. Developer Not Agent of City

Neither Developer nor any of Developer's agents, contractors, or subcontractors are or shall be considered to be agents of the City in connection with the performance of Developer's obligations under this Agreement.

11. Reimbursement

11.1 Developer's Eligibility for Reimbursement

Developer shall not be eligible for any reimbursement until the Improvement is completed and accepted by the City, and Developer has delivered to the City copies of all as-built plans, specifications, operating manuals, service manuals, warranties and other documents relating to the design, construction, and operation of the Improvement.

11.2 Maximum Allowable Reimbursement Amount

The City shall reimburse Developer for an amount not to exceed ninety percent (90%) of the total cost of the Improvement, as established at the time of acceptance. The remaining ten percent (10%) is Developer's pro rata share of the cost of the Improvement.

11.3 Developer's Submittal of Documentation for Reimbursement

In order to establish the final cost of the Improvement for purposes of determining the amount of reimbursement, Developer shall provide a summary tabulation of all contractor invoices and Developer payments made through acceptance of the Improvement. City shall determine the total cost of the Improvement within sixty (60) days after acceptance.

11.4 City's Collection and Disbursement of Reimbursement Funds

- 11.4.1** Except as otherwise provided in this Agreement, the City shall determine, in its sole discretion, the source of the funding to reimburse the Developer.
- 11.4.2** City generally requires the payment of a Roadway Impact Fee in the amount of One Thousand Two Hundred Thirty One Dollars (\$1,231.00) in connection with each building permit ("Impact Fee"). City hereby agrees to credit the Developer for the Impact Fee for each building permit in the Development, which credit shall represent a total Impact Fee credit of \$56,626 ("Fee Credit"), in exchange for Developer's obligations set forth herein.
- 11.4.3** After City obtains, reviews, and approves all necessary Developer documentation for reimbursement under Section 11.3, City shall pay Developer a total amount of ninety percent (90%) of the total cost of the Improvement ("Reimbursement") at final approval and acceptance of Improvement.
- 11.4.4** Developer agrees that the Reimbursement determined in Section 11.4.3 shall be reduced by the amount by which the Fee Credit exceeds ten percent (10%) of the total cost of the Improvement as determined by City according to Section 11.3. To the extent that Developer requests the additional Impact Fee credits pursuant to Section 11.4.5, City shall reduce the Reimbursement due Developer under Section 11.4.3 accordingly, by suspending or reducing Reimbursement payments in the amount credited. City shall notify Developer of the amount of Reimbursement remaining after applying any Impact Fee credits.
- 11.4.5** In addition to the Fee Credit described in Section 11.4.2, Developer may elect, with the Director's written consent, to receive additional Impact Fee credits for building permits issued in the City outside of the Development in lieu of an equivalent amount of Reimbursement hereunder. If Developer so elects and the Director consents, City agrees to credit such other applicable impact fees in the amount requested by Developer, which credit may not exceed the amount of Reimbursement due Developer under this Agreement.

12. Binding on Successors and Assigns

Each and every provision of this Agreement shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties, in the same manner as if such parties had been expressly named herein.

13. Attorneys' Fees

If any suit, actions, or proceeding in law or equity is brought to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable costs and attorneys' fees.

14. Miscellaneous Provisions

14.1 Authority to Enter Into Agreement

The City and Developer certify that each of the respective representatives signing this Agreement is legally empowered to enter into this Agreement.

14.2 Notices

Any notice to either party shall be in writing and given by delivering the same to such party in person or by sending the same by registered mail, return receipt requested, with postage prepaid, to the following addresses:

If to City: City of Citrus Heights
6237 Fountain Square Drive
Citrus Heights, CA 95621
Attn: General Services Director

If to Developer: Watt Communities @ Autumnwood, LLC
2408 Professional Drive
Suite 200
Roseville, CA 95661
Attn: Kevin Webb

Either party may change its mailing address at any time by giving 10 days advanced written notice to the other party.

14.3 Construction of Agreement

The parties have had an equal opportunity to review and revise this Agreement. Therefore, the usual construction as to the party drafting the Agreement shall not apply.

14.4 No Waiver

Failure by a party to insist upon strict performance of any of the provisions of this Agreement by the other party, or the failure of a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such rights.

14.5 Relationship of the Parties

The parties entering into this Agreement do not intend to create any agency, partnership, joint venture, trust, or other relationship with duties or incidents different from those of parties to an arm's-length contract.

14.6 Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of California. Any actions brought to enforce any provisions of this Agreement shall be brought in Sacramento County.

14.7 Construction and Interpretation

It is agreed and acknowledged by Developer that the provisions of this Agreement have been arrived at through negotiation, and that Developer has had a full and fair opportunity to revise the provisions of this Agreement and to have such provisions reviewed by legal counsel. Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.

14.8 Section Successors and Assigns - Covenant Running With the Land

This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the respective parties. A memorandum of this Agreement in the form attached hereto shall be recorded in the Office of the Recorder of Sacramento County concurrently with the final map or parcel map of the Subdivision. This Agreement shall constitute a covenant running with the land and an equitable servitude upon the real property within the Subdivision.

14.9 Severability

If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired.

14.10 Nature of Developer's Obligation/Assignment

Developer shall not assign any of its obligations under this Agreement without the prior written consent of the City, which shall not be unreasonably withheld.

14.11 Modification

This Agreement may be amended only by a written instrument signed by the parties. Developer shall bear all costs of amendments to this Agreement that are requested by Developer.

14.12 Counterparts

This Agreement may be executed in counterparts, which when taken together shall constitute a single signed original as though all parties had executed the same page.

14.13 Compliance with Laws

Developer, its agents, employees, contractors, and subcontractors shall comply with all federal, state and local laws in the performance of the work required by this Agreement including, but not limited to, obtaining all applicable permits and licenses.

15. Entire Agreement

This Agreement constitutes the entire understanding of the parties regarding the subject matter. The Agreement may be amended only by writing executed by both parties.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first written above.

CITY OF CITRUS HEIGHTS
a municipal corporation

By: 

Title: City Manager

DEVELOPER

WATT COMMUNITIES @
AUTUMNWOOD, LLC
a Delaware limited liability company

By: Watt Communities at Madison LLC,
its operating manager

By: 

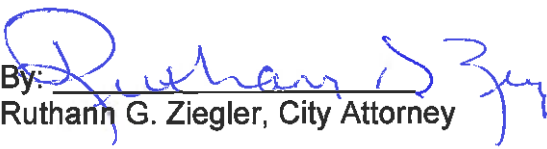
Title: Vice President *Kevin Webb*

ATTEST:

By: 

Amy Van, City Clerk

APPROVED AS TO FORM:

By: 

Ruthann G. Ziegler, City Attorney

Revised 3/6/2015

Estimated Costs for Traffic Signal Intersection at Antelope Road/Amsterdam Avenue/Rosswood Drive

Reimbursement Items:	Total Cost:	Developer's Portion:	City's Portion:
Design			
Civil Improvements: ADA Ramps, Sidewalks, Retaining Wall, etc. (Burrell Engineering Group)	\$8,850.00	\$885.00	\$7,965.00
Traffic Signal - Electrical, Signing & Striping, etc. (Fehr & Peers)	\$17,700.00	\$1,770.00	\$15,930.00
Subtotal:	\$26,550.00	\$2,655.00	\$23,895.00
Construction			
Electrical	\$318,660.00	\$31,866.00	\$286,794.00
Signing & Striping	\$16,507.10	\$1,650.71	\$14,856.39
Civil Improvements	\$89,664.00	\$8,966.40	\$80,697.60
Subtotal:	\$424,831.10	\$42,483.11	\$382,347.99
Other Costs			
As-Builts, Warranty Bonds, Project Management, Permits, Testing, and Inspections, etc.	\$30,000.00	\$3,000.00	\$27,000.00
Subtotal:	\$30,000.00	\$3,000.00	\$27,000.00
15% Contingency	\$458,813.60	\$45,881.35	\$412,932.25
Total Costs:	\$481,381.10	\$48,133.11	\$433,247.99

City Funding Sources

Gas Tax:

Measure A:

Roadway Development Impact Fees: \$1231/dwelling unit x 46 units = \$56,626

\$376,616.99

EXHIBIT B

PERFORMANCE BOND

(NOTE: Bidders must use this form, use of any other bond form may render a bid non-responsive)

KNOW ALL BY THESE PRESENTS:

WHEREAS the City of Citrus Heights, California (designated as the "City") has awarded to Watt Communities at Autumnwood a LLC (designated as the "PRINCIPAL") a contract for the Construction of a Traffic Signal Project, which contract and all of the contract documents as defined therein (designated as the "Contract") are hereby made a part hereof; and

WHEREAS, PRINCIPAL is required under the terms of the Contract to furnish a bond for the faithful performance of the Contract;

NOW, THEREFORE, WE, the PRINCIPAL and SureTec Insurance Company as surety (designated as "SURETY"), an admitted surety insurer authorized to do business in the State of California, are held and firmly bound unto the Agency (designated as "OBLIGEE"), in the penal sum of **Four Hundred Eighty One Thousand Three Hundred Eighty One & 10/100-dollars (\$481,381.10), lawful money of the United States for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, and administrators, and successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH that, if the above bound PRINCIPAL, its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and agreements in the Contract and any alteration thereof made as therein provided, on his or their part to be kept and performed at the time and in the manner therein specified and in all respects according to their true intent and meaning, and shall defend, indemnify and save harmless the OBLIGEE, its officials, officers, employees, volunteers and agents, as therein stipulated, then this obligation shall become null and void, otherwise it shall be and remain in full force and virtue.

And the SURETY, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the Contract or to the work to be performed thereunder or to the specifications or the plans accompanying the same or to any other part of the contract documents, as defined therein, shall in any way affect the SURETY's obligation on this bond, and the SURETY does hereby waive notice of any such change, extension of time, alteration or addition.

And the SURETY, for value received, hereby stipulates and agrees that upon termination of the Contract for cause, the OBLIGEE reserves the right to refuse tender of the PRINCIPAL by the SURETY to complete the Contract work.

IN WITNESS WHEREOF, the above-bound parties have executed this instrument under their several seals this 16th day of March, 2015 the name and corporate seals of each corporate party being hereto affixed and these presents duly signed by their undersigned representatives, pursuant to authority of their governing bodies.

(Corporate Seal) PRINCIPAL Watt Communities at Autumnwood, LLC

(a)

(b)

By

(Acknowledgment)

Title

Vice President

(Corporate Seal)

SURETY SureTec Insurance Company

By

(Attorneys-in-fact)

(Acknowledgment)

Title

Dave B. Roalkvam, Attorney-in-Fact

(NOTE TO SURETY COMPANY: A certified copy of unrevoked resolution of authority for the attorney-in-fact must be submitted with and attached to the executed bond.)

SureTec Insurance Company

LIMITED POWER OF ATTORNEY

Know All Men by These Presents, That SURETEC INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Ron H. Ballard, Gloria S. Becerra, Dave B. Roalkvam, David Melman

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include waivers to the conditions of contracts and consents of surety for:

Five Million and 00/100 Dollars (\$5,000,000.00)

and to bind the Company thereby as fully and to the same extent as if such bond were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney-in-Fact may do in the premises. Said appointment shall continue in force until 12/31/2015 and is made under and by authority of the following resolutions of the Board of Directors of the SureTec Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted at a meeting held on 20th of April, 1999.)

In Witness Whereof, SURETEC INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 21st day of March, A.D. 2013.

SURETEC INSURANCE COMPANY

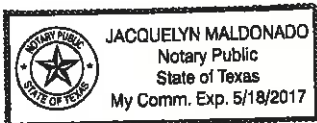
By: [Signature]
John Knox Jr., President

State of Texas
County of Harris

ss:



On this 21st day of March, A.D. 2013 before me personally came John Knox Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of SURETEC INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.



[Signature]

Jacquelyn Maldonado, Notary Public
My commission expires May 18, 2017

I, M. Brent Beaty, Assistant Secretary of SURETEC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; and furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

Given under my hand and the seal of said Company at Houston, Texas this 16th day of March, 2015, A.D.

[Signature]
M. Brent Beaty, Assistant Secretary

Any instrument issued in excess of the penalty stated above is totally void and without any validity.
For verification of the authority of this power you may call (713) 812-0800 any business day between 8:00 am and 5:00 pm CST.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of San Diego

On March 16, 2015 before me, Ruth Alonso, Notary Public

personally appeared Dave B. Roalkvam

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Ruth Alonso
Signature of Notary

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- ☐ INDIVIDUAL
☐ CORPORATE OFFICER

☐ PARTNER(S)
☐ MEMBER of LLC
☒ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

Bond 4400553 Watt Communities at Autumnwood LLC
Title or Type of Document

Number of Pages

March 16, 2015
Date of Document

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SureTec Insurance Company

Signer(s) other than named above

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California)

County of Placer)

On March 17, 2015 before me, Diana J. Murphy
(here insert name and title of the officer)

personally appeared Kevin Webb

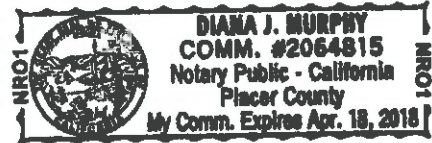
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Diana J. Murphy



(Seal)

OPTIONAL INFORMATION

Although the information in this section is not required by law, it could prevent fraudulent removal and reattachment of this acknowledgment to an unauthorized document and may prove useful to persons relying on the attached document.

Description of Attached Document

The preceding Certificate of Acknowledgment is attached to a document titled/for the purpose of Performance bond

containing _____ pages, and dated _____

The signer(s) capacity or authority is/are as:

- ☐ Individual(s)
☐ Attorney-in-Fact
☒ Corporate Officer(s)

Title(s) _____

- ☐ Guardian/Conservator
☐ Partner - Limited/General
☐ Trustee(s)
☐ Other: _____

representing: _____
Name(s) of Person(s) or Entity(ies) Signer is Representing

Additional Information

Method of Signer Identification

Proved to me on the basis of satisfactory evidence:
☐ form(s) of identification ☐ credible witness(es)

Notarial event is detailed in notary journal on:

Page # _____ Entry # _____

Notary contact: _____

Other

☐ Additional Signer(s) ☐ Signer(s) Thumbprint(s)

☐ _____

EXHIBIT C

PAYMENT/LABOR AND MATERIALS BOND

(NOTE: Bidders must use this form, use of any other bond form may render a bid non-responsive)

KNOW ALL BY THESE PRESENTS:

WHEREAS the City of Citrus Heights, California (designated as the "City") has awarded to Watt Communities at Autumnwood, LLC (designated as the "PRINCIPAL") a contract for the Construction of a Traffic Signal Project, which contract and all of the contract documents as defined therein (designated as the "Contract") are hereby made a part hereof; and

WHEREAS, pursuant to California Civil Code Section 3247, the PRINCIPAL is required, before entering upon the performance of the Contract, to file a payment bond with and have such bond approved by the officer or public entity by whom the Contract is awarded; and

WHEREAS, pursuant to California Civil Code Section 3248, such payment bond must be in a sum not less than one hundred percent (100%) of the total amount payable by the terms of the Contract, and must satisfy the other requirements specified in that section; and

WHEREAS, the PRINCIPAL is required in accordance with the Contract to furnish a payment bond in connection with the Contract to secure payment of claims of laborers, mechanics and materialmen employed on work under the Contract in accordance with applicable law;

NOW, THEREFORE, THESE PRESENTS WITNESSETH:

That the PRINCIPAL and the undersigned SureTec Insurance Company, as surety (designated as "SURETY"), an admitted surety insurer authorized to do business in the State of California are held and firmly bound unto all laborers, material men, and all other persons named in California Civil Code Section 3181 in the sum of " * " Dollars (\$481,381.10), lawful money of the United States, being a sum not less than one hundred percent of the total amount payable by the terms of the Contract, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, or assigns, jointly and severally, by these presents.

"*"--Four Hundred Eighty One Thousand Three Hundred Eighty One & 10/100----

THE CONDITION OF THIS OBLIGATION IS SUCH that if the PRINCIPAL or any of the PRINCIPAL's subcontractors, or the heirs, executors, administrators, successors, or assigns of any, all, or either of them, shall fail to pay any persons named in California Civil Code Section 3181, or fail to pay for any labor, materials, provisions, provender, or other supplies used in, upon, for or about the performance of the work contracted to be done, or for any work or labor thereon of any kind, or fail to pay amounts due under the Unemployment Insurance Code with respect to such work or labor, or fail to pay for any amounts required to be deducted, withheld, and paid over to the Employment Development Department from the wages of employees of the PRINCIPAL or any subcontractors of the PRINCIPAL pursuant to Section 13020 of the Unemployment Insurance Code with respect to such work or labor, that the SURETY will pay for the same in an amount not exceeding the amount herein above set forth, and also, in case suit is brought upon this bond, will pay a reasonable attorney's fee to be awarded and fixed by the Court; otherwise this obligation shall be void.

It is hereby expressly stipulated and agreed by the Surety, for value received, that this bond shall inure to the benefit of any and all of the persons named in Section 3181 of the California Civil Code so as to give a right of action to them or their assigns in any suit brought upon this bond.

It is hereby further expressly stipulated and agreed by the Surety, for value received, that no change, extension of time, alteration or addition to the terms of the Contract or the specifications or drawings accompanying the same or to any other part of the contract documents, as defined therein, shall in any manner affect the obligations of the SURETY on this bond, and SURETY does hereby waive notice of any such change, extension, alteration, or addition.

IN WITNESS WHEREOF, the above-bound parties have executed this instrument under their several seals this 16th day of March, 2015, the name and corporate seals of each corporate party being hereto affixed and these presents duly signed by their undersigned representatives, pursuant to authority of their governing bodies.

(Corporate Seal)

PRINCIPAL Watt Communities at Autumnwood, LLC

(c)

(d)



By

Kevin Webb

(Acknowledgment)

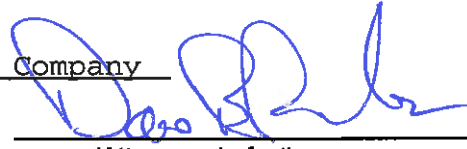
Title

Vice President

(Corporate Seal)

SURETY SureTec Insurance Company

By



(Attorneys-in-fact)

(Acknowledgment)

Title

Dave B. Roalkvam, Attorney-in Fact

(NOTE TO SURETY COMPANY: A certified copy of unrevoked resolution of authority for the attorney-in-fact must be submitted with and attached to the executed bond.)

SureTec Insurance Company

LIMITED POWER OF ATTORNEY

Know All Men by These Presents, That SURETEC INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Ron H. Ballard, Gloria S. Becerra, Dave B. Roalkvam, David Melman

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include waivers to the conditions of contracts and consents of surety for:

Five Million and 00/100 Dollars (\$5,000,000.00)

and to bind the Company thereby as fully and to the same extent as if such bond were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney-in-Fact may do in the premises. Said appointment shall continue in force until 12/31/2015 and is made under and by authority of the following resolutions of the Board of Directors of the SureTec Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted at a meeting held on 20th of April, 1999.)

In Witness Whereof, SURETEC INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 21st day of March, A.D. 2013.

SURETEC INSURANCE COMPANY

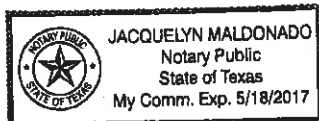
By: John Knox Jr., President

State of Texas
County of Harris

ss:



On this 21st day of March, A.D. 2013 before me personally came John Knox Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of SURETEC INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.



Jacquelyn Maldonado, Notary Public
My commission expires May 18, 2017

I, M. Brent Beaty, Assistant Secretary of SURETEC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; and furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

Given under my hand and the seal of said Company at Houston, Texas this 16th day of March, 2015, A.D.

M. Brent Beaty, Assistant Secretary

Any instrument issued in excess of the penalty stated above is totally void and without any validity.
For verification of the authority of this power you may call (713) 812-0800 any business day between 8:00 am and 5:00 pm CST.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of San Diego

On March 16, 2015 before me, Ruth Alonso, Notary Public

personally appeared Dave B. Roalkvam

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.



WITNESS my hand and official seal.

Ruth Alonso

Signature of Notary

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- ☐ INDIVIDUAL
☐ CORPORATE OFFICER

- ☐ PARTNER(S)
☐ MEMBER of LLC
☒ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR

OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

Bond 4400553 Watt Communities at Autumnwood LLC
Title or Type of Document

Number of Pages

March 16, 2015
Date of Document

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SureTec Insurance Company

Signer(s) other than named above

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California)

County of Placer)

On March 17, 2015 before me, Diana J. Murphy,
(here insert name and title of the officer)

personally appeared Kevin Webb

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Diana J. Murphy



(Seal)

OPTIONAL INFORMATION

Although the information in this section is not required by law, it could prevent fraudulent removal and reattachment of this acknowledgment to an unauthorized document and may prove useful to persons relying on the attached document.

Description of Attached Document

The preceding Certificate of Acknowledgment is attached to a document titled/for the purpose of Payment / Labor & Materials

Order

containing _____ pages, and dated _____

The signer(s) capacity or authority is/are as:

- ☐ Individual(s)
☐ Attorney-in-Fact
☒ Corporate Officer(s)

Title(s)

- ☐ Guardian/Conservator
☐ Partner - Limited/General
☐ Trustee(s)
☐ Other: _____

representing: _____
Name(s) of Person(s) or Entity(ies) Signer is Representing

Additional Information

Method of Signer Identification

Proved to me on the basis of satisfactory evidence:
☐ form(s) of identification ☐ credible witness(es)

Notarial event is detailed in notary journal on:

Page # _____ Entry # _____

Notary contact: _____

Other

☐ Additional Signer(s) ☐ Signer(s) Thumbprint(s)

☐

Originals (1)

EXHIBIT D

MAINTENANCE BOND

(NOTE: Bidders must use this form, use of any other bond form may render a bid non-responsive)

KNOW ALL BY THESE PRESENTS:

WHEREAS the City of Citrus Heights, California, has awarded to Watt Communities at Autumnwood, LLC (designated as the "PRINCIPAL") a contract for the Construction of a traffic signal Project, which contract and all of the contract documents as defined therein (designated as the "Contract") are hereby made a part hereof; and

WHEREAS, the PRINCIPAL is required under the terms of the Contract to furnish a bond for the correction of any defects due to defective materials or workmanship in the work performed under the Contract.

NOW, THEREFORE, we the PRINCIPAL and the undersigned SureTec Insurance Company, as surety (designated as "SURETY"), an admitted surety insurer authorized to do business in the State of California, are held and firmly bound unto the City of Citrus Heights, (designated as the "OBLIGEE"), in the penal sum of **Forty Eight Thousand One Hundred Thirty Eight & 11/100-Dollars (\$48,138.11), lawful money of the United States, being a sum not less than ten percent (10%) of the final Contract price, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally, firmly by these presents.

THE CONDITIONS OF THIS OBLIGATION ARE SUCH that if, during a maintenance period of one (1) year from the date of acceptance by the OBLIGEE of the contracted work, the PRINCIPAL upon receiving written notice of a need for repairs which are directly attributable to defective materials or workmanship, shall fail to diligently take the necessary steps to correct such defects within fifteen (15) days from the date of such notice, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

If any action shall be brought by the OBLIGEE upon this bond, a reasonable attorney's fee, to be fixed by the Court, shall be and become a part of OBLIGEE's judgment in any such action.

No right of action shall accrue on this bond to, or for the use of, any person or corporation other than the OBLIGEE named herein or the heirs, executors, administrator or successor of the OBLIGEE.

IN WITNESS WHEREOF, the above bound parties have executed this instrument under their seals this 16th day of March, 2015 the name and corporate seals of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

(Corporate Seal)

PRINCIPAL Watt Communities at Autumnwood, LLC

By

(Acknowledgment) Title

Vice-President

(Corporate Seal)

SURETY SureTec Insurance Company

By

(Attorneys-in-fact)

(Acknowledgment)

Title Dave B. Roalkvam, Attorney-in-Fact

(NOTE TO SURETY COMPANY: A certified copy of unrevoked resolution of authority for the attorney-in-fact must be submitted with and attached to the executed bond.)

2411211.1

SureTec Insurance Company

LIMITED POWER OF ATTORNEY

Know All Men by These Presents, That SURETEC INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Ron H. Ballard, Gloria S. Becerra, Dave B. Roalkvam, David Melman

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include waivers to the conditions of contracts and consents of surety for:

Five Million and 00/100 Dollars (\$5,000,000.00)

and to bind the Company thereby as fully and to the same extent as if such bond were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney-in-Fact may do in the premises. Said appointment shall continue in force until 12/31/2015 and is made under and by authority of the following resolutions of the Board of Directors of the SureTec Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted at a meeting held on 20th of April, 1999.)

In Witness Whereof, SURETEC INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 21st day of March, A.D. 2013.

SURETEC INSURANCE COMPANY

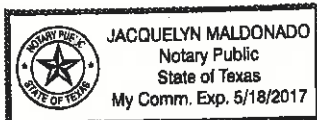
By: [Signature]
John Knox Jr., President

State of Texas
County of Harris

ss:



On this 21st day of March, A.D. 2013 before me personally came John Knox Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of SURETEC INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.



[Signature]
Jacquelyn Maldonado, Notary Public
My commission expires May 18, 2017

I, M. Brent Beaty, Assistant Secretary of SURETEC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; and furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

Given under my hand and the seal of said Company at Houston, Texas this 16th day of March, 2015, A.D.

[Signature]
M. Brent Beaty, Assistant Secretary

Any instrument issued in excess of the penalty stated above is totally void and without any validity.
For verification of the authority of this power you may call (713) 812-0800 any business day between 8:00 am and 5:00 pm CST.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of San Diego

On March 16, 2015 before me, Ruth Alonso, Notary Public

personally appeared Dave B. Roalkvam

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Ruth Alonso
Signature of Notary

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- ☐ INDIVIDUAL
☐ CORPORATE OFFICER

- ☐ PARTNER(S)
☐ MEMBER of LLC
☒ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR

OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

Bond 4400553 Watt Communities at Autumnwood LLC
Title or Type of Document

Number of Pages

March 16, 2015
Date of Document

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SureTec Insurance Company

Signer(s) other than named above

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California)

County of Placer)

On March 17, 2015 before me, Diana J. Murphy,
(here insert name and title of the officer)

personally appeared Kevin Webb

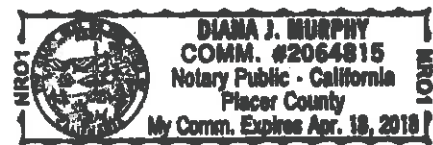
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Diana J. Murphy



(Seal)

OPTIONAL INFORMATION

Although the information in this section is not required by law, it could prevent fraudulent removal and reattachment of this acknowledgment to an unauthorized document and may prove useful to persons relying on the attached document.

Description of Attached Document

The preceding Certificate of Acknowledgment is attached to a document titled/for the purpose of Maintenance Bond

containing _____ pages, and dated _____

The signer(s) capacity or authority is/are as:

- ☐ Individual(s)
☐ Attorney-in-Fact
☒ Corporate Officer(s)

Title(s) _____

- ☐ Guardian/Conservator
☐ Partner - Limited/General
☐ Trustee(s)
☐ Other: _____

representing: _____
Name(s) of Person(s) or Entity(ies) Signer is Representing

Additional Information

Method of Signer Identification

Proved to me on the basis of satisfactory evidence:
☐ form(s) of identification ☐ credible witness(es)

Notarial event is detailed in notary journal on:

Page # _____ Entry # _____

Notary contact: _____

Other

☐ Additional Signer(s) ☐ Signer(s) Thumbprint(s)

☐



CITY OF CITRUS HEIGHTS

Memorandum

January 28, 2016

TO: Mayor and City Council Members
Henry Tingle, City Manager

FROM: Nick Lagura, Associate Planner
Rhonda Sherman, Community and Economic Development Dept. Director

SUBJECT: Consideration to Participate in the CSCDA PACE Program

Approved and Forwarded to City Council

Fin.

Atty.

Henry Tingle, City Manager

Summary and Recommendations

The California Statewide Communities Development Authority (CSCDA), a joint exercise of powers authority, is implementing Property Assessed Clean Energy ("PACE") on behalf of its member counties and cities.

PACE is an innovative financing mechanism for property owners to finance or refinance renewable energy, energy efficiency, water efficiency, seismic strengthening improvements, and electric vehicle charging infrastructure improvements to real property which are repaid over the long term through a voluntary assessment on the property tax bill.

Participation in the program will require passing a resolution. Staff recommends the City Council approve the attached resolution authorizing the City's participation in CSCDA's Open PACE Program.

Fiscal Impacts

There are no fiscal impacts associated with the recommended action. The City will have no administrative responsibilities, marketing obligations, or financial obligations associated with the CSCDA's Open PACE program.

Background and Analysis

CSCDA, the largest Joint Powers Authority in California, founded and sponsored by the League of California Cities and California State Association of Counties, is implementing PACE under the provisions of Chapter 29 of Division 7 of the Streets & Highways Code (commonly referred to as "AB 811"). AB811 authorizes a legislative body to designate an area within which authorized public officials (including a joint powers authority like CSCDA) and free and willing property owners may enter into voluntary contractual assessments to finance

installation of renewable energy, energy efficiency, water efficiency, and seismic strengthening improvements as well as electric vehicle charging infrastructure, in each case affixed to real property (the "Improvements").

CSCDA's Commissioners pre-qualified and appointed three PACE Administrators to manage the CSCDA Open PACE program in order to offer members turn-key PACE solutions that provide residential and commercial property owners the choice among prequalified PACE financing providers, creating competition on terms, service and interest rates. The prequalified program administrators operating the following programs are AllianceNRG Program, PACE Funding LLC and Renewable Funding LLC.

CSCDA Open PACE

CSCDA Open PACE is being offered to allow property owners in participating cities and counties to finance renewable energy, energy water efficiency improvements, seismic improvements and electric vehicle charging infrastructure on their property. Participation in the assessment is 100% voluntary by the property owner. The improvements installed on the owner's property are financed by the issuance of bonds by CSCDA. The bonds are secured by a voluntary contractual assessment levied on the owner's property. Property owners who wish to participate in PACE agree to repay the money through the voluntary contractual assessment collected with property taxes. The voluntary contractual assessments will be levied by CSCDA and collected in annual installments through the applicable county secured property tax bill.

The benefits to the property owner include:

- Competition: CSCDA Open PACE provides three options to property owners: AllianceNRG Program, PACE Funding and CaliforniaFIRST. Property owners can shop for the best price and service through the availability of the PACE administrators.
- Eligibility: In today's economic environment, alternatives for property owners to finance renewable improvements may not be available. Many property owners do not have financing options available to them to lower their utility bills.
- Savings: Energy prices continue to rise and installing energy efficient, water efficient and renewable energy models lower utility bills.
- 100% voluntary: Only property owners who choose to finance improvements will have assessments placed on their property.
- Payment obligation can stay with the property: Under Chapter 29, a voluntary contractual assessment stays with the property upon transfer of ownership. Most private loans are due on sale of the property. Certain mortgage providers will,

however, require the assessment be paid at the time the property is refinanced or sold.

- Prepayment option: The property owner can choose to pay off the assessments at any time, subject to applicable prepayment penalties.
- Favorable Terms: The economic terms of PACE financing will often be more favorable than other options.
- Not a personal loan or mortgage: The PACE assessment is not a personal obligation of the property owner through a conventional loan or mortgage but an assessment on the property secured by an assessment lien and collected as part of the regular tax roll on the property.

The benefits to the City include:

- Prequalified PACE Administrators. CSCDA has pre-qualified the PACE Administrators based on their business practices, qualifications, experience, and capital commitment to the PACE market.
- Single Resolution. The City can pass a single resolution and provide access to residential and commercial property owners to highly qualified PACE administrators. There is no need to pass multiple resolutions to approve the administrators.
- Project Eligibility. The CSCDA Open PACE platform can provide financing for all aspects of PACE including: 1) Residential, 2) Commercial, and 3) Seismic strengthening.
- Increase local jobs. Property improvements provide jobs in the local economy.
- Increase in housing prices. Updated and higher efficient homes are generally more valuable.
- No City Obligation. As in conventional assessment financing, the City is not obligated to repay the bonds or to pay the assessments levied on the participating properties. Unlike conventional assessment financing, the City/County has no administrative duties and its name is not on the bonds, as CSCDA's name is on the bonds.
- No City staff support required. All CSCDA Open PACE and assessment administration, bond issuance and bond administration functions are handled by CSCDA and the Administrators; AllianceNRG Program, PACE Funding and Renewable Funding. No staff time is needed to participate in CSCDA Open PACE.

- Availability of Information on Projects Financed. The City may receive, at its option, periodic updates on CSCDA Open PACE projects that have been completed in their community.
- Demonstration of Community Commitment to the Environment. Participating in CSCDA Open PACE demonstrates the City's commitment to do everything in its power to improve the environment.

Participation in Other PACE Programs

The City is currently participating in four PACE programs (HERO, Ygrene Sacramento, Ygrene Works for California, and CaliforniaFIRST). Adding the CSCDA's Open PACE program provides more options for property owners in the City and will not add or require any additional costs or responsibilities for the City.

JPA Associate Membership

To participate in CSCDA's Open PACE program, a city or county must be an Associate Member of the CSCDA which the City is already a member.

Conclusion

Staff recommends the City Council approve the attached resolution as follows:

1. Adopt Resolution No 2016-____, authorizing the City's participation in CSCDA Open PACE, which will enable property owners to finance permanently fixed renewable energy, energy efficiency, water efficiency, and seismic strengthening improvements as well as electric vehicle charging infrastructure.

Exhibits:

- A. Resolution No 2016-____, consenting to Inclusion of Properties within the Territory of the City in the CSCDA Open PACE Program; authorizing CSCDA to accept applications from property owners, conduct contractual assessment proceedings and levy contractual assessments within the territory of the City; and authorizing related actions.

RESOLUTION NO. 2016- _____

**CITY COUNCIL
OF THE
CITY OF CITRUS HEIGHTS**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS,
CONSENTING TO THE INCLUSION OF PROPERTIES WITHIN THE TERRITORY OF
THE CITY IN THE CSCDA OPEN PACE PROGRAM; AUTHORIZING THE CALIFORNIA
STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO ACCEPT
APPLICATIONS FROM PROPERTY OWNERS, CONDUCT CONTRACTUAL
ASSESSMENT PROCEEDINGS AND LEVY CONTRACTUAL ASSESSMENTS WITHIN
THE TERRITORY OF THE CITY; AND AUTHORIZING RELATED ACTIONS**

WHEREAS, the California Statewide Communities Development Authority (the “Authority”) is a joint exercise of powers authority, the members of which include numerous cities and counties in the State of California, including the City of Citrus Heights (the “City”); and

WHEREAS, the Authority is implementing Property Assessed Clean Energy (PACE) programs, which it has designated CSCDA Open PACE, consisting of CSCDA Open PACE programs each administered by a separate program administrator (collectively with any successors, assigns, replacements or additions, the “Programs”), to allow the financing or refinancing of renewable energy, energy efficiency, water efficiency and seismic strengthening improvements, electric vehicle charging infrastructure and such other improvements, infrastructure or other work as may be authorized by law from time to time (collectively, the “Improvements”) through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code (“Chapter 29”) within counties and cities throughout the State of California that consent to the inclusion of properties within their respective territories in the Programs and the issuance of bonds from time to time; and

WHEREAS, the program administrators currently active in administering Programs are the AllianceNRG Program (presently consisting of Deutsche Bank Securities Inc., CounterPointe Energy Solutions LLC and Leidos Engineering, LLC), PACE Funding LLC and Renewable Funding LLC, and the Authority will notify the City in advance of any additions or changes; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner or owners of each lot or parcel on which an assessment is levied at the time the assessment is levied; and

WHEREAS, the City desires to allow the owners of property (“Participating Property Owners”) within its territory to participate in the Programs and to allow the Authority to conduct assessment proceedings under Chapter 29 within its territory and to issue bonds to finance or refinance Improvements; and

WHEREAS, the territory within which assessments may be levied for the Programs shall include all of the territory within the City’s official boundaries; and

WHEREAS, the Authority will conduct all assessment proceedings under Chapter 29 for the Programs and issue any bonds issued in connection with the Programs; and

WHEREAS, the City will not be responsible for the conduct of any assessment proceedings; the levy of assessments; any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale or administration of any bonds issued in connection with the Programs;

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

Section 1. This City Council hereby finds and declares that properties in the territory of the City will benefit from the availability of the Programs within the territory of the City and, pursuant thereto, the conduct of special assessment proceedings by the Authority pursuant to Chapter 29 and the issuance of bonds to finance or refinance Improvements.

Section 2. In connection with the Programs, the City hereby consents to the conduct of special assessment proceedings by the Authority pursuant to Chapter 29 on any property within the territory of the City and the issuance of bonds to finance or refinance Improvements; provided, that

(1) The Participating Property Owners, who shall be the legal owners of such property, execute a contract pursuant to Chapter 29 and comply with other applicable provisions of California law in order to accomplish the valid levy of assessments; and

(2) The City will not be responsible for the conduct of any assessment proceedings; the levy of assessments; any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale or administration of any bonds issued in connection with the Programs.

Section 3. The appropriate officials and staff of the City are hereby authorized and directed to make applications for the Programs available to all property owners who wish to finance or refinance Improvements; provided, that the Authority shall be responsible for providing such applications and related materials at its own expense.

Section 4. The appropriate officials and staff of the City are hereby authorized and directed to execute and deliver such certificates, requisitions, agreements and related documents as are reasonably required by the Authority to implement the Programs.

Section 5. The City Council hereby finds that adoption of this Resolution is not a “project” under the California Environmental Quality Act, because the Resolution does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4).

Section 6. This Resolution shall take effect immediately upon its adoption. The City Clerk is hereby authorized and directed to transmit a certified copy of this resolution to the Secretary of the Authority at: Secretary of the Board, California Statewide Communities Development Authority, 1400 K Street, Sacramento, CA 95814.

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
____ day of _____ 2016 by the following vote, to wit:

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

Jeannie Bruins, Mayor

ATTEST:

Amy Van, City Clerk



CITY OF CITRUS HEIGHTS

Memorandum

January 28, 2016

TO: Mayor and City Council Members
Henry Tingle, City Manager

FROM: Stefani Daniell, Finance Director

SUBJECT: Quarterly Treasurer's Report

Approved and Forwarded to
City Council

_____ Fin.

_____ Atty.

Henry Tingle, City Manager

Summary and Recommendation

Staff recommends that the Council receive and file the Quarterly Treasurer's Report for the quarter ending December 31, 2015.

Fiscal Impact

No fiscal impact.

Background and Analysis

California Government Code Section 53646(b) states that the "treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, internal auditor, and the legislative body" within 30 days of the quarter's end.

On December 31, 2015, the market value of the City's cash and investments was \$17,638,863.

Conclusion

This report satisfies California Government Code Section 53646(b).

Attachment: (A) Treasurer's Report as of December 31, 2015

**CITY OF CITRUS HEIGHTS
TREASURER'S REPORT
AS OF DECEMBER 31, 2015**

Description of Security Financial Institution	Rate/Yield to Maturity	Maturity Date	Cash Value	Par Value	% of Total Pool	Premium (Discount)	Purchased Interest*	Original Cost	Market Value
LOCAL AGENCY INVESTMENT FUND									
State of California	0.40%	Immediate	5,522,172	5,522,172	31.16%	0	0	5,522,172	5,522,172
FEDERAL GOVERNMENT AGENCIES									
Federal Home Loan Bank Corp	1.03%	01/30/18	1,195,620	1,200,000		(4,380)	348	1,195,968	1,191,598
Federal Home Loan Mortgage	1.09%	03/12/18	1,994,600	2,000,000		(5,400)	114	1,994,714	1,986,764
Federal Home Loan Mortgage	1.21%	05/07/18	1,989,050	2,000,000		(10,950)	1,467	1,990,517	1,986,024
Federal National Mortgage	1.06%	05/21/18	1,994,550	2,000,000		(5,450)		1,994,550	1,980,162
US Treasury Note	1.22%	05/31/19	996,328	1,000,000		(3,672)	4,636	1,000,964	988,750
Federal Home Loan Bank Corp	1.86%	02/20/20	1,989,640	2,000,000		(10,360)		1,989,640	1,991,794
<i>Subtotal</i>	1.24%		10,159,788	10,200,000	57.56%	(40,212)	6,565	10,166,354	10,125,092
MONEY MARKET									
Schwab Cash Reserve	0.01%	Immediate	0	0	0.00%	0	0	0	0
MEDIUM-TERM CORPORATE NOTE									
General Electric	1.59%	02/08/16	998,550	1,000,000		(1,450)	258	998,808	999,626
John Deere Capital	1.61%	03/12/18	985,750	1,000,000		(14,250)	3,467	989,217	991,973
	1.60%		1,984,300	2,000,000	11.29%	(15,700)	3,725	1,988,025	1,991,599
Grand Total as of December 31, 2015	1.02%		17,666,260	17,722,172	100.00%	(55,912)	10,290	17,676,551	17,638,863

Unrealized Gains/(Losses) **(37,688)**

* Purchased interest is returned to the City with the first interest payment

In compliance with the California Government Code Section 53646; the Treasurer of the City of Citrus Heights hereby certifies that sufficient investment liquidity and anticipated revenues are available to meet the City's budgeted expenditure requirements for the next six months.

Investments in the report meet the requirements for the City of Citrus Heights' adopted investment policy.

Market prices used in calculating market value were obtained from Charles Schwab.

Respectfully Submitted,

STEFANI DANIELL
FINANCE DIRECTOR/TREASURER



CITY OF CITRUS HEIGHTS

Memorandum

January 28, 2016

TO: Henry Tingle, City Manager

FROM: Stefani Daniell, Finance Director

SUBJECT: Annual Financial Report
City of Citrus Heights

Approved and Forwarded to
City Council

_____ Fin.

_____ Atty.

Henry Tingle, City Manager

Summary and Recommendation

Staff recommends that the Council accepts and files the City of Citrus Heights Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015.

Fiscal Impact

No fiscal impact.

Background and Analysis

The accounting firm of Richardson and Company, LLP performed the annual audit of the City's general purpose financial statements for the fiscal year ended June 30, 2015. They have determined that the financial statements present fairly, in all material respects, the financial position of the City of Citrus Heights. The statements are in conformity with generally accepted accounting principles.

Conclusion

The attached reports reflect the financial position of the City of Citrus Heights at June 30, 2015.

Attachment: (A) City of Citrus Heights Comprehensive Annual Financial Report as of June 30, 2015

CITY OF CITRUS HEIGHTS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015



Prepared by:

Stefani Daniell
Finance Director



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City of Citrus Heights, California
Comprehensive Annual Financial Report
For the year ended June 30, 2015

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CITY OF CITRUS HEIGHTS

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

December 29, 2015

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

We are pleased to submit the City of Citrus Heights' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. It is the policy of the Council that a licensed certified public accountant conducts an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to them. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards.

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

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

The City's financial statements have been audited by Richardson & Company, 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, 2015, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unmodified opinion, which states that the City's financial statements for the fiscal year ended June 30, 2015, 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.

Jeannie Bruins, Mayor • Jeff Slowey, Vice Mayor
Sue Frost, Council Member • Steve Miller, Council Member • Mel Turner, Council Member
Henry Tingle, City Manager • Ruthann Ziegler, 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 are 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 it. 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 City Council establishes annual budgets for the General Fund, Proprietary Funds, and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year’s budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City 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 more than 84,000 in a 14.2 square-mile area, Citrus Heights is 99% developed and is graced with a strong business base and a well-established residential community.

The Citrus Heights City Council consists of five members, elected at-large to four-year overlapping terms. 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 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.

Citrus Heights is retail oriented and is fortunate to have a large area which serves as a hub of shopping and retail services in the Sunrise-Greenback area. The Sunrise Mall, the flagship retail center, was built in 1972 and was the largest indoor mall in Northern California at that time.

In Citrus Heights, the total labor force is approximately 40,000. Unemployment in Citrus Heights is approximately 5.2%. Within ten miles, there is a diverse labor force specializing in such occupations as sales, executive and managerial services, technical support, professional specialties, and other services.

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. The City Council has established these 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.
2. **Fiscal Control and Accountability** – The City's financial activities should be fiscally sound and accountable to the City Council through the City Manager.
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.
4. **Long-term Planning** – The City's financial planning should emphasize multi-year horizons to promote long-term planning of resource uses.
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.
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 maintains a General Fund Reserve Balance for the purpose of maintaining long-term financial stability. The City Council had adopted the following guidelines for use of the General Fund Reserve Balance:

- City Hall Renovation and/or Replacement - \$22,000,000.
- Neighborhood Street Resurfacing - \$350,000 in FY 2014-2015.
- Arterial Major Patch Repairs - \$200,000 in FY 2014-2015.
- Revenue Stabilization – If there is a revenue shortfall of 10% of budgeted revenues, the remaining General Fund Reserve Balance may be used to cover the shortfall.

The General Fund Reserve Balance is reported in the CAFR as committed fund balance.

Long-Term Financial Planning

The City's financial planning promotes long-term planning of its resources. The ten-year financial model has served as the primary budget guidance tool since the City's incorporation in 1997. The model is adjusted annually to project future operating revenue and expenditures. Modest increases in General Fund expenditures have been projected for the next ten years. Several factors directly affect the City's General Fund revenue. Since the City receives approximately 35% of its General Fund revenue from sales tax, it is especially susceptible to economic downturns. Also, the City is approximately 99% built out which results in fewer opportunities for revenue generating growth. The City is projected to maintain a balanced General Fund through FY 2022-2023, when we start to receive our Property Tax revenue.

Current Economic Conditions and Outlook

The City's economic development efforts and implementation of the City's financial policies help to promote Citrus Heights' long-term fiscal stability. Since incorporation in 1997, at the direction of Council, staff has conducted a systematic review of operations, resulting in some cases in the transition from contract service to an in-house operational model; in other instances a renegotiation of existing service contracts; and in other instances, retention of the contract operational model with a different service provider. These operational analyses and reforms are intended to promote long-term savings to the City and ensure long-term stability. As part of this operation review, the City has established appropriation limits in key operational areas such as law enforcement, which has promoted increased operational efficiency.

The City of Citrus Heights anticipates minimal revenue growth for the next ten years. The City has set up a reserve fund to help maintain a balanced budget until property tax revenue is received in fiscal year 2022-2023.

Awards and Acknowledgements

The City of Citrus Heights received an award for its submission of the FY 2013-14 Comprehensive Annual Financial Report for the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). This was the fifteenth consecutive year that the City received this award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual 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. We believe that this report will again meet the program requirements to receive the award.

The preparation of this Comprehensive Annual Financial Report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department and the auditing firm of Richardson & Company, LLP. I would like to express my appreciation to Brian Nash, CPA of Richardson & Company, LLP and to the members of the Finance Department who assisted and contributed to its preparation - Fawn Merrill, Finance Manager; Tammy Larsen, Accountant; Christina Andrade, Payroll Technician, Patty German, Financial Associate; Brandy Reid, Financial Associate; Sheryl Boesch, Financial Assistant II; and Maria Velarde, Financial Assistant II.

I would also like to thank members of the City Council, the City Manager, and the various departments for their cooperation and support in planning and conducting the financial operations of the City during the fiscal year.

Respectfully Submitted,



Stefani Daniell
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Citrus Heights
California**

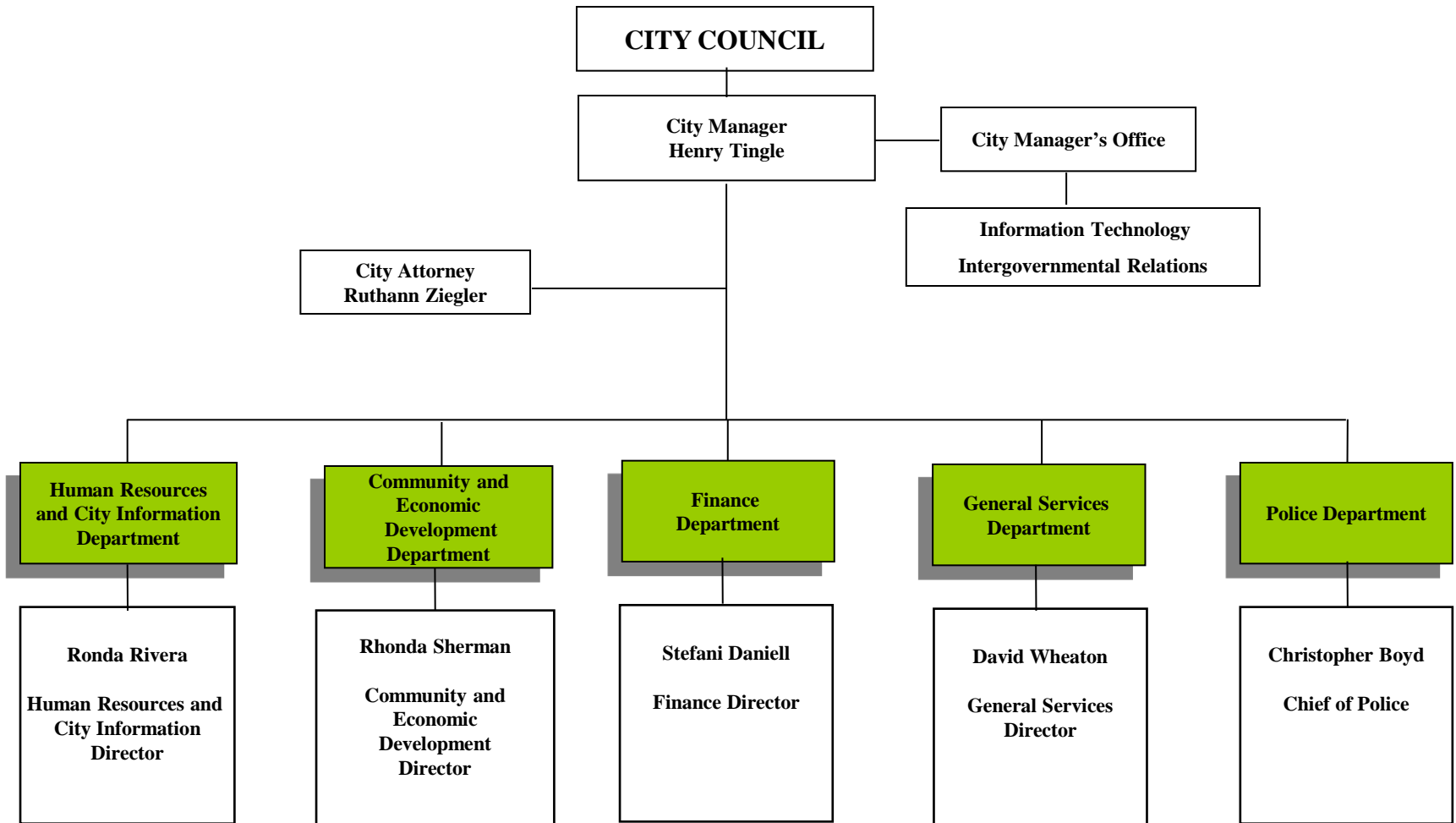
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

CITY OF CITRUS HEIGHTS

Organization Chart



City of Citrus Heights, California
For the year ended June 30, 2015

List of Officials

- Susan Frost, Mayor
 - Jeannie Bruins, Vice Mayor
 - Steve Miller
 - Jeffrey Slowey
 - Mel Turner
-
- Henry Tingle, City Manager
 - David Wheaton, General Services Director
 - Ronda Rivera, Human Resources and City Information Director
 - Stefani Daniell, Finance Director
 - Rhonda Sherman, Community & Economic Development Director
 - Christopher Boyd, Chief of Police
 - Ruthann Ziegler, City Attorney

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Citrus Heights, California (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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 Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinions

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 of Citrus Heights, California, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 14 to the basic financial statements, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the year ended June 30, 2015. Due to the implementation of these Statements, the City recognized deferred outflows of resources and a pension liability for its cost-sharing pension plans in the government-wide financial statements, Solid Waste nonmajor enterprise fund and Successor Agency Non-Housing Private Purpose Trust Fund as of July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the proportionate share of the net pension liability of the pension plans, schedules of contributions to the pension plans and schedule of funding progress of the other postemployment benefits plan, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such 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. 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.

Other 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 introductory section, combining and individual fund financial statements and schedules and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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

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

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 supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015 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 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 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

December 29, 2015

City of Citrus Heights, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis

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, 2015. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- ◆ As of June 30, 2015, total assets of the City exceeded its liabilities by \$390,511,835 (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 \$12,581,607. The portion of net position that is restricted and may only be used for specific purposes is \$15,682,624. The remaining \$362,247,604 is invested in capital assets.
- ◆ As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$30,998,187. Over 69% of the combined fund balances (\$21.5 million) is available to meet the City's current and future needs (Committed and Unassigned Balances).
- ◆ As of June 30, 2015 a portion of the committed amount in the General Fund of \$19.4 million represents amounts committed to capital projects and a Council commitment for economic uncertainties and anticipated future short-term structural deficits (i.e. revenue stabilization). See note 6.
- ◆ Under the revenue neutrality agreement with the County of Sacramento, \$4,397,415 of property tax revenue was retained by the County as payment under the agreement. These payments are expected to continue through the fiscal year ended June 30, 2022.
- ◆ Capital assets, net of depreciation, decreased to \$362,447,604 from \$366,554,751, which includes \$328,746,828 of infrastructure per the requirements of GASB 34.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual 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 (this part), 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.

City of Citrus Heights, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT, Continued

The Basic Financial Statements

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

The Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the City's activities as a whole and comprise 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 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 all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in net position for the year.

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

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

City of Citrus Heights, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT, Continued

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 detail of these nonmajor funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

For the fiscal year ended June 30, 2015, the City's only major fund was the General Fund.

City of Citrus Heights, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

For the fiscal year ended June 30, 2015, the City adopted annual appropriated budgets for all Major and Special Revenue funds except for the following:

- ◆ Stock Ranch Nature Educational Facility Grant – Other Grants Special Revenue Fund
- ◆ Stock Ranch Stewardship – Other Grants Special Revenue Fund

Proprietary funds. The City maintains Enterprise-type proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses enterprise funds to account for Solid Waste activities. Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The proprietary fund financial statements provide separate information for the Solid Waste operation.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 30-65 of this report. Required Supplementary Information follows the notes on Page 66.

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. Combining and individual fund statements can be found on pages 73-123 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 exceeded liabilities by \$390,511,835 as of June 30, 2015. Under the state's revenue neutrality law, the County retains the annual property tax for the first twenty-five years after the City's incorporation (through fiscal year 2021–2022). For the fiscal year ended June 30, 2015, the County retained \$4,397,415 of property taxes.

City of Citrus Heights, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The Summary of Net Position as of June 30, 2015, and 2014, follows:

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 36,736,406	\$ 47,286,322	\$ 544,898	\$ 708,727	\$ 37,281,304	\$ 47,995,049
Noncurrent assets	382,739,817	373,174,005	200,000	200,000	382,939,817	373,374,005
Total assets	419,476,223	420,460,327	744,898	908,727	420,221,121	421,369,054
Total Deferred outflows	4,537,048	-	45,944	-	4,582,992	-
Long-term liabilities	22,833,398	1,562,463	33,263		22,866,661	1,562,463
Other liabilities	7,234,714	8,167,785	137,392	94,286	7,372,106	8,262,071
Total liabilities	30,068,112	9,730,248	170,655	94,286	30,238,767	9,824,534
Total Deferred inflows	3,433,324	-	13,833	-	3,447,157	-
Net position:						
Net investment						
in capital assets	362,247,604	366,354,751	200,000	200,000	362,447,604	366,554,751
Restricted	15,682,624	15,749,227	-	-	15,682,624	15,749,227
Unrestricted	12,581,607	28,626,101	406,354	614,441	12,987,961	29,240,542
Total net position	\$ 390,511,835	\$ 410,730,079	\$ 606,354	\$ 814,441	\$ 391,118,189	\$ 411,544,520

Restricted net position decreased by \$66,603 due to the use of restricted funds on road maintenance projects and other street related projects and programs which include Sunrise Boulevard Complete Streets Improvement Project. Unrestricted net position is part of net position that can be used to finance day to day operations without constraints established by debt covenants or other legal requirements. The City had \$12,987,961 of unrestricted net position as of June 30, 2015, which is a reduction of \$16,252,581. While these assets are technically unrestricted, most of these assets are committed for a specific use. The City used \$7,638,960 of unrestricted funds to make an initial payment on a capital lease for the City Hall and related utility yard project. Pension liabilities and deferred outflows and inflows of resources recorded in accordance with GASB Statement No. 68 related to the City's pension plans resulted in a decrease of \$7,061,699 in unrestricted net position. See Notes 5 and 9 for more information about these transactions.

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, 2015, and the balance is currently \$19,395,418. The net position of business-type activities cannot be used to make up an unrestricted net asset deficit in the governmental activities. The City generally can only use these assets to finance the continuing operations of the business-type activities.

City of Citrus Heights, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2015, and 2014, follows:

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 6,994,891	\$ 6,932,024	\$ 710,618	\$ 657,027	\$ 7,705,509	\$ 7,589,051
Grants and contributions:						
Operating	13,179,453	13,558,056	-	-	13,179,453	13,558,056
Capital	2,418,225	7,173,645	-	-	2,418,225	7,173,645
General revenues:						
Property taxes and assessments	138,659	139,634	-	-	138,659	139,634
Sales and use taxes	11,230,382	11,195,869	-	-	11,230,382	11,195,869
Utility users tax	2,768,562	2,739,486	-	-	2,768,562	2,739,486
Other taxes	1,416,552	1,332,334	-	-	1,416,552	1,332,334
Shared intergovernmental - unrestricted	7,015,174	6,652,222	-	-	7,015,174	6,652,222
Investment earnings (Losses)	246,710	455,531	4,158	31,715	250,868	487,246
Gain on sale of cap assets	105,309	35,125	-	-	105,309	35,125
Total Revenues	45,513,917	50,213,926	714,776	688,742	46,228,693	50,902,668
Expenses:						
Governmental activities:						
General government	5,401,023	4,825,401	-	-	5,401,023	4,825,401
Public safety	18,092,747	19,595,533	-	-	18,092,747	19,595,533
Public ways and facilities	30,142,346	27,499,125	-	-	30,142,346	27,499,125
Culture and recreation	555,342	613,235	-	-	555,342	613,235
Economic development	159,243	172,083	-	-	159,243	172,083
Community enhancements	4,319,791	4,407,068	-	-	4,319,791	4,407,068
Business-type activities:						
Solid waste	-	-	903,522	529,464	903,522	529,464
Total Expenses	58,670,492	57,112,445	903,522	529,464	59,574,014	57,641,909
Excess of revenues over expenditures before transfers	(13,156,575)	(6,898,519)	(188,746)	159,278	(13,345,321)	(6,739,241)
Transfers	-	-	-	-	-	-
Change in Net Position	(13,156,575)	(6,898,519)	(188,746)	159,278	(13,345,321)	(6,739,241)
Net Position, Beg of year:						
As previously reported	410,730,079	417,628,598	814,441	655,163	411,544,520	418,283,761
Restatement	(7,061,669)	-	(19,341)	-	(7,081,010)	-
As restated	403,668,410	417,628,598	795,100	655,163	404,463,510	418,283,761
NET ASSETS, JUNE 30	\$ 390,511,835	\$ 410,730,079	\$ 606,354	\$ 814,441	\$ 391,118,189	\$ 411,544,520

City of Citrus Heights, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were \$46,228,693 for the fiscal year ended June 30, 2015. Approximately 74% of the City's key revenues are generated from three major sources.

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

1. **Sales Tax** - Annual receipts for the fiscal year ended June 30, 2015 remained flat from the prior year.
2. **Shared Intergovernmental Revenues** - Annual receipts for the fiscal year ended June 30, 2015 increased by \$362,952 from the prior year.
3. **Grants and Contributions - Governmental Activities Operating** - Governmental Activities operating grants and contributions was mainly from funds for street, road and community enhancement operating grants in the current year that were for maintenance and operations. There was little change in these revenues.

Grants and Contributions - Governmental Activities Capital - Street and Road Funds - The decrease in capital revenues reflects the fluctuation that occurs from year to year for street and road projects. These projects usually span over multiple years. The costs associated with the various projects are reimbursed by other government agencies generally on a quarterly basis. Depending on the stage the project is in (planning, construction, entitlements); reimbursements will be higher in one year than the next. The City had significant projects that generated capital grants from other governments in 2014, including the Auburn Boulevard Complete Streets Revitalization and Joint Trench Utility Undergrounding Project and Sunrise Boulevard Complete Streets Improvement Project. Revenues decreased in 2015 as these projects ended.

City of Citrus Heights, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

Governmental and business-type activity expenses of the City for the year totaled \$59,574,014. Governmental activity expenses totaled \$58,670,492 or 98.5% of total expenses. Business-type activities incurred \$903,522 of expenses during the fiscal year. Public safety costs represented 31% of total governmental activities expenses. Public ways and facilities costs 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. Net cost is the total cost less fees and other direct revenue generated by the activities. 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, 2015, and 2014, are as follows:

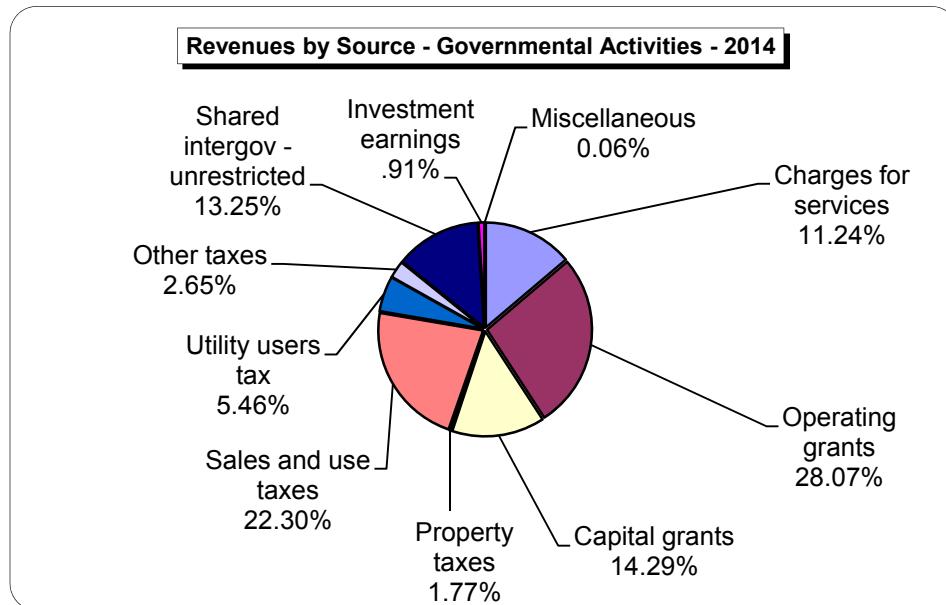
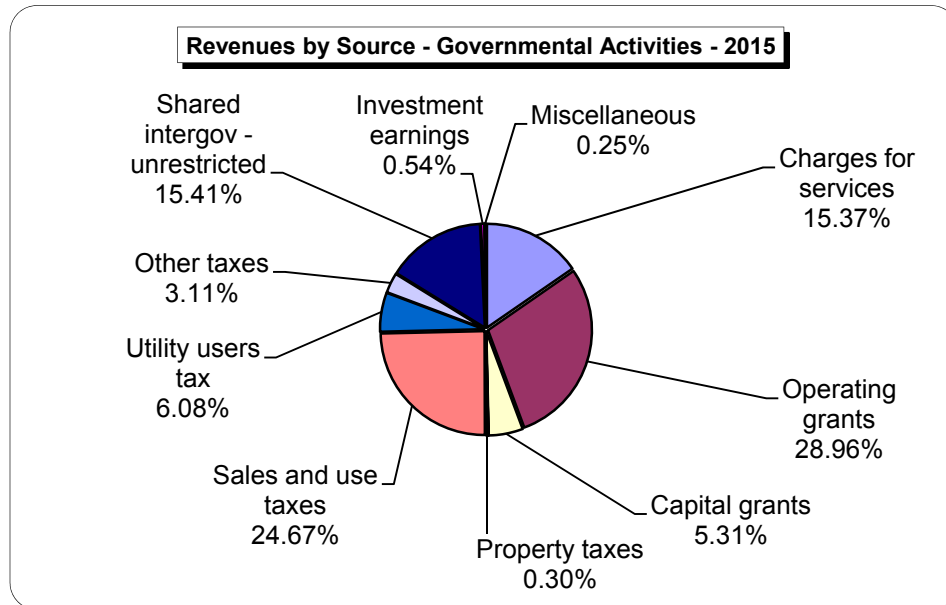
	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 5,401,023	\$ (4,033,977)	\$ 4,825,401	\$ (3,680,933)
Public safety	18,092,747	(15,503,476)	19,595,533	(17,349,655)
Public ways and facilities	30,142,346	(14,838,691)	27,499,125	(7,810,325)
Culture and recreation	555,342	501,085	613,235	889,117
Economic development	159,243	(159,143)	172,083	(171,933)
Community enhancements	4,319,791	(2,043,721)	4,407,068	(1,324,991)
TOTAL	\$ 58,670,492	\$ (36,077,923)	\$ 57,112,445	\$ (29,448,720)

City of Citrus Heights, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues by source for the fiscal years ended June 30, 2015, and 2014, are as follows:

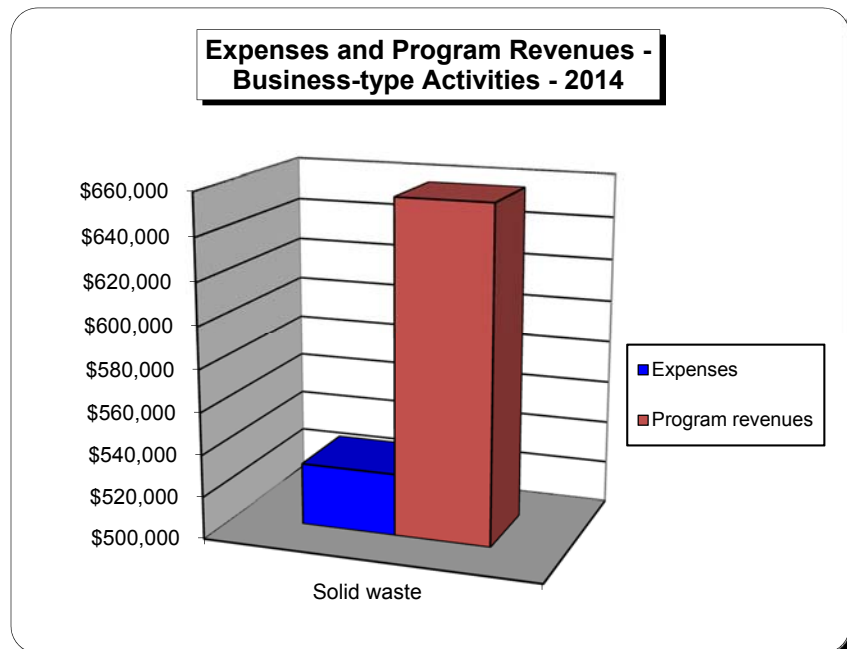
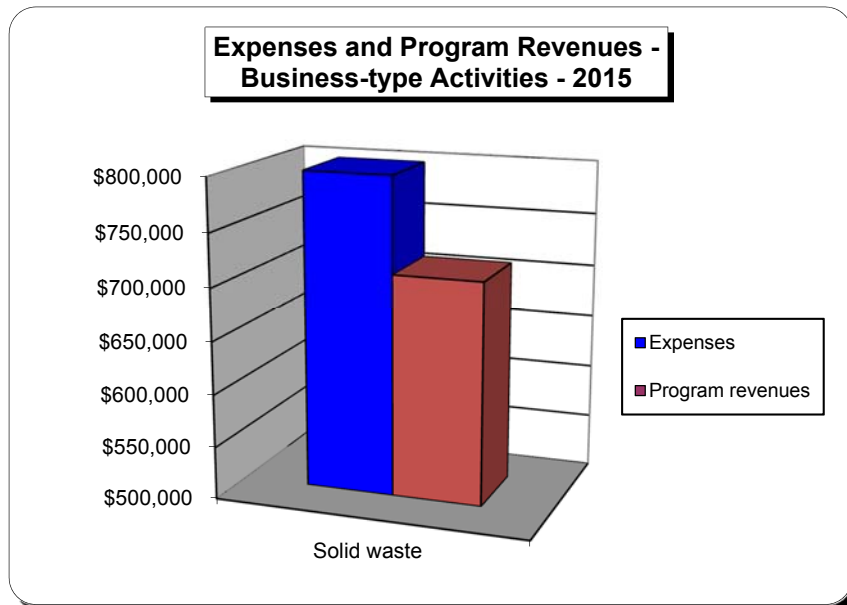


City of Citrus Heights, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type activities. Business-type activities increased the City's net position by \$208,087, including a change in net position of (\$188,746) and a restatement of (\$19,341) to implement GASB Statement No 68. 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, 2015, and 2014, are as follows:

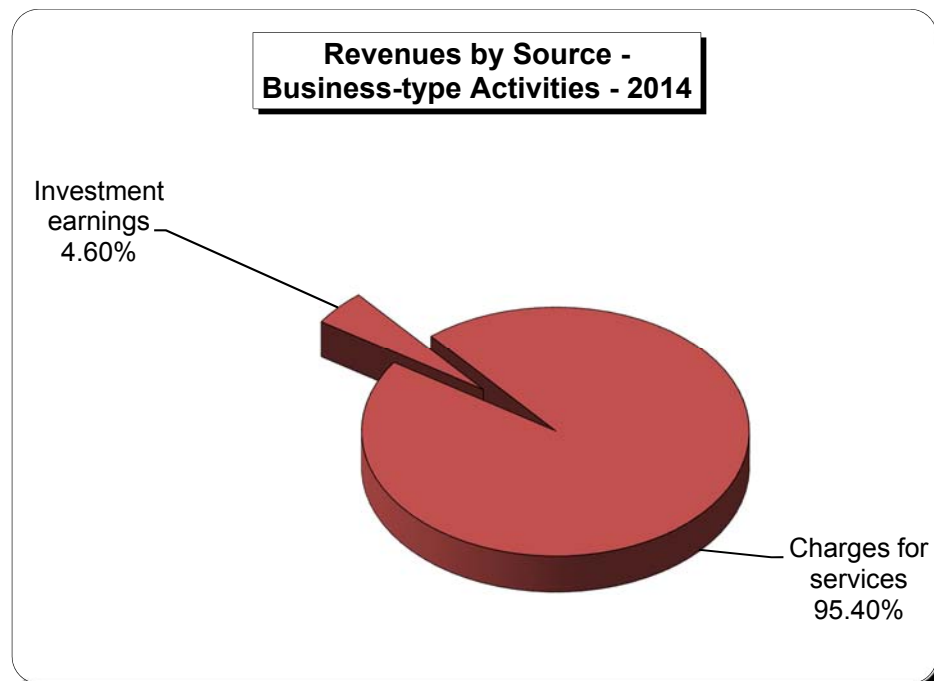
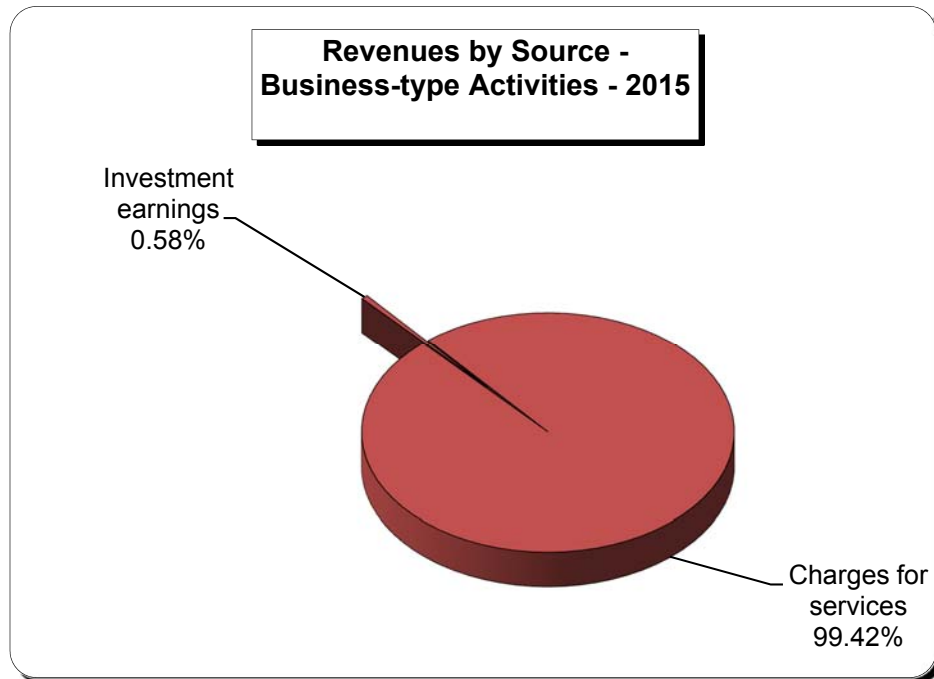


City of Citrus Heights, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The revenues by source for the solid waste business-type activity for the fiscal years ended June 30, 2015, and 2014, are as follows:



City of Citrus Heights, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Financial Analysis of the Government's Funds

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

Governmental funds. The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2015, the City's governmental funds reported combined fund balances of \$30,998,187. The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2015, the General Fund's fund balance totaled \$20,436,966 of which \$19,395,418 was committed. The committed fund balance declined largely due to the \$7,638,960 of committed funds used for the initial capital lease payment for the City Hall and related utility yard project.

The City's Redevelopment Agency was dissolved on January 31, 2012, in accordance with the provisions of ABx1 26. The City of Citrus Heights elected to become the Housing Successor and Successor Agency. The Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. The Housing activities are presented as a separate private purpose trust fund until such time as a finding of completion is issued by the State Department of Finance, then the fund will be closed and transferred back to the City. Since the Successor Agency's board is governed by an Oversight Board, consisting of members from outside agencies, it is reported as a separate Private Purpose Trust Fund and is not considered a Component Unit of The City of Citrus Heights. Therefore, it is not included in the governmental activities in the financial statements. For more information on the dissolution of the Redevelopment Agency, and its financial implications to the City of Citrus Heights, please refer to note 11 of the Financial Statements.

Proprietary funds. The City has one business-type activity, which is Solid Waste Operations. Proprietary fund, unrestricted net position decreased \$208,087 in the fiscal year ended June 30, 2015, largely due to the restatement recorded to implement GASB Statement No. 68 and the use of solid waste franchise fees on a street project during the year.

City of Citrus Heights, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

General Fund Budgetary Highlights

There was no difference between the original budget and the final amended budget for revenues. The difference between the final budget and actual revenues reflects a positive amount of \$415,839. Taxes and assessment, fines and forfeitures and use of money and property (mainly investment earnings) came in under budget; business licenses, intergovernmental revenues, and charges for services came in over budget. The result was an increase of \$415,839 from what was originally budgeted. There was no difference between the original budget and the final amended budget for revenues.

Total expenditures were \$644,193 over budget. The additional costs were mainly due to an increased revenue neutrality payment to the County of Sacramento (the City must pay the County the actual property taxes collected each fiscal year) and a transfer from the General Fund to the General Capital Improvement Fund for capital projects. The final budget was \$29,026,951 higher than the original budget due to the approval of a project to build a new City Hall and utility yard and the capital lease entered into to finance the project. More information about the capital lease can be found in Note 5 to the financial statements.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of June 30, 2015, amount to \$376,196,635. This investment in capital assets includes land, art, construction in progress costs for road and median improvements, buildings and improvements, infrastructure, the City Hall and utility yard assets under capital lease and machinery and equipment.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 7,428,214	\$ 7,402,819	\$ -	\$ -	\$ 7,428,214	\$ 7,402,819
Artwork	103,650	103,650	-	-	103,650	103,650
Construction in progress	3,017,321	24,637,684	200,000	200,000	3,217,321	24,837,684
Buildings and improvements	13,613,786	17,844,825	-	-	13,613,786	17,844,825
Infrastructure	328,746,828	314,801,436	-	-	328,746,828	314,801,436
Assets under capital lease	21,387,991	-	-	-	21,387,991	-
Machinery and equipment	1,698,845	1,564,337	-	-	1,698,845	1,564,337
Total	\$375,996,635	\$366,354,751	\$200,000	\$200,000	\$376,196,635	\$366,554,751

City of Citrus Heights, California
Basic Financial Statements
For the year ended June 30, 2015

Management's Discussion and Analysis, Continued

Significant additions included the City Hall and utility yard assets under capital leases and several street projects in progress. More detail of the capital assets and current activity can be found in the notes to the financial statements on Pages 34 and 35 for significant accounting policies and Note 4 on Page 44 for other capital asset information.

Long-term Liabilities

The City had no long-term debt until the City Council approved capital leases to finance a new City Hall and utility yard. Capital lease principal outstanding at year-end for these assets totaled \$13,749,031. More information about these capital leases can be found in Note 5 on page 45.

Economic Outlook

California's economic data continued to show improving labor markets, rising home prices, and an increase in family incomes this fiscal year. In Sacramento County, the unemployment rate fell from 7 to 5.2 percent, exceeding the State's average of 6.3 percent. Median home values rose over 7 percent in the County, rebounding 83 percent from the January 2012 low, yet remain down 25 percent from the August 2005 high.

Nationwide, auto sales exceeded 17 million vehicles and auto sales are projected to break the 2007 sales peak. While substantial progress has been made since the depths of the great recession, the seven year-long economic recovery supported by the Federal Reserve's zero interest rate policy may be reaching a turning point. Should monetary stimulus be reduced too soon, the potential for an economic turndown would increase. The current decline in global energy and commodity prices may be signaling further slowing in the demand for goods and services, making further economic gains for the year ahead challenging.

The City maintains a multi-year forecasting model to project anticipated revenues and expenditures. The model predicts continued earnings through fiscal year 2022-2023. The City's financial reserves will ensure that service levels are maintained until fiscal year 2022-2023, when the City begins receiving property tax revenues that are currently being retained by Sacramento County as part of the revenue neutrality settlement.

Requests for Information

This Comprehensive Annual 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 Finance Department, 6237 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, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 29,209,765	\$ 463,186	\$ 29,672,951
Receivables:			
Accounts	1,279,627	73,231	1,352,858
Interest	70,837	866	71,703
Due from other governments	6,145,477	7,615	6,153,092
Prepaid items	30,700	-	30,700
TOTAL CURRENT ASSETS	36,736,406	544,898	37,281,304
NONCURRENT ASSETS			
Receivable from fiduciary activities	909,695	-	909,695
Loans and notes receivable	5,833,487	-	5,833,487
Capital assets:			
Nondepreciable	10,549,185	200,000	10,749,185
Depreciable, net	365,447,450	-	365,447,450
TOTAL NONCURRENT ASSETS	382,739,817	200,000	382,939,817
TOTAL ASSETS	419,476,223	744,898	420,221,121
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	4,537,048	45,944	4,582,992
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	2,230,958	106,330	2,337,288
Salaries and benefits payable	1,035,969	-	1,035,969
Refundable deposits	68,557	-	68,557
Due to other governments	1,214,441	7,666	1,222,107
Retention payable	156,249	23,396	179,645
Unearned revenue	760,965	-	760,965
Noncurrent liabilities - current portion	1,767,575	-	1,767,575
TOTAL CURRENT LIABILITIES	7,234,714	137,392	7,372,106
NONCURRENT LIABILITIES			
Noncurrent liabilities	22,833,398	33,263	22,866,661
TOTAL NONCURRENT LIABILITIES	22,833,398	33,263	22,866,661
TOTAL LIABILITIES	30,068,112	170,655	30,238,767
DEFERRED INFLOWS OF RESOURCES			
Pensions	3,433,324	13,833	3,447,157
NET POSITION			
Net investment in capital assets	362,247,604	200,000	362,447,604
Restricted for:			
Stormwater maintenance	3,332,080	-	3,332,080
Streets, roads and park projects	3,389,598	-	3,389,598
Assessment District Maintenance	1,234,893	-	1,234,893
Housing projects	6,250,430	-	6,250,430
Other	1,475,623	-	1,475,623
Unrestricted	12,581,607	406,354	12,987,961
TOTAL NET POSITION	\$ 390,511,835	\$ 606,354	\$ 391,118,189

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Grants and Other Contributions		Governmental Activities	Business-type Activities	
			Operating	Capital			
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General government	\$ 5,401,023	\$ 381,923	\$ 985,123	\$ -	\$ (4,033,977)	\$ -	\$ (4,033,977)
Public safety	18,092,747	337,199	2,252,072	-	(15,503,476)	-	(15,503,476)
Public ways and facilities	30,142,346	4,666,240	8,219,190	2,418,225	(14,838,691)	-	(14,838,691)
Culture and recreation	555,342	311,350	745,077	-	501,085	-	501,085
Economic development	159,243	100	-	-	(159,143)	-	(159,143)
Community enhancements	4,319,791	1,298,079	977,991	-	(2,043,721)	-	(2,043,721)
TOTAL GOVERNMENTAL ACTIVITIES	58,670,492	6,994,891	13,179,453	2,418,225	(36,077,923)	-	(36,077,923)
BUSINESS-TYPE ACTIVITIES							
Solid waste	903,522	710,618	-	-	-	(192,904)	(192,904)
TOTAL BUSINESS-TYPE ACTIVITIES	903,522	710,618	-	-	-	(192,904)	(192,904)
TOTAL PRIMARY GOVERNMENT	\$ 59,574,014	\$ 7,705,509	\$ 13,179,453	\$ 2,418,225	(36,077,923)	(192,904)	(36,270,827)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					138,659	-	138,659
Sales and use tax					11,230,382	-	11,230,382
Utility users tax					2,768,562	-	2,768,562
Other taxes					1,416,552	-	1,416,552
Intergovernmental:							
State motor vehicle in-lieu tax (MVLFF)					7,015,174	-	7,015,174
Use of money and property					246,710	4,158	250,868
Gain on sale of capital assets					105,309	-	105,309
Total general revenues					22,921,348	4,158	22,925,506
Change in net position					(13,156,575)	(188,746)	(13,345,321)
Net position:							
Net position, beginning of year - as previously reported					410,730,079	814,441	411,544,520
Restatement					(7,061,669)	(19,341)	(7,081,010)
Net position, beginning of year - as restated					403,668,410	795,100	404,463,510
Net position, end of year					\$ 390,511,835	\$ 606,354	\$ 391,118,189

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
GOVERNMENTAL FUNDS
BALANCE SHEETS
June 30, 2015

	Major Fund General Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 17,620,789	\$ 11,588,976	\$ 29,209,765
Receivables:			
Accounts	724,874	554,753	1,279,627
Interest	50,921	19,916	70,837
Loans and notes receivable	22,062	5,811,425	5,833,487
Due from other funds	1,110,021	110,668	1,220,689
Due from other governments	2,665,714	3,479,763	6,145,477
Prepaid items	30,700	-	30,700
Advances to Successor Agency Trust	909,695	-	909,695
	<u>909,695</u>	<u>-</u>	<u>909,695</u>
TOTAL ASSETS	<u>\$ 23,134,776</u>	<u>\$ 21,565,501</u>	<u>\$ 44,700,277</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Accounts payable	\$ 592,797	\$ 1,638,161	\$ 2,230,958
Salaries and benefits payable	1,035,969	-	1,035,969
Refundable deposits	68,557	-	68,557
Due to other funds	-	1,220,689	1,220,689
Due to other governments	327,436	887,005	1,214,441
Retention payable	820	155,429	156,249
Unearned revenue	528,742	232,223	760,965
	<u>528,742</u>	<u>232,223</u>	<u>760,965</u>
TOTAL LIABILITIES	<u>2,554,321</u>	<u>4,133,507</u>	<u>6,687,828</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - accounts and grants receivable	143,489	1,059,348	1,202,837
Unavailable revenue - loans	-	5,811,425	5,811,425
	<u>-</u>	<u>5,811,425</u>	<u>5,811,425</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>143,489</u>	<u>6,870,773</u>	<u>7,014,262</u>
FUND BALANCES (DEFICITS)			
Nonspendable:			
Loans and notes receivable	22,062	-	22,062
Prepaid items	30,700	-	30,700
Advances to Successor Agency Trust	909,695	-	909,695
Restricted	14,148	9,479,154	9,493,302
Committed	19,395,418	-	19,395,418
Assigned	-	1,652,198	1,652,198
Unassigned (deficit)	64,943	(570,131)	(505,188)
	<u>64,943</u>	<u>(570,131)</u>	<u>(505,188)</u>
TOTAL FUND BALANCES	<u>20,436,966</u>	<u>10,561,221</u>	<u>30,998,187</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 23,134,776</u>	<u>\$ 21,565,501</u>	<u>\$ 44,700,277</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Reconciliation of the
GOVERNMENTAL FUND -- BALANCE SHEETS
to the
STATEMENT OF NET POSITION
June 30, 2015

Fund balances - total governmental funds \$ 30,998,187

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

Pension contributions subsequent to the plan's measurement date will
reduce the pension liability in the future and are reported as deferred
outflows of resources on the statement of net position. 4,537,048

Capital assets used in governmental activities are not current financial
resources and, therefore, are not reported in the governmental funds. 375,996,635

Long-term receivables are not available to pay current period expenditures
and, therefore, are not reported in the governmental funds. This amount
represents deferred inflows of resources related to accounts and grants
receivable and loans receivable. 7,014,262

Long-term payables are not due and payable in the current period and,
therefore, are not reported in the governmental fund balance sheet. Those
liabilities consist of:

Compensated absences	\$ (1,711,727)	
Claims payable	(1,183,000)	
Capital lease liability	(13,749,031)	
Net OPEB obligation	(468,444)	
Pension liability	<u>(7,488,771)</u>	(24,600,973)

Net differences between projected and actual earnings on pension plan
investments are reported as deferred inflows of resources on the statement
of net position. (3,433,324)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 390,511,835

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2015

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES			
Taxes and assessments	\$ 15,582,175	\$ -	\$ 15,582,175
Licenses and permits	1,297,004	170,401	1,467,405
Fines and forfeitures	681,184	773,755	1,454,939
Intergovernmental	7,157,251	12,416,065	19,573,316
Use of money and property	497,105	80,788	577,893
Charges for services	1,293,638	4,904,204	6,197,842
Contributions	10,121	17,005	27,126
Other revenues	5,031	1,000	6,031
TOTAL REVENUES	<u>26,523,509</u>	<u>18,363,218</u>	<u>44,886,727</u>
EXPENDITURES			
Current:			
General government	4,419,882	312,878	4,732,760
Public safety	17,865,308	1,088,938	18,954,246
Public ways and facilities	-	14,809,940	14,809,940
Culture and recreation	418,692	141,684	560,376
Economic development	159,924	-	159,924
Community enhancements	2,984,286	1,404,560	4,388,846
Capital outlay	21,458,803	3,625,589	25,084,392
Lease principal	7,638,960	-	7,638,960
TOTAL EXPENDITURES	<u>54,945,855</u>	<u>21,383,589</u>	<u>76,329,444</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(28,422,346)	(3,020,371)	(31,442,717)
OTHER FINANCING SOURCES (USES)			
Issuance of long term debt	21,387,991	-	21,387,991
Proceeds from sale of capital assets	109,684	-	109,684
Transfers in	286,091	2,355,923	2,642,014
Transfers out	(2,279,862)	(362,152)	(2,642,014)
TOTAL OTHER FINANCING SOURCES (USES)	<u>19,503,904</u>	<u>1,993,771</u>	<u>21,497,675</u>
NET CHANGE IN FUND BALANCES	(8,918,442)	(1,026,600)	(9,945,042)
Beginning fund balances	<u>29,355,408</u>	<u>11,587,821</u>	<u>40,943,229</u>
ENDING FUND BALANCES	<u>\$ 20,436,966</u>	<u>\$ 10,561,221</u>	<u>\$ 30,998,187</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
Reconciliation of the
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
to the
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ (9,945,042)

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

Some receivables are deferred in the governmental funds because the amounts do not represent current financial resources that are recognized under the accrual basis in the statement of activities. This amount represents the change in deferred inflows of resources related to unavailable revenue and loans receivable. 392,729

Governmental funds report capital outlay as expenditures. However, in the statement of net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.

Capital outlay	\$ 25,084,392	
Depreciation expense	<u>(15,442,508)</u>	9,641,884

Governmental funds report issuance of long-term debt as other financing sources in the governmental funds and thus increases fund balance. However, in the government-wide statements issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. (21,387,991)

Deferred outflows and inflows of resources related to the City's pension plan do not result in the receipt or use of current financial resources and are not reported in the governmental funds.

Change in deferred outflows of resources - pensions		1,518,255
Change in deferred inflows of resources - pensions		(3,433,324)

Long-term liabilities reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Principal payments are reported as expenditures in governmental funds, but are reported as a reduction of the liability in the statement of net position. These amounts represents the change in long-term liabilities not recorded in the fund statements.

Principal payments on capital leases	7,638,960	
Change in compensated absences liability	(135,870)	
Change in claims payable	(43,867)	
Change in OPEB liability	6,000	
Change in net pension liability	<u>2,591,691</u>	<u>10,056,914</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ (13,156,575)</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

	GENERAL FUND			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes and assessments	\$ 15,662,876	\$ 15,662,876	\$ 15,582,175	\$ (80,701)
Licenses and permits	1,101,000	1,101,000	1,297,004	196,004
Fines and forfeitures	780,000	780,000	681,184	(98,816)
Intergovernmental	6,806,831	6,806,831	7,157,251	350,420
Use of money and property	596,313	596,313	497,105	(99,208)
Charges for services	1,160,650	1,160,650	1,293,638	132,988
Contributions	-	-	10,121	10,121
Other revenues	-	-	5,031	5,031
TOTAL REVENUES	26,107,670	26,107,670	26,523,509	415,839
EXPENDITURES				
Current:				
General government	4,234,463	4,234,463	4,419,882	(185,419)
Public safety	17,541,516	17,541,516	17,865,308	(323,792)
Culture and recreation	362,614	362,614	418,692	(56,078)
Economic development	283,660	283,660	159,924	123,736
Community enhancements	2,710,458	2,710,458	2,984,286	(273,828)
Capital outlay	142,000	21,529,991	21,458,803	71,188
Lease principal	-	7,638,960	7,638,960	-
TOTAL EXPENDITURES	25,274,711	54,301,662	54,945,855	(644,193)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	832,959	(28,193,992)	(28,422,346)	(228,354)
OTHER FINANCING SOURCES (USES)				
Issuance of long term debt	-	21,387,991	21,387,991	-
Proceeds from sale of capital assets	-	-	109,684	109,684
Transfers in	245,000	245,000	286,091	41,091
Transfers out	(1,627,965)	(1,627,965)	(2,279,862)	(651,897)
TOTAL OTHER FINANCING SOURCES (USES)	(1,382,965)	20,005,026	19,503,904	(501,122)
NET CHANGE IN FUND BALANCE	\$ (550,006)	\$ (8,188,966)	(8,918,442)	\$ (729,476)
Beginning fund balance			29,355,408	
ENDING FUND BALANCE			\$ 20,436,966	

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
SOLID WASTE NONMAJOR ENTERPRISE FUND
STATEMENT OF NET POSITION
June 30, 2015

	<u>Totals</u>
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 463,186
Receivables:	
Accounts	73,231
Interest	866
Due from other governments	<u>7,615</u>
TOTAL CURRENT ASSETS	<u>544,898</u>
NONCURRENT ASSETS	
Capital assets:	
Nondepreciable	<u>200,000</u>
TOTAL NONCURRENT ASSETS	<u>200,000</u>
TOTAL ASSETS	<u>744,898</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	<u>45,944</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>45,944</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	106,330
Due to other governments	7,666
Retention payable	<u>23,396</u>
TOTAL CURRENT LIABILITIES	<u>137,392</u>
NONCURRENT LIABILITIES	
Net pension liability	<u>33,263</u>
TOTAL NONCURRENT LIABILITIES	<u>33,263</u>
TOTAL LIABILITIES	<u>170,655</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	<u>13,833</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>13,833</u>
NET POSITION	
Net investment in capital assets	200,000
Unrestricted	<u>406,354</u>
TOTAL NET POSITION	<u>\$ 606,354</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
SOLID WASTE NONMAJOR ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
For the Year Ended June 30, 2015

	<u>Totals</u>
OPERATING REVENUES	
Charges for services	\$ 710,618
TOTAL OPERATING REVENUES	<u>710,618</u>
OPERATING EXPENSES	
Salaries and benefits	314,456
Professional services	198,664
Materials and supplies	142,465
General and administrative expenses	247,937
TOTAL OPERATING EXPENSES	<u>903,522</u>
OPERATING INCOME	(192,904)
NONOPERATING REVENUES	
Interest revenue	4,158
TOTAL NONOPERATING REVENUES	<u>4,158</u>
CHANGE IN NET POSITION	(188,746)
Net position, beginning of year - as previously reported	814,441
Restatement	(19,341)
Net position, beginning of year - as restated	<u>795,100</u>
NET POSITION, END OF YEAR	<u>\$ 606,354</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
SOLID WASTE NONMAJOR ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 712,687
Payments to suppliers	(535,760)
Payments to employees	(332,645)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(155,718)</u>
CASH FLOWS FROM CAPITAL FINANCIAL ACTIVITIES	
Payments on construction in progress	
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u></u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	4,667
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,667</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(151,051)
Cash and cash equivalents, beginning of the year	<u>614,237</u>
Cash and cash equivalents, end of the year	<u><u>\$ 463,186</u></u>
RECONCILIATION OF OPERATING INCOME TO NET	
CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ (192,904)
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
(Increase) decrease in current assets and deferred outflows of resources:	
Accounts receivable	3,194
Due from other governments	(1,125)
Prepaid items	10,200
Deferred outflows of resources - pensions	(19,837)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable and accrued liabilities	28,198
Due to other governments	1,512
Retention payable	13,396
Net pension liability	(12,185)
Deferred inflows of resources - pensions	13,833
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (155,718)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2015

	Successor Agency Private Purpose Trust Funds	Agency Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and investments	\$ 289,255	\$ 107,314
Interest receivable	565	-
TOTAL CURRENT ASSETS	289,820	107,314
NONCURRENT ASSETS		
Loans receivable	364,901	-
Advances to other funds	1,000,000	-
Land and buildings held for resale	3,758,923	-
TOTAL NONCURRENT ASSETS	5,123,824	-
TOTAL ASSETS	5,413,644	\$ 107,314
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	22,645	
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	6,600	\$ 78,702
Due to other governments	-	28,612
TOTAL CURRENT LIABILITIES	6,600	\$ 107,314
NONCURRENT LIABILITIES		
Advances from other funds and City	1,909,695	
Pension liability	37,618	
TOTAL NONCURRENT LIABILITIES	1,947,313	
TOTAL LIABILITIES	1,953,913	
DEFERRED INFLOWS OF RESOURCES		
Pensions	15,644	
NET POSITION		
Net position held in trust for redevelopment dissolution	\$ 3,466,732	

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2015

	Successor Agency Private Purpose Trust Funds
	<u> </u>
ADDITIONS:	
Intergovernmental	\$ 532,681
Investment earnings	<u>18,070</u>
TOTAL ADDITIONS	<u>550,751</u>
DEDUCTIONS:	
Public ways and facilities	335,438
Community enhancements	<u>19,028</u>
TOTAL DEDUCTIONS	<u>354,466</u>
CHANGE IN FIDUCIARY NET POSITION	196,285
NET POSITION	
Net position, beginning of year - as previously reported	3,292,191
Restatement	<u>(21,744)</u>
Net position, beginning of year - as restated	<u>3,270,447</u>
NET POSITION, END OF YEAR	<u><u>\$ 3,466,732</u></u>

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

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

As required by GAAP, these financial statements would present the government and its component units, entities for which the government is considered to be financially accountable. The City no longer reports 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Fund Financial Statements

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

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

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

The City reports the following major funds:

- **General Fund** – The General Fund is the primary operating fund of the City. It accounts for all activities except those legally or administratively required to be accounted for in another fund. From this fund are paid the City's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

Although the Home Program Grants Special Revenue Fund and CDBG Special Revenue Fund report a significant amount of deferred inflows of resources related to outstanding loans that quantitatively may suggest the funds should be reported as major, the loan programs are mature and the funds are not considered to be major funds from a qualitative standpoint. The funds are not reported as major funds unless there are a significant amount of revenues or expenditures during the year.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

Fiduciary Funds

Private Purpose Trust Funds - Private Purpose Trust Funds are used to account for fiduciary assets not required to be reported in another fiduciary fund type. The City's private purpose trust funds are used to account for the activities of the Successor Agency to the Community Redevelopment Agency of City of Citrus Heights as described in Note 11.

Agency Funds - Agency Funds account for assets held by the City in a purely custodial capacity. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not presented in the government-wide financial statements. There are three agency funds, including a fund previously used to collect development fees remitted to the County of Sacramento for drainage projects, 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, with the exception of agency funds, which have no measurement focus. The accounting objectives of economic resources measurement focus are the determination of net income, financial position, and cash flows. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recorded in the year for which they are levied. Sales taxes are recognized when the underlying sales transaction takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. All assets and liabilities (whether current or noncurrent) as well as deferred outflows and inflows of resources, associated with their activities are reported. Fund equity is classified as net position, which serves as an indicator of financial position.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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, Liabilities, 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 certificates of deposit.

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

Receivables

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, 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 loans receivable are recorded in the fund statements, but are reported as deferred inflows of resources to indicate they do not represent current financial resources. The loans are recognized when advanced in the government-wide statements. 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 7 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.

Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost, if actual is unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation. The City policy has set the capitalization threshold at \$5,000 for non-infrastructure capital assets and \$25,000 for infrastructure capital assets.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. No depreciation is recorded in the year of acquisition or in the year of disposition.

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

Buildings and improvements	5 – 50 years
Roadway improvements	50 years
Sidewalks, curbs, and gutters	50 years
Storm drain pipes/structures	50 years
Traffic signal devices	5 – 40 years
Landscaping	30 years
Signage	25 years
Leasehold improvements	5 years
Machinery and equipment	3 – 5 years
Vehicles	3 years

Deferred Outflows and Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position 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 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 pension plans under GASB 68 as described in Note 9. As indicated above, loans receivable are also reported as deferred inflows of resources to indicate they do not represent current financial resources.

Compensated Absences

Employees accrue vacation, sick, holiday, and compensatory time off benefits. City employees have vested interests in the amount of accrued time off, with the exception of sick time, 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 during the previous year and, the employee having a minimum balance of 80 annual leave hours after the payment. All vacation pay is 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 is currently payable. The City had no employee resignations or retirements for which compensated absences should be accrued in governmental funds at year-end. The General Fund is typically used to liquidate compensated absences.

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 capital assets* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The net investment in capital assets for the City represents the balance of capital assets, net of depreciation, reduced by the outstanding balance of capital leases.
- 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 not deferred in the fund statements).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment). The City has no endowments.

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 taken 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

- 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 according to the City's fund balance policy. Use of assigned funds exceeding City Manager's \$50,000 spending authority are approved as part of the budget or by Council Resolution.

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 6 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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 7 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.

Budgetary Accounting

The City Council establishes budgets for the General Fund and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. The Stock Ranch Nature Educational Facility Grant Special Revenue Fund and Stock Ranch Stewardship Grant Special Revenue Fund were unbudgeted. The City budgeted the following capital projects funds: the General Capital Improvements Fund, Community Capital Replacement Fund and Safe Routes to Schools Capital Projects Fund. 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, 2015. 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.

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

2. CASH AND INVESTMENTS

At June 30, 2015, the City's pooled cash and investments are classified in the accompanying financial statements as follows:

Government-wide Statements of Net Position	
Governmental Activities	\$ 29,209,765
Business-type Activities	463,186
Statement of Fiduciary Net Position - Fiduciary Funds	<u>396,569</u>
Total cash and investments	<u><u>\$ 30,069,520</u></u>

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

Cash on hand	\$ 4,600
Deposits with financial institutions	<u>143,131</u>
Total cash and deposits	147,731
Local Agency Investment Funds (LAIF)	13,781,054
U.S. Treasury Note	991,250
U.S. Agency Obligations	13,155,010
Medium Term Corporate Notes	<u>1,994,475</u>
Total investments	<u>29,921,789</u>
Total cash and investments	<u><u>\$ 30,069,520</u></u>

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.

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued

During the year ended June 30, 2015, the City's permissible investments included the following instruments:

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. In accordance with its investment policy, the City manages its exposures to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 5 years. As of June 30, 2015, the weighted average maturity of investments was 2.74 years.

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

Type of Investment	Maturities as of Year-end		
	Total	12 Months or Less	25-60 Months
Local Agency Investment Fund	\$ 13,781,054	\$ 13,781,054	\$ -
U.S. Treasury Note	991,250		991,250
U.S. Agency Obligations	13,155,010	2,010,690	11,144,320
Medium Term Corporate Note	1,994,475	995,595	998,880
Total	<u>\$ 29,921,789</u>	<u>\$ 16,787,339</u>	<u>\$ 13,134,450</u>

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued

Credit Risk

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

Type of Investment	Ratings as of Year-end			
	Total	AA+	A	Unrated
Local Agency Investment Fund	\$ 13,781,054	\$ -	\$ -	\$ 13,781,054
U.S Treasury Note	991,250	-	-	991,250
U.S. Agency Obligations	13,155,010	13,155,010	-	-
Medium Term Corporate Notes	1,994,475	998,880	995,595	-
Total	<u>\$ 29,921,789</u>	<u>\$ 14,153,890</u>	<u>\$ 995,595</u>	<u>\$ 14,772,304</u>

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. Investments in any one issuer, other than U.S. Treasury securities, mutual funds, and external investment pools that represent 5% or more of total District-wide investments are as follows:

Issuer	Investment Type	Amount
Federal Home Loan Mortgage Corporation	U.S. Agencies	\$ 5,979,838
Federal National Mortgage Corporation	U.S. Agencies	3,995,692
Federal Home Loan Bank	U.S. Agencies	3,179,480

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.

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued

At June 30, 2015, the carrying amount of the City's deposits was \$143,131 and the balance in financial institutions was \$470,076. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$220,076 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. As of June 30, 2015, all of the City's U.S. Treasury Notes, U.S. Agency obligations and medium term corporate notes totaling \$16,140,735 were held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

Investment in LAIF

LAIF is state at fair value. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The total fair value amount invested by all public agencies in LAIF is \$69,641,162,418 and is managed by the State Treasurer. Of that amount, 97.9 percent is invested in non-derivative financial products and 2.1 percent in derivative financial products and structured financial instruments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The weighted average maturity of investments held by LAIF was 239 days at June 30, 2015.

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. Interest is accrued on the loans that bear interest and totals \$779,956. 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:

	Beginning July 1, 2014	Additions	Deletions	Ending June 30, 2015
General Fund	\$ 29,083	\$ 26,140	\$ (33,161)	\$ 22,062
Non-Major Special Revenue Funds	5,800,476	417,338	(406,389)	5,811,425
Total loans/notes receivable	<u>\$ 5,829,559</u>	<u>\$ 443,478</u>	<u>\$ (439,550)</u>	<u>\$ 5,833,487</u>

The following is a summary of the loans and notes receivable outstanding as of June 30, 2015:

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, 2015, was \$22,062.

3. LOANS AND NOTES RECEIVABLE, Continued

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 2044. The balance of these loans at June 30, 2015, was \$1,630,558.

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. Interest rates range from 0% to 3% at year-end and the loans mature through 2043. The HOME notes receivable balance at June 30, 2015, was \$4,155,529.

HUD Economic Development Initiative Grants - Interest rates vary depending on the terms of the loan and interest is deferred until the loan is refinanced or title to the property changes. The interest rates were 3% at year-end. The down payment assistance notes receivable at June 30, 2015, were \$25,338.

Total Home Program Grant Special Revenue Fund loans totaled \$4,180,867.

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

4. CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2015:

	Balance at July 1, 2014	Additions	Deletions	Transfers & Adjustments	Balance at June 30, 2015
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 7,402,819	\$ 25,395	\$ -	\$ -	\$ 7,428,214
Artwork	103,650	-	-	-	103,650
Construction in progress	24,637,684	1,250,577	-	(22,870,940)	3,017,321
Total capital assets, not being depreciated	32,144,153	1,275,972	-	(22,870,940)	10,549,185
Capital assets, being depreciated:					
Building and improvements	38,352,084	13,350	(161,995)		38,203,439
Infrastructure	534,783,258	1,558,594	-	22,870,940	559,212,792
Assets under capital lease	-	21,387,991	-	-	21,387,991
Machinery and equipment	8,873,766	848,485	(709,778)	(28,372)	8,984,101
Total capital assets being depreciated	582,009,108	23,808,420	(871,773)	22,842,568	627,788,323
Less accumulated depreciation for:					
Building and improvements	(20,507,259)	(4,244,389)	161,995	-	(24,589,653)
Infrastructure	(219,981,822)	(10,484,142)	-	-	(230,465,964)
Machinery and equipment	(7,309,429)	(713,977)	709,778	28,372	(7,285,256)
Total accumulated depreciation	(247,798,510)	(15,442,508)	871,773	28,372	(262,340,873)
Total capital assets being depreciated, net	334,210,598	8,365,912	-	22,870,940	365,447,450
Total capital assets, net	\$ 366,354,751	\$ 9,641,884	\$ -	\$ -	\$ 375,996,635
	Balance at July 1, 2014	Additions	Deletions	Transfers & Adjustments	Balance at June 30, 2015
Business-type Activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
Total capital assets, net	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

4. CAPITAL ASSETS, Continued

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

General government	\$ 170,711
Public safety	494,037
Public ways and facilities	14,775,499
Culture and recreation	<u>2,261</u>
Total	<u>\$ 15,442,508</u>

5. LONG-TERM LIABILITIES

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

	Balance July 1, 2014 (As Restated)	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 1,575,857	\$ 1,232,057	\$ (1,096,187)	\$ 1,711,727	\$ 1,338,285
Claims payable	1,139,133	43,867	-	1,183,000	429,290
Capital leases:					
City Hall building	-	19,936,038	(7,638,960)	12,297,078	-
Utility yard	-	1,451,953	-	1,451,953	-
OPEB Liability	474,444	-	(6,000)	468,444	-
Net pension liability	<u>10,080,462</u>	<u>-</u>	<u>(2,591,691)</u>	<u>7,488,771</u>	<u>-</u>
	<u>\$ 13,269,896</u>	<u>\$ 22,663,915</u>	<u>\$ (11,332,838)</u>	<u>\$ 24,600,973</u>	<u>\$ 1,767,575</u>
Business-type activities:					
Net pension liability	<u>\$ 26,107</u>	<u>\$ 7,156</u>	<u>\$ -</u>	<u>\$ 33,263</u>	<u>\$ -</u>
	<u>\$ 26,107</u>	<u>\$ 7,156</u>	<u>\$ -</u>	<u>\$ 33,263</u>	<u>\$ -</u>

See Note 1 for a discussion of compensated absences, Note 8 for more information about the claims liability, Note 9 for information about the net pension liability and Note 10 for information about the OPEB liability.

Capital Leases

On April 22, 2015, the City entered into a capital lease agreement for a new city hall building and utility yard. The City made an initial payment of \$7,638,960 on June 11, 2015 and will begin monthly lease payments when the building and utility yard are occupied, which is expected to be in July 2016. The City will make lease payments on the City Hall building ranging from \$92,228 to \$200,310 per month for thirty years from the occupancy date. The City will make lease payments on the utility yard ranging from \$10,890 to \$23,651 per month for thirty years from the occupancy date. The interest rate is initially 9% on each lease. The City has the option to purchase the City Hall building and utility yard within twelve months from the occupancy date for \$12,297,078 and \$1,451,953, respectively.

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

5. LONG-TERM LIABILITIES, Continued

The following is a summary of future payments due under the capital lease as of June 30:

Year Ending June 30:	Capital Leases	
	City Hall Building	Utility Yard
2017	\$ 1,106,737	\$ 130,676
2018	1,106,737	130,676
2019	1,106,737	130,676
2020	1,206,343	142,437
2021	1,206,343	142,437
2022 - 2026	6,584,342	777,434
2027 - 2031	7,553,264	891,835
2032 - 2036	8,820,774	1,041,495
2037 - 2041	10,130,829	1,196,176
2042 - 2046	11,621,631	1,372,202
	<u>\$ 50,443,737</u>	<u>\$ 5,956,044</u>

An amortization schedule containing separate future principal and interest payments for each year was not available from the lessor as of the financial statement issuance date. The table above represents the sum of principal and interest payments provided by the lessor. The lease principal was derived by the lessor.

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

6. FUND BALANCES

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

Fund Balance Classifications	Major Funds	Total	
	General Fund	Nonmajor Governmental Funds	Total
Nonspendable:			
Loans and notes receivable	\$ 22,062	\$ -	\$ 22,062
Prepaid items	30,700	-	30,700
Advances to Successor Agency	909,695	-	909,695
Total Nonspendable Fund Balances	<u>962,457</u>	<u>-</u>	<u>962,457</u>
Restricted for:			
Donations for projects	14,148	-	14,148
Stormwater maintenance	-	3,386,591	3,386,591
Streets, roads and park projects	-	3,387,427	3,387,427
Assessment district maintenance	-	1,234,893	1,234,893
Police activities	-	528,166	528,166
Housing projects	-	453,140	453,140
Pedestrian and bicycle facilities	-	244,175	244,175
Tree preservation	-	154,457	154,457
Buisness marketing	-	82,792	82,792
Transit program	-	7,054	7,054
Other grant programs	-	459	459
Total Restricted Fund Balances	<u>14,148</u>	<u>9,479,154</u>	<u>9,493,302</u>
Committed to:			
City Hall renovation/replacement	14,361,040	-	14,361,040
Neighborhood street resurfacing	350,000	-	350,000
Insurance	300,000	-	300,000
Arterial major patch repairs	200,000	-	200,000
Revenue stabilization	4,184,378	-	4,184,378
Total Committed Fund Balances	<u>19,395,418</u>	<u>-</u>	<u>19,395,418</u>
Assigned to:			
Capital improvements and equipment replacement	-	1,652,198	1,652,198
	<u>-</u>	<u>1,652,198</u>	<u>1,652,198</u>
Unassigned in:			
General Fund	64,943	-	64,943
Special Revenue Funds	-	(431,962)	(431,962)
Capital Project Funds	-	(138,169)	(138,169)
Total Unassigned Fund Balances	<u>64,943</u>	<u>(570,131)</u>	<u>(505,188)</u>
Total fund balances (deficit)	<u>\$ 20,436,966</u>	<u>\$ 10,561,221</u>	<u>\$ 30,998,187</u>

6. FUND BALANCES, Continued

Nonspendable

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

Restricted

- **Gas Tax** – represents amounts restricted for street purposes by the California Streets and Highways Code.
- **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 amounts restricted for use by the Transportation Development Act for transit services.
- **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.
- **Housing In-lieu Fees** – represents housing in-lieu fees restricted by ordinance to housing in-lieu programs.
- **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.
- **Property Based Improvement District and Assessment District Funds** – represents special assessments on Sunrise MarketPlace businesses for marketing expenditures and special assessments on homeowners for lighting and landscaping and other expenses.
- **Development Fee Funds** – represents development fees restricted to expenditures for development of infrastructure and low income housing by ordinance.

6. FUND BALANCES, Continued

- **Other Grants Funds** – represents grant funds restricted for the purpose of the fund.
- **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. There were no deficit net position balances at June 30, 2015. Deficit fund balances consisted of the following:

Nonmajor Special Revenue Funds:

Transit \$316,285 deficit resulted from unavailable revenues. The deficit will be eliminated when the revenues are recognized.

CHUGS Grant - \$82,690 deficit resulted from expenditures exceeding grant revenues. The deficit is due to the revenue not being earned until program benchmarks are met, which did not occur as of year-end. The deficit will be eliminated when the benchmarks are met and the grant revenue is earned and claimed.

City Hall Parking Lot Grant - \$32,987 deficit resulted from expenditures exceeding grant revenues during the year. The deficit will be eliminated when the grantor releases retention it withheld from claims submitted that represents contingent revenue.

Nonmajor Capital Projects Funds:

Highway Safety Improvement - \$96,214 deficit was caused by capital outlay expenditures exceeding grant revenues. Future grant revenues from retention withheld by the grantor and other revenues are expected to eliminate this deficit.

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

6. FUND BALANCES, Continued

Streets - \$41,955 deficit was caused by expenditures exceeding grant revenues. The deficit will be eliminated when the grantor releases retention it withheld from claims submitted that represents contingent revenue.

Excess of Expenditures and Transfers Over Appropriations: Expenditures and transfers for budgeted funds exceeded appropriations for the following funds for the year ended June 30:

	Total Expenditures and Transfers Final Budget	Total Expenditures and Transfers	Excess Expenditures over Appropriations
<u>Governmental Activities</u>			
Non-major funds:			
Special Revenue funds:			
Community Events	\$ 128,181	\$ 141,684	\$ (13,503)
Gas Tax	3,197,112	3,202,418	(5,306)
Transit	3,156,911	3,775,591	(618,680)
Transportation Development Act	95,500	110,351	(14,851)
Police	467,310	570,058	(102,748)
Redevelopment Public Improvement Grant	-	449,647	(449,647)
Tree Preservation Development Fees	40,122	93,788	(53,666)
Transit Development Fees	-	111,968	(111,968)
Assessment District funds:			
Zone 3	6,838	19,782	(12,944)
98-02	15,280	44,431	(29,151)
Lighting Assessment District	384,850	405,900	(21,050)
Capital Projects funds:			
General Capital Improvements	1,240,780	1,287,518	(46,738)
Community Capital Replacement	407,000	743,577	(336,577)

7. 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	\$ 1,110,021
Non-Major Governmental Funds	Non-Major governmental Funds	110,668
Total Due to/from Other Funds		<u>\$ 1,220,689</u>

These balances 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.

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. INTERFUND TRANSACTIONS, Continued

B. Long-Term Interfund Advances

At June 30, 2015, the funds below had made advances that were not expected to be repaid within the next year. The funds with the advance to other funds report nonspendable fund balance to indicate the amounts are not available for appropriation.

Advances to Other Funds	Advances from Other Funds	Amount
General Fund	Successor Agency Trust	\$ 909,695
Total Interfund Advances		<u>\$ 909,695</u>

The General Fund advanced \$989,695 to the Successor Agency to cover administrative expenses. Principal will be paid back in annual installments of approximately \$80,000. No interest was approved by the State to be paid on this advance as of June 30, 2015.

C. Interfund Transfers

Transfers Out	Transfers In	Amount
General Fund	Non-major Governmental Funds	\$ 2,279,862
Non-Major Governmental Funds	General Fund	286,091
	Non-Major Governmental Funds	<u>76,061</u>
Total Interfund Transfers		<u>\$ 2,642,014</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the funds that statute or budget requires to expend them and (2) subsidize operating losses.

D. Internal Balances

Internal balances are presented in the Government-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities. There were no internal balances as of June 20, 2015.

8. 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:

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

8. RISK MANAGEMENT, Continued

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 - 5,000,000	CSAC - Excess Insurance Authority		Shared risk pool
5,000,001 - 25,000,000	Commercial reinsurance		
25,000,001 - 35,000,000	Commerical excess carrier		Shared risk pool
WORKERS' COMPENSATION CLAIMS			
\$ 0 - \$ 100,000	Self-Insured retention		City funds
100,001 - 500,000	Public Agency Risk Sharing Authority of California		Shared risk pool
500,001 - 5,000,000	Local Agency Workers' Compensation Excess Pool		Shared risk pool
5,000,001 - 50,000,000	Commercial reinsurance (purchased with CSAC-EIA)		
50,000,001 - statutory limits	Excess insurance (purchased with CSAC-EIA)		

PARSAC is governed by a Board of Directors and member agencies are entitled to representation on the board. Upon termination of the joint powers authority agreements, all property of PARSAC would be returned to the respective parties that transferred the property to PARSAC and any surplus of funds and assets would be returned to the parties in proportion to actual balances of each entity. Complete financial information for PARSAC is available at 1525 Response Road, Sacramento, CA 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 worker's 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, 2015 and 2014, fund balance of \$300,000 has been committed for self-insured general liability claims.

Changes in the liability and workers' compensation claims payable amounts during the year ended June 30, 2015 were as follows:

	Beginning July 1, 2014	Claims and Changes in Estimates	Claims Paid	Ending June 30, 2015
General Liability	\$ 378,018	\$ 81,982	\$ -	\$ 460,000
Workers' Compensation	761,115	(38,115)	-	723,000
Total Claims Payable	<u>\$ 1,139,133</u>	<u>\$ 43,867</u>	<u>\$ -</u>	<u>\$ 1,183,000</u>

9. PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's cost-sharing multiple employer defined benefit pension plans (the Plans) administered by the California Public Employees' Retirement System (CalPERS). The City has the following cost-sharing Plans:

- Miscellaneous Plan
- Miscellaneous Second Tier Plan
- PEPRAs Miscellaneous Plan
- Safety Police Plan
- Safety Second Tier Plan
- PEPRAs Safety Police Plan

Benefit provisions under the Plans 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 PEPRAs Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the 1959 Survivor Benefit level 4, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

9. PENSION PLANS, Continued

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous Plan	Miscellaneous Second Tier Plan	PEPRA Miscellaneous Plan
	Prior to August 13, 2011	August 13, 2011 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula (at full retirement)	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.426% to 2.42%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.25%
Required employer contribution rates	16.691%	11.032%	6.25%

	Safety Police Plan	Safety Police Second Tier Plan	PEPRA Safety Police Plan
	Prior to August 13, 2011	August 13, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula (at full retirement)	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.40% to 3.00%	2.00% to 2.70%
Required employee contribution rates	9.00%	9.00%	11.50%
Required employer contribution rates	27.849%	21.367%	11.50%

All Plans except the PEPRA plans are closed to new members that are not already CalPERS participants.

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 Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

9. PENSION PLANS, Continued

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous Plan	Miscellaneous Second Tier Plan	PEPRA Miscellaneous Plan	Safety Police Plan	Safety Police Second Tier Plan	PEPRA Safety Police Plan	Total
Contributions - employer	\$ 1,029,427	\$ 75,384	\$ 24,296	\$ 1,383,042	\$ 240,700	\$ 77,711	\$ 2,830,560
Contributions - employee (paid by employer)	88,738	6,498	2,094	119,219	20,748	6,699	243,996
	<u>\$ 1,118,165</u>	<u>\$ 81,882</u>	<u>\$ 26,390</u>	<u>\$ 1,502,261</u>	<u>\$ 261,448</u>	<u>\$ 84,410</u>	<u>\$ 3,074,556</u>

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Plan	\$ 3,937,921
Miscellaneous Second Tier Plan	21,393
PEPRA Miscellaneous Plan	478
Safety Police Plan	3,577,705
Safety Police Second Tier Plan	22,111
PEPRA Safety Police Plan	44
Total Net Pension Liability	<u>\$ 7,559,652</u>
<u>Financial Statement Classification:</u>	
Governmental Activities	\$ 7,488,771
Business-type Activities	33,263
Fiduciary Activities	37,618
	<u>\$ 7,559,652</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 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 pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

9. PENSION PLANS, Continued

	<u>Miscellaneous Plan</u>	<u>Miscellaneous Second Tier Plan</u>	<u>PEPRA Miscellaneous Plan</u>	<u>Safety Police Plan</u>	<u>Safety Police Second Tier Plan</u>	<u>PEPRA Safety Police Plan</u>
Proportion - June 30, 2013	0.16421%	0.00000%	0.00000%	0.09902%	0.00000%	0.00000%
Proportion - June 30, 2014	0.15933%	0.00000%	0.00000%	0.09538%	0.00000%	0.00000%
Change - Increase (Decrease)	-0.00488%	0.00000%	0.00000%	-0.00364%	0.00000%	0.00000%

For the year ended June 30, 2015, the City recognized pension expense of \$2,563,282 for all Plans combined. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,252,690	-
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Differences between the employer's contributions and the employer's proportionate share of contributions	1,352,947	-
Change in employer's proportion	-	\$ (1,045,212)
Net differences between projected and actual earnings on plan investments	-	(2,417,589)
Total	<u>\$ 4,605,637</u>	<u>\$ (3,462,801)</u>
<u>Financial Statement Classification:</u>		
Governmental Activities	\$ 4,537,048	\$ (3,433,324)
Business-type Activities	45,944	(13,833)
Fiduciary Activities	22,645	(15,644)
	<u>\$ 4,605,637</u>	<u>\$ (3,462,801)</u>

The \$3,252,690 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 year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2015	\$ (488,180)
2016	(488,180)
2017	(529,096)
2018	(604,398)
	<u>\$ (2,109,854)</u>

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

9. PENSION PLANS, Continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations for each of the Plans were determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

9. PENSION PLANS, Continued

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension 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 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 returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 fund. The expected rate of return was set by calculating the 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class for each of the Plans. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

9. PENSION PLANS, Continued

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

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, 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 Plan	Miscellaneous Second Tier Plan	PEPRA Miscellaneous Plan	Safety Police Plan	Safety Police Second Tier Plan	PEPRA Safety Police Plan
1% Decrease	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Net Pension Liability	\$ 7,016,155	\$ 38,116	\$ 852	\$ 6,156,768	\$ 38,050	\$ 76
Current Discount Rate	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Net Pension Liability	\$ 3,937,921	\$ 21,393	\$ 478	\$ 3,577,705	\$ 22,111	\$ 44
1% Increase	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Net Pension Liability	\$ 1,383,277	\$ 7,515	\$ 168	\$ 1,452,669	\$ 8,978	\$ 18

Pension Plan Fiduciary Net Position

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

C. Payable to the Pension Plans

At June 30, 2015, the City reported payables for the outstanding amount of contributions to the Plans required for the year ended June 30, 2015 as follows:

Safety Police Plan	\$ 74,698
Miscellaneous Plan	63,463
Safety Police Second Tier Plan	15,450
PEPRA Safety Police Plan	5,501
Miscellaneous Second Tier Plan	4,611
PEPRA Miscellaneous Plan	2,358
Total	<u>\$ 166,081</u>

10. OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description. The City's defined benefit other postemployment healthcare benefit plan, the City of Citrus Heights Retiree Healthcare Plan, is an agent plan administered by the City. The Plan provides access to lifetime healthcare benefits to eligible retirees and their dependents. Employees are eligible to participate in the City's Retiree Healthcare 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

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

10. OTHER POST EMPLOYMENT BENEFITS PLAN, Continued

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 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. 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. CERBT issues publicly available financial statements according to GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, in aggregate with the other CERBT participating employers. CERBT financial statements can be obtained from the CalPERS website at www.calpers.ca.gov. The City's Plan does not issue separate financial statements.

Funding Policy. The contribution requirements of Plan members and the City are established by and may be amended by the City Council. 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 retiree's number of years in PEMHCA. The City's active employee contributions were \$124.36 and \$119.00 per month and retiree contributions were \$105.70 and \$95.20 per month for the years ended June 30, 2015 and 2014, respectively. Since PEMHCA is a community rated plan for most employers, an implied subsidy is not reflected under GASB 45.

The City currently prefunds plan benefits through the CERBT by contributing at least 100% of the annual required contribution (ARC). The ARC rate was 0.96% of annual covered payroll during the year ended June 30, 2015.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefits plan (OPEB) cost (expense) is calculated based on the ARC of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. For the year ended June 30, 2015, the City's contribution to the Plan of \$134,000, including \$8,705 for current health insurance payments, exceeded the City's annual OPEB cost of \$128,000.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's Net OPEB obligation:

Annual required contribution	\$ 134,000
Interest on net OPEB obligation	35,000
Adjustment to annual required contribution	(41,000)
Annual OPEB cost (expense)	128,000
Contributions made to irrevocable trust	(134,000)
Benefit payments made outside of trust	-
Increase (Decrease) in net OPEB obligation	(6,000)
Net OPEB obligation - beginning of year	474,444
Net OPEB obligation - end of year	\$ 468,444

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

10. OTHER POST EMPLOYMENT BENEFITS PLAN, Continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the current fiscal year and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	\$ 192,000	104.62%	\$ 485,998
6/30/14	197,000	105.86%	474,444
6/30/15	128,000	104.69%	468,444

Funded Status and Funding Progress. The funded status of the Plan as of June 30, 2013, the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 851,000
Actuarial value of Plan assets	<u>647,000</u>
Unfunded actuarial accrued liability (UAAL)	\$ 204,000
Funded ratio (actuarial value of Plan assets/AAL)	76.03%
Covered payroll (active Plan participants)	\$ 14,481,000
UAAL as a percentage of covered payroll	1.41%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the June 30, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses) and a 3% general inflation assumption. Medical premiums were assumed to increase at 8.5%/8.9% (non-Medicare/Medicare) for 2014, reduced by decrements to 5.0% in 2021 and beyond. Both rates included a 3% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The total UAAL is being amortized as a level percentage of projected payroll over a closed 17 year period as of June 30, 2014. Future assumption changes and gains/losses developed in the June 30, 2013 valuation were amortized over a closed 15 year period.

11. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Citrus Heights that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit. The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 12, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-007.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

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. Interest is accrued on the loans that bear interest at interest rates ranging from 0% to 3%. These loans and notes receivable were transferred from the former redevelopment agency to the successor agency. Additions reflect interest accrued for the year and due as part of the principal balance through 2039.

City of Citrus Heights, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

Loans and notes receivable consisted of the following for the year ended June 30:

	Beginning July 1, 2014	Additions	Deletions	Ending June 30, 2015
First-time homebuyer loans receivable	\$ 284,201	\$ 80,700	\$ -	\$ 364,901
Total loans receivable	<u>\$ 284,201</u>	<u>\$ 80,700</u>	<u>\$ -</u>	<u>\$ 364,901</u>

First-time Homebuyer Loans Receivable

Rehabilitation Loans – The Successor Housing Agency took over maintenance of loans receivable for Low and Moderate Income Housing. The loans receivable principal balances are recorded in the fund based statements as loans receivable. Interest on certain loans may be waived by the Agency if the loan remains outstanding for the full term; therefore, interest income is recorded when received. Interest rates range from 0% to 3% and loans mature through 2039.

Advances receivable/payable

Activity for advances was as follows for the year ended June 30:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Advance from City	\$ 989,695	\$ -	\$ (80,000)	\$ 909,695

This advance from the City's General Fund was to fund expenses related to the implementation of the Commercial Corridor Redevelopment Plan and to reimburse administrative and public ways costs incurred by the City to implement the redevelopment plan. Repayment of the advance has been approved on the recent Recognized Obligation Payment Schedule (ROPS) approved by the California Department of Finance. Although interest was scheduled to be paid on the advance according to the advance agreement, no interest has been approved to be paid on the most recent ROPS and, therefore, no interest has been accrued or paid on the advance during the current fiscal year.

The Successor Agency Non-Housing Fund was allocated a net pension liability of \$37,618 using the relative percentage of payroll used by the Fund. See Note 9 for more information about the pension plans. The City's yearly allocation of pension contributions has been approved as part of the ROPS.

12. 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.

12. COMMITMENTS AND CONTINGENCIES, Continued

The State of California Department of Finance (the Department) disallowed the repayment of \$8,599,293 of interfund advances between the City's former Redevelopment Agency and the City's General Fund in 2011 during the Department's examination of redevelopment and Successor Agency activity. The City sued the Department to enforce the City's legal right to repay the advance under the terms of the advance agreement and the City's petition for a writ of mandate was denied by the Sacramento Superior Court in May 2014. The City is currently appealing the decision and expects the judgment to be overturned because Assembly Bill 1484 allows advances entered into prior to December 31, 2010 to be considered enforceable obligations. As a result, the City does not consider it probable at this time that it will repay the advance and has not accrued a liability for the return of the proceeds to the Successor Agency even though a judgment was rendered against the City.

The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City of Citrus Heights and the County of Sacramento entered into a revenue neutrality agreement pursuant to Government Code §56845, as a means of mitigating the financial impacts of the incorporation of the City in 1997 on the County's general fund. Currently all secured and unsecured ad valorem property taxes levied and collected pursuant to state law within the City's corporate limits, except for the tax increment associated with the Redevelopment Agency and landscaping and lighting for special assessments, are retained by the County. The County will collect and retain the property taxes beginning January 1, 1997 through June 30, 2022. For the fiscal year ended June 30, 2015, property taxes retained by the County in accordance with the revenue neutrality agreement totaled \$4,397,415.

The City had the following significant unexpended contractual commitments as of June 30:

Sunrise Blvd Complete Streets Phase 3A	\$	4,388,897
Auburn Blvd Phase 2		1,394,414
Sylvan Road Accessibility and Safety Improvement Project		1,180,630
Twin Oaks and Mariposa Drainage Improvement Project		988,891
Sunrise/Sungarden Intersection Improvements		43,370
		<hr/>
Total commitments	\$	<u>7,996,202</u>

13. NEW ACCOUNTING PRONOUNCEMENTS

In February 2015, the GASB approved Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements, including providing guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement establishes a hierarchy of inputs to valuation techniques used to measure and report fair value, which has three levels: Level 1 inputs that are quoted prices in active markets for identical assets or liabilities, level 2 inputs that are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly and level 3 inputs that are unobservable inputs, such as management's assumptions. This Statement is effective for periods beginning after June 15, 2015.

13. NEW ACCOUNTING PRONOUNCEMENTS, Continued

In June 2015, the GASB approved Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to other postemployment benefits other than pensions (OPEB). This Statement also addresses footnote disclosures and required supplementary information requirements for defined benefit OPEB plans. The alternative measurement method for OPEB plans will still be available under this Statement for employers with fewer than 100 employees (active and inactive). The provisions of this Statement are effective for periods beginning after June 15, 2017.

In June 2015, the GASB approved Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement identifies the hierarchy of generally accepted accounting principles (GAAP) for state and local governments, reducing the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement is effective for periods beginning after June 15, 2015.

14. CHANGES IN ACCOUNTING PRINCIPLES

During the year ended June 30, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These Statements required the City to recognize in its accrual basis financial statements the proportional share of the net pension liability, deferred outflows of resources and deferred inflows of resources for the City's cost-sharing pension plans. These Statements also required contributions made after the June 30, 2014 measurement date used in the actuarial valuations for the pension plans to be reported as deferred outflows of resources.

Due to the implementation of these Statements, total deferred outflows of resources increased by \$3,018,793, \$26,107 and \$29,656, total liabilities increased by \$10,080,462, \$45,448 and \$51,400 and total net position decreased by \$10,080,462, \$45,448 and \$51,400 as of July 1, 2014 in the City's government-wide, enterprise fund and Successor Agency Non-Housing Fund financial statements, respectively.

15. SUBSEQUENT EVENT

The City is currently negotiating a ground lease of the former City Hall site to a private company that is expected to offset a significant portion of the costs to lease or purchase the new City Hall and utility yard.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years**

	2015
Proportion of the net pension liability	0.15933%
Proportionate share of the net pension liability	\$ 3,937,921
Covered - employee payroll	\$ 6,342,811
Proportionate share of the net pension liability as a percentage of covered payroll	62.08%
Plan fiduciary net position as a percentage of the total pension liability	83.03%

Notes to Schedule:

Benefit changes: There were no changes to benefit terms.

Changes in assumptions: There were no changes in assumptions.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015; therefore, no information was available prior to this date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION
PLAN - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years**

	2015
Contractually required contribution (actuarially determined)	\$ 1,003,244
Contributions in relation to the actuarially determined contributions	1,003,244
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 6,342,811
Contributions as a percentage of covered - employee payroll	15.82%

Notes to Schedule:

Valuation date: June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over average remaining service life of participants.
Remaining amortization period	Not stated
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on entry age and service
Investment rate of return	7.50%, net of administrative expenses; includes inflation.
Retirement age	50-67 years. Probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.
Mortality	CalPERS specific data from January 2014 actuarial experience study for the period 1997 to 2011 that uses 20 years of mortality improvements using Society of Actuaries Scale BB.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - MISCELLANEOUS SECOND TIER PLAN (UNAUDITED)
Last 10 Years**

	2015
Proportion of the net pension liability	0.00000%
Proportionate share of the net pension liability	\$ 21,393
Covered - employee payroll	\$ 505,838
Proportionate share of the net pension liability as a percentage of covered payroll	4.23%
Plan fiduciary net position as a percentage of the total pension liability	83.03%

Notes to Schedule:

Benefit changes: There were no changes to benefit terms.

Changes in assumptions: There were no changes in assumptions.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015; therefore, no information was available prior to this date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION
PLAN - MISCELLANEOUS SECOND TIER PLAN (UNAUDITED)
Last 10 Years**

	2015
Contractually required contribution (actuarially determined)	\$ 64,794
Contributions in relation to the actuarially determined contributions	64,794
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 505,838
Contributions as a percentage of covered - employee payroll	12.81%

Notes to Schedule:

Valuation date: June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over average remaining service life of participants.
Remaining amortization period	Not stated
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on entry age and service
Investment rate of return	7.50%, net of administrative expenses; includes inflation.
Retirement age	50-67 years. Probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.
Mortality	CalPERS specific data from January 2014 actuarial experience study for the period 1997 to 2011 that uses 20 years of mortality improvements using Society of Actuaries Scale BB.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PEPRA MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years**

	2015
Proportion of the net pension liability	0.00000%
Proportionate share of the net pension liability	\$ 478
Covered - employee payroll	\$ 137,318
Proportionate share of the net pension liability as a percentage of covered payroll	0.35%
Plan fiduciary net position as a percentage of the total pension liability	83.04%

Notes to Schedule:

Benefit changes: There were no changes to benefit terms.

Changes in assumptions: There were no changes in assumptions.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015; therefore, no information was available prior to this date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION
PLAN - PEPRA MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years**

	2015
Contractually required contribution (actuarially determined)	\$ 12,804
Contributions in relation to the actuarially determined contributions	12,804
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 137,318
Contributions as a percentage of covered - employee payroll	9.32%

Notes to Schedule:

Valuation date: June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over average remaining service life of participants.
Remaining amortization period	Not stated
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on entry age and service
Investment rate of return	7.50%, net of administrative expenses; includes inflation.
Retirement age	50-67 years. Probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.
Mortality	CalPERS specific data from January 2014 actuarial experience study for the period 1997 to 2011 that uses 20 years of mortality improvements using Society of Actuaries Scale BB.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - SAFETY POLICE PLAN (UNAUDITED)
Last 10 Years**

	2015
Proportion of the net pension liability	0.09538%
Proportionate share of the net pension liability	\$ 3,577,705
Covered - employee payroll	\$ 6,273,406
Proportionate share of the net pension liability as a percentage of covered payroll	57.03%
Plan fiduciary net position as a percentage of the total pension liability	81.42%

Notes to Schedule:

Benefit changes: There were no changes to benefit terms.

Changes in assumptions: There were no changes in assumptions.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015; therefore, no information was available prior to this date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION
PLAN - SAFETY POLICE PLAN (UNAUDITED)
Last 10 Years**

	2015
Contractually required contribution (actuarially determined)	\$ 1,603,635
Contributions in relation to the actuarially determined contributions	1,603,635
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 6,273,406
Contributions as a percentage of covered - employee payroll	25.56%

Notes to Schedule:

Valuation date: June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over average remaining service life of participants.
Remaining amortization period	Not stated
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on entry age and service
Investment rate of return	7.50%, net of administrative expenses; includes inflation.
Retirement age	50-67 years. Probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.
Mortality	CalPERS specific data from January 2014 actuarial experience study for the period 1997 to 2011 that uses 20 years of mortality improvements using Society of Actuaries Scale BB.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - SAFETY SECOND TIER PLAN (UNAUDITED)
Last 10 Years**

	2015
Proportion of the net pension liability	0.00000%
Proportionate share of the net pension liability	\$ 22,111
Covered - employee payroll	\$ 480,702
Proportionate share of the net pension liability as a percentage of covered payroll	4.60%
Plan fiduciary net position as a percentage of the total pension liability	81.42%

Notes to Schedule:

Benefit changes: There were no changes to benefit terms.

Changes in assumptions: There were no changes in assumptions.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015; therefore, no information was available prior to this date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION
PLAN - SAFETY SECOND TIER PLAN (UNAUDITED)
Last 10 Years**

	2015
Contractually required contribution (actuarially determined)	\$ 178,471
Contributions in relation to the actuarially determined contributions	178,471
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 480,702
Contributions as a percentage of covered - employee payroll	37.13%

Notes to Schedule:

Valuation date: June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over average remaining service life of participants.
Remaining amortization period	Not stated
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on entry age and service.
Investment rate of return	7.50%, net of administrative expenses; includes inflation.
Retirement age	50-67 years. Probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.
Mortality	CalPERS specific data from January 2014 actuarial experience study for the period 1997 to 2011 that uses 20 years of mortality improvements using Society of Actuaries Scale BB.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PEPRA SAFETY POLICE PLAN (UNAUDITED)
Last 10 Years**

	2015
Proportion of the net pension liability	0.00000%
Proportionate share of the net pension liability	\$ 44
Covered - employee payroll	\$ 151,763
Proportionate share of the net pension liability as a percentage of covered payroll	0.03%
Plan fiduciary net position as a percentage of the total pension liability	81.51%

Notes to Schedule:

Benefit changes: There were no changes to benefit terms.

Changes in assumptions: There were no changes in assumptions.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015; therefore, no information was available prior to this date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION
PLAN - PEPRA SAFETY POLICE PLAN (UNAUDITED)
Last 10 Years**

	2015
Contractually required contribution (actuarially determined)	\$ 28,095
Contributions in relation to the actuarially determined contributions	28,095
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 151,763
Contributions as a percentage of covered - employee payroll	18.51%

Notes to Schedule:

Valuation date: June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over average remaining service life of participants.
Remaining amortization period	Not stated
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on entry age and service
Investment rate of return	7.50%, net of administrative expenses; includes inflation.
Retirement age	50-67 years. Probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.
Mortality	CalPERS specific data from January 2014 actuarial experience study for the period 1997 to 2011 that uses 20 years of mortality improvements using Society of Actuaries Scale BB.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**SCHEDULE OF FUNDING PROGRESS OF THE
OTHER POSTEMPLOYMENT BENEFITS PLAN (UNAUDITED)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (Asset) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
6/30/2013	\$ 647,000	\$ 851,000	\$ 204,000	76.03%	\$ 14,025,000	1.45%
6/30/2014	\$ 391,000	\$ 951,000	\$ 560,000	41.11%	\$ 14,953,000	3.75%
6/30/2015	\$ 647,000	\$ 851,000	\$ 204,000	76.03%	\$ 14,481,000	1.41%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

Community Events – Accounts for funds received and expended for the City's community events.

Code Enforcement – Accounts for funds to be used on Code Enforcement for neighborhood enhancement activities.

Gas Tax – Accounts for State gas tax revenues used for street maintenance and construction.

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 Fund – 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 In-lieu Fee – Accounts for revenues and expenditures associated with housing in-lieu fees.

HOME Program Grants – Accounts for HOME Program Grant fund used for low income housing activities.

Community Development Block Grants (CDBG) – Accounts for CDBG grant funds used for low income housing loans for home repair projects.

Property Based Improvement District – Accounts for assessments made on Sunrise MarketPlace businesses reduced by related marketing expenditures.

Redevelopment Public Improvement Grant – Accounts for revenues and expenditures as part of a public improvement grant for redevelopment purposes.

Housing Public Improvement Grant – Accounts for revenues and expenditures as part of a public improvement grant for housing purposes.

Development Fees Funds: These funds account for the revenues and expenditures associated with new development of infrastructure and low income housing:

- Roadway
- Housing Mitigation
- Tree Preservation
- Park Facilities
- Transit Development

Other Grant Special Revenue Funds:

Recycling Grants – Accounts for revenues and expenditures associated with the Recycling grants.

Stock Ranch Nature Education Facility – Accounts for revenues and expenditures associated with grants provided for the Stock Ranch Nature Education Facility.

City of Citrus Heights Urban Greening Strategy (CHUGS) Grant – Accounts for revenues and expenditures associated with the City’s urban greening programs grant.

Pedestrian Master Plan – Accounts for revenues and expenditures associated with the City’s pedestrian master plan.

Stock Ranch Stewardship Grant – Accounts for revenues and expenditures associated with educational events at the Stock Ranch Nature Preserve.

Bicycle Transportation Agreement (BTA) Grant – Accounts for revenues and expenditures associated with the design and construction of new and improved bikeways throughout the City.

City Hall Parking Lot Grant – Accounts for revenues and expenditures associated with the design and construction of a City Hall Green Parking Lot.

PetSmart Grant – Accounts for revenues and expenditures associated with the PetSmart grant.

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.

- Zone 1
- Zone 2
- Zone 3
- Zone 4
- District 98-01
- District 98-02
- District 03-01
- District 03-01, Zone 2
- Lighting Assessment District

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.
- **Highway Safety Improvement** – Accounts for funds expended for Highway Safety Improvement grant projects and improvements.
- **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.
- **Safe Routes to Schools** – Accounts for funds expended for the Safe Routes grant projects and improvements.
- **Auburn Boulevard Utilities** – Accounts for revenues and expenditures associated with the undergrounding of utilities on Auburn Boulevard from Sylvan to Antelope Road.
- **Streets** – Accounts for funds expended on various street capital improvement and paving projects, including an intersection improvements project and Old Auburn Bike Trail development.

CITY OF CITRUS HEIGHTS, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
June 30, 2015

Nonmajor Special Revenue Funds				
	Community Events	Code Enforcement	Gas Tax	Stormwater Utility Tax
ASSETS				
Cash and investments	\$ 7,557	\$ -	\$ 1,233,621	\$ 3,166,304
Receivables:				
Accounts	-	433,553	-	6,265
Interest	-	-	2,570	5,873
Loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	7,871	175,791	548,775
TOTAL ASSETS	\$ 7,557	\$ 441,424	\$ 1,411,982	\$ 3,727,217
LIABILITIES				
Accounts payable	\$ 7,261	\$ 167	\$ 141,791	\$ 263,920
Due to other funds	-	23,081	-	-
Due to other governments	296	-	7,110	72,865
Retention payable	-	-	133	3,841
Unearned revenue	-	-	6,000	-
TOTAL LIABILITIES	7,557	23,248	155,034	340,626
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - accounts and grants	-	417,344	121,610	-
Unavailable revenue - loans	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	417,344	121,610	-
FUND BALANCES (DEFICITS)				
Restricted	-	-	1,135,338	3,386,591
Assigned	-	832	-	-
Unassigned (deficit)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	832	1,135,338	3,386,591
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,557	\$ 441,424	\$ 1,411,982	\$ 3,727,217

Nonmajor Special Revenue Funds

Road Maintenance	Transit	Transportation Development Act	Police	Police Grants	SLES	Housing In-lieu Fee
\$ 926,829	\$ 94,631	\$ 254,484	\$ 475,806	\$ -	\$ 86,551	\$ 89,653
36	36	40,522	-	-	-	-
1,759	301	384	1,000	-	160	169
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	744,650	3,175	57,856	191,810	26,162	-
<u>\$ 928,624</u>	<u>\$ 839,618</u>	<u>\$ 298,565</u>	<u>\$ 534,662</u>	<u>\$ 191,810</u>	<u>\$ 112,873</u>	<u>\$ 89,822</u>
\$ 163,200	\$ 6,464	\$ 48,227	\$ 6,496	\$ 67,271	\$ 534	\$ -
-	-	-	-	115,300	-	-
-	629,710	-	-	9,239	-	-
4,907	2,510	2,988	-	-	-	-
-	-	-	-	-	112,339	-
<u>168,107</u>	<u>638,684</u>	<u>51,215</u>	<u>6,496</u>	<u>191,810</u>	<u>112,873</u>	<u>-</u>
-	517,219	3,175	-	-	-	-
-	-	-	-	-	-	-
-	517,219	3,175	-	-	-	-
760,517	-	244,175	528,166	-	-	89,822
-	-	-	-	-	-	-
-	(316,285)	-	-	-	-	-
<u>760,517</u>	<u>(316,285)</u>	<u>244,175</u>	<u>528,166</u>	<u>-</u>	<u>-</u>	<u>89,822</u>
<u>\$ 928,624</u>	<u>\$ 839,618</u>	<u>\$ 298,565</u>	<u>\$ 534,662</u>	<u>\$ 191,810</u>	<u>\$ 112,873</u>	<u>\$ 89,822</u>

CITY OF CITRUS HEIGHTS, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
June 30, 2015

Nonmajor Special Revenue Funds				
	HOME Program Grants	CDBG Grants	Property Based Improvement District	Redevelopment Public Improvement Grant
ASSETS				
Cash and investments	\$ 166,071	\$ -	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Interest	324	-	77	-
Loans	4,180,867	1,630,558	-	-
Due from other funds	-	-	-	-
Due from other governments	132,000	121,773	82,715	-
TOTAL ASSETS	\$ 4,479,262	\$ 1,752,331	\$ 82,792	\$ -
LIABILITIES				
Accounts payable	\$ 7,662	\$ 35,477	\$ -	\$ -
Due to other funds	-	75,388	-	-
Due to other governments	73,240	-	-	-
Retention payable	-	-	-	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	80,902	110,865	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - accounts and grants	-	-	-	-
Unavailable revenue - loans	4,180,867	1,630,558	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	4,180,867	1,630,558	-	-
FUND BALANCES (DEFICITS)				
Restricted	217,493	10,908	82,792	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	217,493	10,908	82,792	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,479,262	\$ 1,752,331	\$ 82,792	\$ -

Nonmajor Special Revenue Funds

Housing Public Improvement Grant	Development Fee Funds						Total Development Fees Funds
	Roadway Development Fees	Housing Mitigation Development Fees	Tree Preservation Development Fees	Park Facilities Development Fees	Transit Development Fees		
\$ -	\$ 229,049	\$ 134,670	\$ 198,699	\$ 67,218	\$ 346	\$ 629,982	
-	32,209	-	-	-	6,909	39,118	
-	421	247	376	147	8	1,199	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>\$ -</u>	<u>\$ 261,679</u>	<u>\$ 134,917</u>	<u>\$ 199,075</u>	<u>\$ 67,365</u>	<u>\$ 7,263</u>	<u>\$ 670,299</u>	
\$ -	\$ -	\$ -	\$ 17,500	\$ -	\$ 209	\$ 17,709	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	27,118	-	-	27,118	
-	-	-	44,618	-	209	44,827	
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CITY OF CITRUS HEIGHTS, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
June 30, 2015

Nonmajor Special Revenue Funds				
Other Grant Funds				
	Recycling Grants	Stock Ranch Nature Education Facility	CHUGS Grant	Pedestrian Master Plan
ASSETS				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Interest	121	-	-	-
Loans	-	-	-	-
Due from other funds	64,741	-	-	-
Due from other governments	22,449	-	7,930	59,210
TOTAL ASSETS	<u>\$ 87,311</u>	<u>\$ -</u>	<u>\$ 7,930</u>	<u>\$ 59,210</u>
LIABILITIES				
Accounts payable	\$ 35,421	\$ -	\$ 28,465	\$ 32,362
Due to other funds	-	-	62,155	26,848
Due to other governments	-	-	-	-
Retention payable	-	-	-	-
Unearned revenue	51,431	-	-	-
TOTAL LIABILITIES	<u>86,852</u>	<u>-</u>	<u>90,620</u>	<u>59,210</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - accounts and grants	-	-	-	-
Unavailable revenue - loans	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	459	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	(82,690)	-
TOTAL FUND BALANCES (DEFICITS)	<u>459</u>	<u>-</u>	<u>(82,690)</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 87,311</u>	<u>\$ -</u>	<u>\$ 7,930</u>	<u>\$ 59,210</u>

Nonmajor Special Revenue Funds

Other Grant Funds					Assessment District Funds	
Stock Ranch Stewardship Grant	BTA Grant	City Hall Parking Lot Grant	PetSmart Grant	Total Other Grants Funds	Zone 1	Zone 2
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,881	\$ 63,005
-	-	-	-	-	-	-
-	-	-	86	207	95	117
-	-	-	-	-	-	-
-	11	-	45,916	110,668	-	-
-	8,689	51,888	-	150,166	128	148
<u>\$ -</u>	<u>\$ 8,700</u>	<u>\$ 51,888</u>	<u>\$ 46,002</u>	<u>\$ 261,041</u>	<u>\$ 51,104</u>	<u>\$ 63,270</u>
\$ -	\$ 8,700	\$ 11,046	\$ 10,667	\$ 126,661	\$ -	\$ -
-	-	63,679	-	152,682	-	-
-	-	10,150	-	10,150	10,800	1,992
-	-	-	-	-	-	-
-	-	-	35,335	86,766	-	-
-	8,700	84,875	46,002	376,259	10,800	1,992
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	459	40,304	61,278
-	-	-	-	-	-	-
-	-	(32,987)	-	(115,677)	-	-
-	-	(32,987)	-	(115,218)	40,304	61,278
<u>\$ -</u>	<u>\$ 8,700</u>	<u>\$ 51,888</u>	<u>\$ 46,002</u>	<u>\$ 261,041</u>	<u>\$ 51,104</u>	<u>\$ 63,270</u>

CITY OF CITRUS HEIGHTS, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
June 30, 2015

Nonmajor Special Revenue Funds				
Assessment District Funds				
	Zone 3	Zone 4	98-01	98-02
ASSETS				
Cash and investments	\$ 1,927	\$ 789	\$ 134,322	\$ 108,879
Receivables:				
Accounts	-	-	-	-
Interest	6	-	250	204
Loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	53	117	193
TOTAL ASSETS	<u>\$ 1,933</u>	<u>\$ 842</u>	<u>\$ 134,689</u>	<u>\$ 109,276</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governments	577	842	532	1,128
Retention payable	-	-	-	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	<u>577</u>	<u>842</u>	<u>532</u>	<u>1,128</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - accounts and grants	-	-	-	-
Unavailable revenue - loans	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	1,356	-	134,157	108,148
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,356</u>	<u>-</u>	<u>134,157</u>	<u>108,148</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,933</u>	<u>\$ 842</u>	<u>\$ 134,689</u>	<u>\$ 109,276</u>

Nonmajor Special Revenue Funds				Nonmajor Capital Project Funds		
Assessment District Funds			Total Assessment District Funds	Total Nonmajor Special Revenue Funds	Measure A Construction	Highway Safety Improvement
03-01	03-01 Zone 2	Lighting Assessment District				
\$ 771,095	\$ 121,379	\$ 59,019	\$ 1,311,296	\$ 8,442,785	\$ 1,267,851	\$ -
-	-	560	560	520,090	-	-
1,436	226	-	2,334	16,357	2,383	-
-	-	-	-	5,811,425	-	-
-	-	-	-	110,668	-	-
-	35	4,424	5,098	2,247,842	103,616	712,023
<u>\$ 772,531</u>	<u>\$ 121,640</u>	<u>\$ 64,003</u>	<u>\$ 1,319,288</u>	<u>\$ 17,149,167</u>	<u>\$ 1,373,850</u>	<u>\$ 712,023</u>
\$ -	\$ -	\$ -	\$ -	\$ 892,840	\$ 168,669	\$ 94,741
-	-	-	-	366,451	-	643,281
2,978	1,543	64,003	84,395	887,005	-	-
-	-	-	-	14,379	42,653	70,215
-	-	-	-	232,223	-	-
<u>2,978</u>	<u>1,543</u>	<u>64,003</u>	<u>84,395</u>	<u>2,392,898</u>	<u>211,322</u>	<u>808,237</u>
-	-	-	-	1,059,348	-	-
-	-	-	-	5,811,425	-	-
-	-	-	-	6,870,773	-	-
769,553	120,097	-	1,234,893	8,316,626	1,162,528	-
-	-	-	-	832	-	-
-	-	-	-	(431,962)	-	(96,214)
<u>769,553</u>	<u>120,097</u>	<u>-</u>	<u>1,234,893</u>	<u>7,885,496</u>	<u>1,162,528</u>	<u>(96,214)</u>
<u>\$ 772,531</u>	<u>\$ 121,640</u>	<u>\$ 64,003</u>	<u>\$ 1,319,288</u>	<u>\$ 17,149,167</u>	<u>\$ 1,373,850</u>	<u>\$ 712,023</u>

CITY OF CITRUS HEIGHTS, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
June 30, 2015

Nonmajor Capital Project Funds				
	General Capital Improvements	Community Capital Replacement	Safe Routes to Schools	Auburn Boulevard Utilities
ASSETS				
Cash and investments	\$ 1,248,548	\$ 629,792	\$ -	\$ -
Receivables:				
Accounts	-	-	-	34,663
Interest	-	1,176	-	-
Loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	43,791	222,861
TOTAL ASSETS	\$ 1,248,548	\$ 630,968	\$ 43,791	\$ 257,524
LIABILITIES				
Accounts payable	\$ 177,118	\$ 25,760	\$ 32,640	\$ 166,957
Due to other funds	-	-	11,151	90,567
Due to other governments	-	-	-	-
Retention payable	25,272	-	-	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	202,390	25,760	43,791	257,524
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - accounts and grants	-	-	-	-
Unavailable revenue - loans	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCES (DEFICITS)				
Restricted	-	-	-	-
Assigned	1,046,158	605,208	-	-
Unassigned (deficit)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	1,046,158	605,208	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,248,548	\$ 630,968	\$ 43,791	\$ 257,524

Nonmajor Capital Projects Funds			
		Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Streets			
\$ -	\$ 3,146,191		\$ 11,588,976
-	34,663		554,753
-	3,559		19,916
-	-		5,811,425
-	-		110,668
149,630	1,231,921		3,479,763
<u>\$ 149,630</u>	<u>\$ 4,416,334</u>		<u>\$ 21,565,501</u>
\$ 79,436	\$ 745,321		\$ 1,638,161
109,239	854,238		1,220,689
-	-		887,005
2,910	141,050		155,429
-	-		232,223
191,585	1,740,609		4,133,507
-	-		1,059,348
-	-		5,811,425
-	-		6,870,773
-	1,162,528		9,479,154
-	1,651,366		1,652,198
(41,955)	(138,169)		(570,131)
(41,955)	2,675,725		10,561,221
<u>\$ 149,630</u>	<u>\$ 4,416,334</u>		<u>\$ 21,565,501</u>

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CITY OF CITRUS HEIGHTS, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2015

Nonmajor Special Revenue Funds				
	Community Events	Code Enforcement	Gas Tax	Stormwater Utility Tax
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	2,496,160	73,888
Use of money and property	-	-	9,789	21,680
Charges for services	2,925	235,039	-	3,372,036
Contributions	17,005	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	19,930	235,039	2,505,949	3,467,604
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	205,687	-	-
Public ways and facilities	-	-	2,925,546	2,474,765
Culture and recreation	141,684	-	-	-
Community enhancements	-	139,556	-	-
Capital outlay	-	-	244,686	868,145
TOTAL EXPENDITURES	141,684	345,243	3,170,232	3,342,910
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(121,754)	(110,204)	(664,283)	124,694
OTHER FINANCING SOURCES (USES)				
Transfers in	121,754	133,159	-	-
Transfers out	-	(25,000)	(32,186)	-
TOTAL OTHER FINANCING (USES) SOURCES	121,754	108,159	(32,186)	-
NET CHANGE IN FUND BALANCES	-	(2,045)	(696,469)	124,694
Beginning fund balances (deficit),	-	2,877	1,831,807	3,261,897
ENDING FUND BALANCES (DEFICITS)	\$ -	\$ 832	\$ 1,135,338	\$ 3,386,591

Nonmajor Special Revenue Funds

Road Maintenance	Transit	Transportation Development Act	Police	Police Grants	SLES	Housing In-lieu Fee
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	773,755	-	-	-
1,678,572	3,383,542	61,589	140,397	554,972	99,589	-
7,294	(667)	2,160	4,945	-	-	828
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,685,866	3,382,875	63,749	919,097	554,972	99,589	828
234,827	78,051	-	-	-	-	-
-	-	-	308,968	474,694	99,589	-
1,361,260	3,690,133	104,931	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	24,888
2,259	7,407	5,420	-	80,278	-	-
1,598,346	3,775,591	110,351	308,968	554,972	99,589	24,888
87,520	(392,716)	(46,602)	610,129	-	-	(24,060)
-	-	-	-	-	-	-
(28,751)	-	-	(261,090)	-	-	(151)
(28,751)	-	-	(261,090)	-	-	(151)
58,769	(392,716)	(46,602)	349,039	-	-	(24,211)
701,748	76,431	290,777	179,127	-	-	114,033
\$ 760,517	\$ (316,285)	\$ 244,175	\$ 528,166	\$ -	\$ -	\$ 89,822

CITY OF CITRUS HEIGHTS, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2015

Nonmajor Special Revenue Funds				
	HOME Program Grants	CDBG Grants	Property Based Improvement District	Redevelopment Public Improvement Grant
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	158,953	576,082	-	-
Use of money and property	1,941	-	(142)	3,232
Charges for services	-	-	756,035	-
Contributions	-	-	-	-
Other revenues	1,000	-	-	-
TOTAL REVENUES	161,894	576,082	755,893	3,232
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public ways and facilities	-	-	680,324	449,647
Culture and recreation	-	-	-	-
Community enhancements	158,893	567,605	-	-
Capital outlay	-	9,328	-	-
TOTAL EXPENDITURES	158,893	576,933	680,324	449,647
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,001	(851)	75,569	(446,415)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,151	-	-
Transfers out	(1,000)	-	-	-
TOTAL OTHER FINANCING (USES) SOURCES	(1,000)	1,151	-	-
NET CHANGE IN FUND BALANCES	2,001	300	75,569	(446,415)
Beginning fund balances (deficit),	215,492	10,608	7,223	446,415
ENDING FUND BALANCES (DEFICITS)	\$ 217,493	\$ 10,908	\$ 82,792	\$ -

Nonmajor Special Revenue Funds

Housing Public Improvement Grant	Development Fee Funds					Total Development Fees Funds
	Roadway Development Fees	Housing Mitigation Development Fees	Tree Preservation Development Fees	Park Facilities Development Fees	Transit Development Fees	
\$ -	\$ 43,772	\$ 19,444	\$ 44,998	\$ 48,764	\$ 13,423	\$ 170,401
-	-	-	-	-	-	-
-	-	-	-	-	-	-
22	1,451	995	1,653	425	12	4,536
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
22	45,223	20,439	46,651	49,189	13,435	174,937
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,034	400	-	-	-	111,968	112,368
-	-	-	-	-	-	-
-	-	-	93,788	-	-	93,788
-	7,587	-	-	-	-	7,587
3,034	7,987	-	93,788	-	111,968	213,743
(3,012)	37,236	20,439	(47,137)	49,189	(98,533)	(38,806)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(3,012)	37,236	20,439	(47,137)	49,189	(98,533)	(38,806)
3,012	224,443	114,478	201,594	18,176	105,587	664,278
\$ -	\$ 261,679	\$ 134,917	\$ 154,457	\$ 67,365	\$ 7,054	\$ 625,472

CITY OF CITRUS HEIGHTS, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2015

Nonmajor Special Revenue Funds				
Other Grants Funds				
	Recycling Grants	Stock Ranch Nature Education Facility	CHUGS Grant	Pedestrian Master Plan
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	42,648	102,684	-	94,417
Use of money and property	-	-	-	-
Charges for services	-	-	-	-
Contributions	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	42,648	102,684	-	94,417
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public ways and facilities	-	-	-	-
Culture and recreation	-	-	-	-
Community enhancements	42,648	15,187	82,690	94,417
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	42,648	15,187	82,690	94,417
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	87,497	(82,690)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING (USES) SOURCES	-	-	-	-
NET CHANGE IN FUND BALANCES	-	87,497	(82,690)	-
Beginning fund balances (deficit),	459	(87,497)	-	-
ENDING FUND BALANCES (DEFICITS)	\$ 459	\$ -	\$ (82,690)	\$ -

Nonmajor Special Revenue Funds

Other Grants Funds					Assessment District Funds	
Stock Ranch Stewardship Grant	BTA Grant	City Hall Parking Lot Grant	PetSmart Grant	Total Other Grants Funds	Zone 1	Zone 2
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
3,300	18,493	517,244	38,215	817,001	-	-
-	-	-	-	-	341	466
-	-	-	-	-	10,655	12,337
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,300	18,493	517,244	38,215	817,001	10,996	12,803
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	10,996	10,574
-	-	-	-	-	-	-
3,300	8,689	134,684	38,215	419,830	-	-
-	-	402,996	-	402,996	-	-
3,300	8,689	537,680	38,215	822,826	10,996	10,574
-	9,804	(20,436)	-	(5,825)	-	2,229
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	9,804	(20,436)	-	(5,825)	-	2,229
-	(9,804)	(12,551)	-	(109,393)	40,304	59,049
\$ -	\$ -	\$ (32,987)	\$ -	\$ (115,218)	\$ 40,304	\$ 61,278

CITY OF CITRUS HEIGHTS, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2015

Nonmajor Special Revenue Funds				
Assessment District Funds				
	Zone 3	Zone 4	98-01	98-02
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	7	-	1,096	996
Charges for services	20,397	4,696	10,640	22,200
Contributions	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	20,404	4,696	11,736	23,196
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public ways and facilities	5,808	8,130	3,745	44,431
Culture and recreation	-	-	-	-
Community enhancements	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	5,808	8,130	3,745	44,431
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,596	(3,434)	7,991	(21,235)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,434	-	-
Transfers out	(13,974)	-	-	-
TOTAL OTHER FINANCING (USES) SOURCES	(13,974)	3,434	-	-
NET CHANGE IN FUND BALANCES	622	-	7,991	(21,235)
Beginning fund balances (deficit),	734	-	126,166	129,383
ENDING FUND BALANCES (DEFICITS)	\$ 1,356	\$ -	\$ 134,157	\$ 108,148

Nonmajor Special Revenue Funds					Nonmajor Capital Projects Funds	
Assessment District Funds			Total Assessment District Funds	Total Nonmajor Special Revenue Funds	Measure A Construction	Highway Safety Improvement
03-01	03-01 Zone 2	Lighting Assessment District				
\$ -	\$ -	\$ -	\$ -	\$ 170,401	\$ -	\$ -
-	-	-	-	773,755	-	-
-	-	-	-	10,040,745	681,717	803,125
5,835	900	-	9,641	65,259	10,329	-
88,700	20,146	348,398	538,169	4,904,204	-	-
-	-	-	-	17,005	-	-
-	-	-	-	1,000	-	-
94,535	21,046	348,398	547,810	15,972,369	692,046	803,125
-	-	-	-	312,878	-	-
-	-	-	-	1,088,938	-	-
10,294	6,123	405,900	506,001	12,308,009	622,893	406,627
-	-	-	-	141,684	-	-
-	-	-	-	1,404,560	-	-
-	-	-	-	1,628,106	121,128	471,508
10,294	6,123	405,900	506,001	16,884,175	744,021	878,135
84,241	14,923	(57,502)	41,809	(911,806)	(51,975)	(75,010)
-	-	57,502	60,936	317,000	-	-
-	-	-	(13,974)	(362,152)	-	-
-	-	57,502	46,962	(45,152)	-	-
84,241	14,923	-	88,771	(956,958)	(51,975)	(75,010)
685,312	105,174	-	1,146,122	8,842,454	1,214,503	(21,204)
\$ 769,553	\$ 120,097	\$ -	\$ 1,234,893	\$ 7,885,496	\$ 1,162,528	\$ (96,214)

CITY OF CITRUS HEIGHTS, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2015

	Nonmajor Capital Projects Funds			
	General Capital Improvements	Community Capital Replacement	Safe Routes to Schools	Auburn Boulevard Utilities
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	43,791	697,057
Use of money and property	-	5,200	-	-
Charges for services	-	-	-	-
Contributions	-	-	-	-
Other revenues	-	-	-	-
	-	5,200	43,791	697,057
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public ways and facilities	1,212,772	39,685	43,791	-
Culture and recreation	-	-	-	-
Community enhancements	-	-	-	-
Capital outlay	74,746	703,892	-	610,787
	1,287,518	743,577	43,791	610,787
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,287,518)	(738,377)	-	86,270
OTHER FINANCING SOURCES (USES)				
Transfers in	1,665,423	373,500	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING (USES) SOURCES	1,665,423	373,500	-	-
NET CHANGE IN FUND BALANCES	377,905	(364,877)	-	86,270
Beginning fund balances (deficit),	668,253	970,085	-	(86,270)
ENDING FUND BALANCES (DEFICITS)	\$ 1,046,158	\$ 605,208	\$ -	\$ -

Nonmajor Capital Projects Funds		
	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Streets		
\$ -	\$ -	\$ 170,401
-	-	773,755
149,630	2,375,320	12,416,065
-	15,529	80,788
-	-	4,904,204
-	-	17,005
-	-	1,000
149,630	2,390,849	18,363,218
-	-	312,878
-	-	1,088,938
176,163	2,501,931	14,809,940
-	-	141,684
-	-	1,404,560
15,422	1,997,483	3,625,589
191,585	4,499,414	21,383,589
(41,955)	(2,108,565)	(3,020,371)
-	2,038,923	2,355,923
-	-	(362,152)
-	2,038,923	1,993,771
(41,955)	(69,642)	(1,026,600)
-	2,745,367	11,587,821
\$ (41,955)	\$ 2,675,725	\$ 10,561,221

CITY OF CITRUS HEIGHTS, CALIFORNIA
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

		COMMUNITY EVENTS			Variance With Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
Taxes and assessments		\$ -	\$ -	\$ -	\$ -
Licenses and permits		-	-	-	-
Fines and forfeitures		-	-	-	-
Intergovernmental		-	-	-	-
Use of money and property		-	-	-	-
Charges for services		900	900	2,925	2,025
Contributions		35,000	35,000	17,005	(17,995)
Other revenues		-	-	-	-
TOTAL REVENUES		35,900	35,900	19,930	(15,970)
EXPENDITURES					
Current:					
General government		-	-	-	-
Public safety		-	-	-	-
Public ways and facilities		-	-	-	-
Culture and recreation		128,181	128,181	141,684	(13,503)
Community enhancements		-	-	-	-
Capital outlay		-	-	-	-
TOTAL EXPENDITURES		128,181	128,181	141,684	(13,503)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
		(92,281)	(92,281)	(121,754)	(29,473)
OTHER FINANCING SOURCES (USES)					
Transfers in		92,281	92,281	121,754	29,473
Transfers out		-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)		92,281	92,281	121,754	29,473
NET CHANGE IN FUND BALANCES		\$ -	\$ -	-	\$ -
Beginning fund balances (deficit)				-	
ENDING FUND BALANCES (DEFICITS)				\$ -	

The accompanying notes to financial statements are an integral part of this statement.

CODE ENFORCEMENT				GAS TAX			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,161,314	2,161,314	2,496,160	334,846
-	-	-	-	10,200	10,200	9,789	(411)
245,000	245,000	235,039	(9,961)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>245,000</u>	<u>245,000</u>	<u>235,039</u>	<u>(9,961)</u>	<u>2,171,514</u>	<u>2,171,514</u>	<u>2,505,949</u>	<u>334,435</u>
-	-	-	-	-	-	-	-
242,964	242,964	205,687	37,277	-	-	-	-
-	-	-	-	3,193,527	3,193,527	2,925,546	267,981
-	-	-	-	-	-	-	-
139,542	139,542	139,556	(14)	-	-	-	-
-	-	-	-	-	-	244,686	(244,686)
<u>382,506</u>	<u>382,506</u>	<u>345,243</u>	<u>37,263</u>	<u>3,193,527</u>	<u>3,193,527</u>	<u>3,170,232</u>	<u>23,295</u>
(137,506)	(137,506)	(110,204)	27,302	(1,022,013)	(1,022,013)	(664,283)	357,730
162,505	162,505	133,159	(29,346)	-	-	-	-
(25,000)	(25,000)	(25,000)	-	(3,585)	(3,585)	(32,186)	(28,601)
<u>137,505</u>	<u>137,505</u>	<u>108,159</u>	<u>(29,346)</u>	<u>(3,585)</u>	<u>(3,585)</u>	<u>(32,186)</u>	<u>(28,601)</u>
<u>\$ (1)</u>	<u>\$ (1)</u>	<u>(2,045)</u>	<u>\$ (2,044)</u>	<u>\$ (1,025,598)</u>	<u>\$ (1,025,598)</u>	<u>(696,469)</u>	<u>\$ 329,129</u>
		<u>2,877</u>				<u>1,831,807</u>	
		<u>\$ 832</u>				<u>\$ 1,135,338</u>	

CITY OF CITRUS HEIGHTS, CALIFORNIA
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

STORMWATER UTILITY TAX				
	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	73,888	73,888
Use of money and property	23,621	23,621	21,680	(1,941)
Charges for services	3,400,000	3,400,000	3,372,036	(27,964)
Contributions	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	3,423,621	3,423,621	3,467,604	43,983
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public ways and facilities	1,994,872	1,994,872	2,474,765	(479,893)
Culture and recreation	-	-	-	-
Community enhancements	-	-	-	-
Capital outlay	3,814,535	3,814,535	868,145	2,946,390
TOTAL EXPENDITURES	5,809,407	5,809,407	3,342,910	2,466,497
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,385,786)	(2,385,786)	124,694	2,510,480
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ (2,385,786)	\$ (2,385,786)	124,694	\$ 2,510,480
Beginning fund balances (deficit)			3,261,897	
ENDING FUND BALANCES (DEFICITS)			\$ 3,386,591	

ROAD MAINTENANCE				TRANSIT			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,698,244	1,698,244	1,678,572	(19,672)	3,250,954	3,250,954	3,383,542	132,588
6,843	6,843	7,294	451	424	424	(667)	(1,091)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,705,087	1,705,087	1,685,866	(19,221)	3,251,378	3,251,378	3,382,875	131,497
284,827	284,827	234,827	50,000	75,551	75,551	78,051	(2,500)
-	-	-	-	-	-	-	-
895,142	895,142	1,361,260	(466,118)	3,081,360	3,081,360	3,690,133	(608,773)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
700,000	700,000	2,259	697,741	-	-	7,407	(7,407)
1,879,969	1,879,969	1,598,346	281,623	3,156,911	3,156,911	3,775,591	(618,680)
(174,882)	(174,882)	87,520	262,402	94,467	94,467	(392,716)	(487,183)
-	-	-	-	-	-	-	-
(37,407)	(37,407)	(28,751)	8,656	-	-	-	-
(37,407)	(37,407)	(28,751)	8,656	-	-	-	-
\$ (212,289)	\$ (212,289)	58,769	\$ 271,058	\$ 94,467	\$ 94,467	(392,716)	\$ (487,183)
		701,748				76,431	
		\$ 760,517				\$ (316,285)	

CITY OF CITRUS HEIGHTS, CALIFORNIA
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

		TRANSPORATION DEVELOPMENT ACT			Variance With Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
Taxes and assessments		\$ -	\$ -	\$ -	\$ -
Licenses and permits		-	-	-	-
Fines and forfeitures		-	-	-	-
Intergovernmental		59,719	59,719	61,589	1,870
Use of money and property		857	857	2,160	1,303
Charges for services		-	-	-	-
Contributions		-	-	-	-
Other revenues		-	-	-	-
TOTAL REVENUES		60,576	60,576	63,749	3,173
EXPENDITURES					
Current:					
General government		-	-	-	-
Public safety		-	-	-	-
Public ways and facilities		27,000	27,000	104,931	(77,931)
Culture and recreation		-	-	-	-
Community enhancements		-	-	-	-
Capital outlay		68,500	68,500	5,420	63,080
TOTAL EXPENDITURES		95,500	95,500	110,351	(14,851)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(34,924)	(34,924)	(46,602)	(11,678)
OTHER FINANCING SOURCES (USES)					
Transfers in		-	-	-	-
Transfers out		-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)		-	-	-	-
NET CHANGE IN FUND BALANCES		\$ (34,924)	\$ (34,924)	(46,602)	\$ (11,678)
Beginning fund balances (deficit)				290,777	
ENDING FUND BALANCES (DEFICITS)				\$ 244,175	

POLICE				POLICE GRANTS			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
304,000	304,000	773,755	469,755	-	-	-	-
100,000	100,000	140,397	40,397	703,494	703,494	554,972	(148,522)
1,284	1,284	4,945	3,661	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
405,284	405,284	919,097	513,813	703,494	703,494	554,972	(148,522)
-	-	-	-	-	-	-	-
247,310	247,310	308,968	(61,658)	703,494	703,494	474,694	228,800
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	80,278	(80,278)
247,310	247,310	308,968	(61,658)	703,494	703,494	554,972	148,522
157,974	157,974	610,129	452,155	-	-	-	-
57,766	57,766	-	(57,766)	-	-	-	-
(220,000)	(220,000)	(261,090)	(41,090)	-	-	-	-
(162,234)	(162,234)	(261,090)	(98,856)	-	-	-	-
\$ (4,260)	\$ (4,260)	349,039	\$ 353,299	\$ -	\$ -	-	\$ -
		179,127				-	
		\$ 528,166				\$ -	

CITY OF CITRUS HEIGHTS, CALIFORNIA
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

		SLES			Variance With Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
Taxes and assessments		\$ -	\$ -	\$ -	\$ -
Licenses and permits		-	-	-	-
Fines and forfeitures		-	-	-	-
Intergovernmental		134,832	134,832	99,589	(35,243)
Use of money and property		-	-	-	-
Charges for services		-	-	-	-
Contributions		-	-	-	-
Other revenues		-	-	-	-
TOTAL REVENUES		134,832	134,832	99,589	(35,243)
EXPENDITURES					
Current:					
General government		-	-	-	-
Public safety		134,832	134,832	99,589	35,243
Public ways and facilities		-	-	-	-
Culture and recreation		-	-	-	-
Community enhancements		-	-	-	-
Capital outlay		-	-	-	-
TOTAL EXPENDITURES		134,832	134,832	99,589	35,243
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in		-	-	-	-
Transfers out		-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)		-	-	-	-
NET CHANGE IN FUND BALANCES		\$ -	\$ -	-	\$ -
Beginning fund balances (deficit)				-	
ENDING FUND BALANCES (DEFICITS)				\$ -	

HOUSING IN-LIEU FEE				HOME PROGRAM GRANTS			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	624,522	624,522	158,953	(465,569)
1,031	1,031	828	(203)	475	475	1,941	1,466
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,000	1,000
1,031	1,031	828	(203)	624,997	624,997	161,894	(463,103)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29,760	29,760	24,888	4,872	684,522	684,522	158,893	525,629
-	-	-	-	-	-	-	-
29,760	29,760	24,888	4,872	684,522	684,522	158,893	525,629
(28,729)	(28,729)	(24,060)	4,669	(59,525)	(59,525)	3,001	62,526
-	-	-	-	-	-	-	-
-	-	(151)	(151)	-	-	(1,000)	(1,000)
-	-	(151)	(151)	-	-	(1,000)	(1,000)
\$ (28,729)	\$ (28,729)	(24,211)	\$ 4,518	\$ (59,525)	\$ (59,525)	2,001	\$ 61,526
		114,033				215,492	
		\$ 89,822				\$ 217,493	

CITY OF CITRUS HEIGHTS, CALIFORNIA
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

		CDBG GRANTS			Variance With Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
Taxes and assessments		\$ -	\$ -	\$ -	\$ -
Licenses and permits		-	-	-	-
Fines and forfeitures		-	-	-	-
Intergovernmental		1,536,528	1,536,528	576,082	(960,446)
Use of money and property		-	-	-	-
Charges for services		-	-	-	-
Contributions		-	-	-	-
Other revenues		30,000	30,000	-	(30,000)
	TOTAL REVENUES	1,566,528	1,566,528	576,082	(990,446)
EXPENDITURES					
Current:					
General government		-	-	-	-
Public safety		-	-	-	-
Public ways and facilities		-	-	-	-
Culture and recreation		-	-	-	-
Community enhancements		970,170	970,170	567,605	402,565
Capital outlay		-	-	9,328	(9,328)
	TOTAL EXPENDITURES	970,170	970,170	576,933	393,237
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
		596,358	596,358	(851)	(597,209)
OTHER FINANCING SOURCES (USES)					
Transfers in		30,000	30,000	1,151	(28,849)
Transfers out		-	-	-	-
	TOTAL OTHER FINANCING SOURCES (USES)	30,000	30,000	1,151	(28,849)
NET CHANGE IN FUND BALANCES		\$ 626,358	\$ 626,358	300	\$ (626,058)
Beginning fund balances (deficit)				10,608	
ENDING FUND BALANCES (DEFICITS)				\$ 10,908	

PROPERTY BASED IMPROVEMENT DISTRICT				REDEVELOPMENT PUBLIC IMPROVEMENT GRANT			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(142)	(142)	3,771	3,771	3,232	(539)
752,324	752,324	756,035	3,711	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>752,324</u>	<u>752,324</u>	<u>755,893</u>	<u>3,569</u>	<u>3,771</u>	<u>3,771</u>	<u>3,232</u>	<u>(539)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
752,324	752,324	680,324	72,000	447,443	447,443	449,647	(2,204)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>752,324</u>	<u>752,324</u>	<u>680,324</u>	<u>72,000</u>	<u>447,443</u>	<u>447,443</u>	<u>449,647</u>	<u>(2,204)</u>
-	-	75,569	75,569	(443,672)	(443,672)	(446,415)	(2,743)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>75,569</u>	<u>\$ 75,569</u>	<u>\$ (443,672)</u>	<u>\$ (443,672)</u>	<u>(446,415)</u>	<u>\$ (2,743)</u>
		<u>7,223</u>				<u>446,415</u>	
		<u>\$ 82,792</u>				<u>\$ -</u>	

CITY OF CITRUS HEIGHTS, CALIFORNIA
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

		HOUSING PUBLIC IMPROVEMENT GRANT			Variance With Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
Taxes and assessments		\$ -	\$ -	\$ -	\$ -
Licenses and permits		-	-	-	-
Fines and forfeitures		-	-	-	-
Intergovernmental		-	-	-	-
Use of money and property		25	25	22	(3)
Charges for services		-	-	-	-
Contributions		-	-	-	-
Other revenues		-	-	-	-
TOTAL REVENUES		25	25	22	(3)
EXPENDITURES					
Current:					
General government		-	-	-	-
Public safety		-	-	-	-
Public ways and facilities		3,019	3,019	3,034	(15)
Culture and recreation		-	-	-	-
Community enhancements		-	-	-	-
Capital outlay		-	-	-	-
TOTAL EXPENDITURES		3,019	3,019	3,034	(15)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(2,994)	(2,994)	(3,012)	(18)
OTHER FINANCING SOURCES (USES)					
Transfers in		-	-	-	-
Transfers out		-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)		-	-	-	-
NET CHANGE IN FUND BALANCES		\$ (2,994)	\$ (2,994)	(3,012)	\$ (18)
Beginning fund balances (deficit)				3,012	
ENDING FUND BALANCES (DEFICITS)				\$ -	

ROADWAY DEVELOPMENT FEES				HOUSING MITIGATION DEVELOPMENT FEES			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,000	5,000	43,772	38,772	-	-	19,444	19,444
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,507	3,507	1,451	(2,056)	969	969	995	26
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,507	8,507	45,223	36,716	969	969	20,439	19,470
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
184,668	184,668	400	184,268	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	7,587	(7,587)	-	-	-	-
184,668	184,668	7,987	176,681	-	-	-	-
(176,161)	(176,161)	37,236	213,397	969	969	20,439	19,470
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ (176,161)	\$ (176,161)	37,236	\$ 213,397	\$ 969	\$ 969	20,439	\$ 19,470
		224,443				114,478	
		\$ 261,679				\$ 134,917	

CITY OF CITRUS HEIGHTS, CALIFORNIA
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

TREE PRESERVATION DEVELOPMENT FEES				
	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 44,998	\$ 44,998
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Use of money and property	604	604	1,653	1,049
Charges for services	-	-	-	-
Contributions	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	604	604	46,651	46,047
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public ways and facilities	-	-	-	-
Culture and recreation	-	-	-	-
Community enhancements	40,122	40,122	93,788	(53,666)
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	40,122	40,122	93,788	(53,666)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(39,518)	(39,518)	(47,137)	(7,619)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>\$ (39,518)</u>	<u>\$ (39,518)</u>	(47,137)	<u>\$ (7,619)</u>
Beginning fund balances (deficit)			201,594	
ENDING FUND BALANCES (DEFICITS)			<u>\$ 154,457</u>	

PARK FACILITIES DEVELOPMENT FEES				TRANSIT DEVELOPMENT FEES			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,200	2,200	48,764	46,564	1,000	1,000	13,423	12,423
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
154	154	425	271	1,376	1,376	12	(1,364)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,354	2,354	49,189	46,835	2,376	2,376	13,435	11,059
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	111,968	(111,968)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	111,968	(111,968)
2,354	2,354	49,189	46,835	2,376	2,376	(98,533)	(100,909)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 2,354	\$ 2,354	49,189	\$ 46,835	\$ 2,376	\$ 2,376	(98,533)	\$ (100,909)
		18,176				105,587	
		\$ 67,365				\$ 7,054	

CITY OF CITRUS HEIGHTS, CALIFORNIA
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

		RECYCLING GRANTS			Variance With Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
Taxes and assessments		\$ -	\$ -	\$ -	\$ -
Licenses and permits		-	-	-	-
Fines and forfeitures		-	-	-	-
Intergovernmental		45,842	45,842	42,648	(3,194)
Use of money and property		-	-	-	-
Charges for services		-	-	-	-
Contributions		-	-	-	-
Other revenues		-	-	-	-
	TOTAL REVENUES	45,842	45,842	42,648	(3,194)
EXPENDITURES					
Current:					
General government		-	-	-	-
Public safety		-	-	-	-
Public ways and facilities		-	-	-	-
Culture and recreation		-	-	-	-
Community enhancements		45,842	45,842	42,648	3,194
Capital outlay		-	-	-	-
	TOTAL EXPENDITURES	45,842	45,842	42,648	3,194
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in		-	-	-	-
Transfers out		-	-	-	-
	TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES		\$ -	\$ -	-	\$ -
Beginning fund balances (deficit)				459	
ENDING FUND BALANCES (DEFICITS)				\$ 459	

CITY OF CITRUS HEIGHTS, CALIFORNIA
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

		BTA GRANT			Variance With Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
Taxes and assessments		\$ -	\$ -	\$ -	\$ -
Licenses and permits		-	-	-	-
Fines and forfeitures		-	-	-	-
Intergovernmental		183,300	183,300	18,493	(164,807)
Use of money and property		-	-	-	-
Charges for services		-	-	-	-
Contributions		-	-	-	-
Other revenues		-	-	-	-
TOTAL REVENUES		183,300	183,300	18,493	(164,807)
EXPENDITURES					
Current:					
General government		-	-	-	-
Public safety		-	-	-	-
Public ways and facilities		-	-	-	-
Culture and recreation		-	-	-	-
Community enhancements		183,300	183,300	8,689	174,611
Capital outlay		-	-	-	-
TOTAL EXPENDITURES		183,300	183,300	8,689	174,611
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		-	-	9,804	9,804
OTHER FINANCING SOURCES (USES)					
Transfers in		-	-	-	-
Transfers out		-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)		-	-	-	-
NET CHANGE IN FUND BALANCES		\$ -	\$ -	9,804	\$ 9,804
Beginning fund balances (deficit)				(9,804)	
ENDING FUND BALANCES (DEFICITS)				\$ -	

CITY OF CITRUS HEIGHTS, CALIFORNIA
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

		ZONE 1			Variance With Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
Taxes and assessments		\$ -	\$ -	\$ -	\$ -
Licenses and permits		-	-	-	-
Fines and forfeitures		-	-	-	-
Intergovernmental		-	-	-	-
Use of money and property		323	323	341	18
Charges for services		10,523	10,523	10,655	132
Contributions		-	-	-	-
Other revenues		-	-	-	-
	TOTAL REVENUES	10,846	10,846	10,996	150
EXPENDITURES					
Current:					
General government		-	-	-	-
Public safety		-	-	-	-
Public ways and facilities		11,338	11,338	10,996	342
Culture and recreation		-	-	-	-
Community enhancements		-	-	-	-
Capital outlay		-	-	-	-
	TOTAL EXPENDITURES	11,338	11,338	10,996	342
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(492)	(492)	-	492
OTHER FINANCING SOURCES (USES)					
Transfers in		-	-	-	-
Transfers out		-	-	-	-
	TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES		\$ (492)	\$ (492)	-	\$ 492
Beginning fund balances (deficit)				40,304	
ENDING FUND BALANCES (DEFICITS)				\$ 40,304	

ZONE 2				ZONE 3			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
435	435	466	31	-	-	7	7
12,413	12,413	12,337	(76)	20,525	20,525	20,397	(128)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,848	12,848	12,803	(45)	20,525	20,525	20,404	(121)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,694	14,694	10,574	4,120	6,838	6,838	5,808	1,030
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,694	14,694	10,574	4,120	6,838	6,838	5,808	1,030
(1,846)	(1,846)	2,229	4,075	13,687	13,687	14,596	909
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(13,974)	(13,974)
-	-	-	-	-	-	(13,974)	(13,974)
\$ (1,846)	\$ (1,846)	2,229	\$ 4,075	\$ 13,687	\$ 13,687	622	\$ (13,065)
		59,049				734	
		\$ 61,278				\$ 1,356	

CITY OF CITRUS HEIGHTS, CALIFORNIA
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

		ZONE 4			Variance With Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
Taxes and assessments		\$ -	\$ -	\$ -	\$ -
Licenses and permits		-	-	-	-
Fines and forfeitures		-	-	-	-
Intergovernmental		-	-	-	-
Use of money and property		-	-	-	-
Charges for services		4,718	4,718	4,696	(22)
Contributions		-	-	-	-
Other revenues		-	-	-	-
	TOTAL REVENUES	4,718	4,718	4,696	(22)
EXPENDITURES					
Current:					
General government		-	-	-	-
Public safety		-	-	-	-
Public ways and facilities		8,302	8,302	8,130	172
Culture and recreation		-	-	-	-
Community enhancements		-	-	-	-
Capital outlay		-	-	-	-
	TOTAL EXPENDITURES	8,302	8,302	8,130	172
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(3,584)	(3,584)	(3,434)	150
OTHER FINANCING SOURCES (USES)					
Transfers in		3,585	3,585	3,434	(151)
Transfers out		-	-	-	-
	TOTAL OTHER FINANCING SOURCES (USES)	3,585	3,585	3,434	(151)
NET CHANGE IN FUND BALANCES		\$ 1	\$ 1	-	\$ (1)
Beginning fund balances (deficit)				-	
ENDING FUND BALANCES (DEFICITS)				\$ -	

98-01				98-02			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,058	1,058	1,096	38	1,219	1,219	996	(223)
10,640	10,640	10,640	-	22,200	22,200	22,200	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>11,698</u>	<u>11,698</u>	<u>11,736</u>	<u>38</u>	<u>23,419</u>	<u>23,419</u>	<u>23,196</u>	<u>(223)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,377	5,377	3,745	1,632	15,280	15,280	44,431	(29,151)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,377</u>	<u>5,377</u>	<u>3,745</u>	<u>1,632</u>	<u>15,280</u>	<u>15,280</u>	<u>44,431</u>	<u>(29,151)</u>
6,321	6,321	7,991	1,670	8,139	8,139	(21,235)	(29,374)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 6,321</u>	<u>\$ 6,321</u>	7,991	<u>\$ 1,670</u>	<u>\$ 8,139</u>	<u>\$ 8,139</u>	(21,235)	<u>\$ (29,374)</u>
		<u>126,166</u>				<u>129,383</u>	
		<u>\$ 134,157</u>				<u>\$ 108,148</u>	

CITY OF CITRUS HEIGHTS, CALIFORNIA
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

		03-01			Variance With Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
Taxes and assessments		\$ -	\$ -	\$ -	\$ -
Licenses and permits		-	-	-	-
Fines and forfeitures		-	-	-	-
Intergovernmental		-	-	-	-
Use of money and property		5,848	5,848	5,835	(13)
Charges for services		88,700	88,700	88,700	-
Contributions		-	-	-	-
Other revenues		-	-	-	-
TOTAL REVENUES		94,548	94,548	94,535	(13)
EXPENDITURES					
Current:					
General government		-	-	-	-
Public safety		-	-	-	-
Public ways and facilities		23,802	23,802	10,294	13,508
Culture and recreation		-	-	-	-
Community enhancements		-	-	-	-
Capital outlay		-	-	-	-
TOTAL EXPENDITURES		23,802	23,802	10,294	13,508
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		70,746	70,746	84,241	13,495
OTHER FINANCING SOURCES (USES)					
Transfers in		-	-	-	-
Transfers out		-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)		-	-	-	-
NET CHANGE IN FUND BALANCES		\$ 70,746	\$ 70,746	84,241	\$ 13,495
Beginning fund balances (deficit)				685,312	
ENDING FUND BALANCES (DEFICITS)				\$ 769,553	

03-01 ZONE 2				LIGHTING ASSESSMENT DISTRICT			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
720	720	900	180	-	-	-	-
20,146	20,146	20,146	-	347,443	347,443	348,398	955
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
20,866	20,866	21,046	180	347,443	347,443	348,398	955
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,428	14,428	6,123	8,305	384,850	384,850	405,900	(21,050)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,428	14,428	6,123	8,305	384,850	384,850	405,900	(21,050)
6,438	6,438	14,923	8,485	(37,407)	(37,407)	(57,502)	(20,095)
-	-	-	-	37,407	37,407	57,502	20,095
-	-	-	-	-	-	-	-
-	-	-	-	37,407	37,407	57,502	20,095
\$ 6,438	\$ 6,438	14,923	\$ 8,485	\$ -	\$ -	-	\$ -
		105,174				-	
		\$ 120,097				\$ -	

CITY OF CITRUS HEIGHTS, CALIFORNIA
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

		GENERAL CAPITAL IMPROVEMENTS			Variance With Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
Taxes and assessments		\$ -	\$ -	\$ -	\$ -
Licenses and permits		-	-	-	-
Fines and forfeitures		-	-	-	-
Intergovernmental		-	-	-	-
Use of money and property		-	-	-	-
Charges for services		-	-	-	-
Contributions		-	-	-	-
Other revenues		-	-	-	-
TOTAL REVENUES		-	-	-	-
EXPENDITURES					
Current:					
General government		-	-	-	-
Public safety		-	-	-	-
Public ways and facilities		1,240,780	1,240,780	1,212,772	28,008
Culture and recreation		-	-	-	-
Community enhancements		-	-	-	-
Capital outlay		-	-	74,746	(74,746)
TOTAL EXPENDITURES		1,240,780	1,240,780	1,287,518	(46,738)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(1,240,780)	(1,240,780)	(1,287,518)	(46,738)
OTHER FINANCING SOURCES (USES)					
Transfers in		838,413	838,413	1,665,423	827,010
Transfers out		-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)		838,413	838,413	1,665,423	827,010
NET CHANGE IN FUND BALANCES		\$ (402,367)	\$ (402,367)	377,905	\$ 780,272
Beginning fund balances (deficit)				668,253	
ENDING FUND BALANCES (DEFICITS)				\$ 1,046,158	

FIDUCIARY FUNDS

Private Purpose Trust Funds:

Successor Agency – Non-Housing – Accounts for funds collected and disbursed for the dissolution of the former Citrus Heights Redevelopment Agency related to Administration and Retirement of enforceable obligations.

Successor Agency – Housing – Accounts for funds collected and disbursed for the dissolution of the former Citrus Heights Redevelopment Agency's housing related debts.

Agency Funds:

Drainage Development Fee – Previously used to account for development fees collected and remitted to the County of Sacramento for drainage projects.

Fire Capital Facilities Fee – Accounts for Fire District development fees collected on behalf of Sacramento Metropolitan Fire District.

STA Fees – Accounts for Transportation fees collected on behalf of State.

CITY OF CITRUS HEIGHTS, CALIFORNIA
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2015

	Successor Agency		
	Non-Housing	Housing	Totals
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 282,254	\$ 7,001	\$ 289,255
Interest receivable	552	13	565
TOTAL CURRENT ASSETS	282,806	7,014	289,820
NONCURRENT ASSETS			
Loans receivable	-	364,901	364,901
Advances to other funds	1,000,000	-	1,000,000
Land and buildings held for resale	344,560	3,414,363	3,758,923
TOTAL NONCURRENT ASSETS	1,344,560	3,779,264	5,123,824
TOTAL ASSETS	1,627,366	3,786,278	5,413,644
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	22,645	-	22,645
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	224	6,376	6,600
TOTAL CURRENT LIABILITIES	224	6,376	6,600
NONCURRENT LIABILITIES			
Advances from other funds or City	909,695	1,000,000	1,909,695
Pension liability	37,618	-	37,618
TOTAL NONCURRENT LIABILITIES	947,313	1,000,000	1,947,313
TOTAL LIABILITIES	947,537	1,006,376	1,953,913
DEFERRED INFLOWS OF RESOURCES			
Pensions	15,644	-	15,644
NET POSITION			
Net position held in trust for redevelopment dissolution	<u>\$ 686,830</u>	<u>\$ 2,779,902</u>	<u>\$ 3,466,732</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2015

	Successor Agency		
	Non-Housing	Housing	Totals
ADDITIONS			
Intergovernmental	\$ 532,681	\$ -	\$ 532,681
Investment earnings	16,962	1,108	18,070
TOTAL ADDITIONS	549,643	1,108	550,751
DEDUCTIONS			
Public ways and facilities	335,438	-	335,438
Community enhancements		19,028	19,028
TOTAL DEDUCTIONS	335,438	19,028	354,466
CHANGE IN FIDUCIARY NET POSITION	214,205	(17,920)	196,285
NET POSITION			
Net position, beginning of year - as previously reported	494,369	2,797,822	3,292,191
Restatement	(21,744)		(21,744)
Net position, beginning of year - as restated	472,625	2,797,822	3,270,447
NET POSITION, END OF YEAR	\$ 686,830	\$ 2,779,902	\$ 3,466,732

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
 AGENCY FUNDS
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 As of June 30, 2015

	Drainage Development Fee	Fire Capital Facilities Fee	STA Fees	Totals
ASSETS				
Cash and investments	\$ -	\$ 28,612	\$ 78,702	\$ 107,314
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 28,612</u>	<u>\$ 78,702</u>	<u>\$ 107,314</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 78,702	\$ 78,702
Due to other governments	<u>-</u>	<u>28,612</u>	<u>-</u>	<u>28,612</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 28,612</u>	<u>\$ 78,702</u>	<u>\$ 107,314</u>

CITY OF CITRUS HEIGHTS, CALIFORNIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<u>DRAINAGE DEVELOPMENT FEE</u>				
ASSETS:				
Cash and investments	\$ 2,851	\$ -	\$ (2,851)	\$ -
Interest receivable	6	-	(6)	-
TOTAL ASSETS	<u>\$ 2,857</u>	<u>\$ -</u>	<u>\$ (2,857)</u>	<u>\$ -</u>
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	2,857	-	(2,857)	-
TOTAL LIABILITIES	<u>\$ 2,857</u>	<u>\$ -</u>	<u>\$ (2,857)</u>	<u>\$ -</u>
<u>FIRE CAPITAL FACILITIES FEE</u>				
ASSETS:				
Cash and investments	\$ -	\$ 28,612	\$ -	\$ 28,612
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 28,612</u>	<u>\$ -</u>	<u>\$ 28,612</u>
LIABILITIES:				
Due to other governments	\$ -	\$ (28,612)	\$ -	\$ (28,612)
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ (28,612)</u>	<u>\$ -</u>	<u>\$ (28,612)</u>
<u>STA FEES</u>				
ASSETS:				
Cash and investments	\$ 8,800	\$ 78,702	\$ (8,800)	\$ 78,702
TOTAL ASSETS	<u>\$ 8,800</u>	<u>\$ 78,702</u>	<u>\$ (8,800)</u>	<u>\$ 78,702</u>
LIABILITIES:				
Accounts payable	\$ -	\$ (78,702)	\$ -	\$ (78,702)
Due to other governments	8,800	-	(8,800)	-
TOTAL LIABILITIES	<u>\$ 8,800</u>	<u>\$ (78,702)</u>	<u>\$ (8,800)</u>	<u>\$ (78,702)</u>

CITY OF CITRUS HEIGHTS, CALIFORNIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<u>TOTAL OF ALL AGENCY FUNDS</u>				
ASSETS:				
Cash and investments	\$ 11,651	\$ 107,314	\$ (11,651)	\$ 107,314
Interest receivable	<u>6</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 11,657</u>	<u>\$ 107,314</u>	<u>\$ (11,657)</u>	<u>\$ 107,314</u>
LIABILITIES:				
Accounts payable	\$ -	\$ (78,702)	\$ -	\$ (78,702)
Due to other governments	<u>11,657</u>	<u>(28,612)</u>	<u>(11,657)</u>	<u>(28,612)</u>
TOTAL LIABILITIES	<u>\$ 11,657</u>	<u>\$ (107,314)</u>	<u>\$ (11,657)</u>	<u>\$ (107,314)</u>

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STATISTICAL SECTION

This part of the City of Citrus Heights' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, footnotes, and required supplementary information says about the City's overall financial health.

Contents	Page(s)
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.	125-134
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.	135-141
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.	142-144
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.	145-148
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.	149-152

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

City of Citrus Heights, California
Net Position by Component
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Accrual basis of accounting)

	2006	2007	2008	2009
Governmental activities				
Invested in capital assets	\$ 385,631,404	\$ 382,633,854	\$ 385,884,734	\$ 384,928,105
Restricted	5,672,946	7,996,103	6,887,036	477,776
Unrestricted	45,481,223	50,473,347	55,059,723	59,472,462
Total governmental activities net position	\$ 436,785,573	\$ 441,103,304	\$ 447,831,493	\$ 444,878,343
Business-type activities				
Invested in capital assets	\$ -	\$ -	\$ -	\$ -
Restricted	173,632	176,688	465,830	300,025
Unrestricted	128,397	369,609	454,773	745,876
Total business-type activities net position	\$ 302,029	\$ 546,297	\$ 920,603	\$ 1,045,901
Primary government				
Invested in capital assets	\$ 385,631,404	\$ 382,633,854	\$ 385,884,734	\$ 384,928,105
Restricted	5,846,578	8,172,791	7,352,866	777,801
Unrestricted	45,609,620	50,842,956	55,514,496	60,218,338
Total primary government net position	\$ 437,087,602	\$ 441,649,601	\$ 448,752,096	\$ 445,924,244

Note: Information was not available from the City's pension plan to report both the pension liability and changes in pension liability under GASB Statement No. 68 prior to 2015. Consequently, the amounts reported above in 2014 and prior years are prior to restatement.

Source: City of Finance Department.

2010	2011	2012	2013	2014	2015
\$ 388,085,031	\$ 380,131,270	\$ 370,403,423	\$ 369,630,853	\$ 366,354,751	\$ 362,247,604
3,046,484	4,342,108	3,696,281	22,751,540	15,749,227	15,682,624
53,063,713	57,351,701	51,220,587	25,246,205	28,626,101	12,581,607
<u>\$ 444,195,228</u>	<u>\$ 441,825,079</u>	<u>\$ 425,320,291</u>	<u>\$ 417,628,598</u>	<u>\$ 410,730,079</u>	<u>\$ 390,511,835</u>
\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
-	-	-	-	-	-
2,848,766	716,320	759,833	655,163	614,441	406,354
<u>\$ 2,848,766</u>	<u>\$ 716,320</u>	<u>\$ 759,833</u>	<u>\$ 655,163</u>	<u>\$ 814,441</u>	<u>\$ 606,354</u>
\$ 388,085,031	\$ 380,131,270	\$ 370,403,423	\$ 369,630,853	\$ 366,554,751	\$ 362,447,604
3,046,484	4,342,108	3,696,281	22,751,540	15,749,227	15,682,624
55,912,479	58,068,021	51,980,420	25,901,368	29,240,542	12,987,961
<u>\$ 447,043,994</u>	<u>\$ 442,541,399</u>	<u>\$ 426,080,124</u>	<u>\$ 418,283,761</u>	<u>\$ 411,544,520</u>	<u>\$ 391,118,189</u>

City of Citrus Heights, California
Changes in Net Position
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Accrual basis of accounting)

	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 3,321,370	\$ 4,278,492	\$ 5,073,736	\$ 6,296,913
Public safety	18,217,617	16,080,790	17,358,896	18,473,394
Public ways and facilities	17,731,568	16,814,416	16,911,000	17,396,873
Culture and recreation	634,885	335,938	343,466	346,317
Economic development	188,382	135,539	128,366	163,256
Community enhancements	4,716,084	4,423,425	4,048,105	4,018,617
Total governmental activities expenses	44,809,906	42,068,600	43,863,569	47,242,270
Business-type activities:				
Transit	3,589,348	4,319,881	3,187,952	2,871,380
Stormwater utility	715,046	597,828	618,408	829,033
Solid waste	286,750	285,962	430,278	395,791
Total business-type activities expenses	4,591,144	5,203,671	4,236,638	4,096,204
Total primary government expenses	49,401,050	47,272,271	48,100,207	51,338,474
Program revenues				
Governmental activities:				
Charges for services:				
General government	1,657,395	1,461,083	1,425,343	1,538,107
Public safety	393,258	428,987	659,192	250,785
Public ways and facilities	186,808	620,944	534,344	166,610
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Community enhancements	986,917	980,931	977,794	-
Operating grants and contributions	6,769,158	6,323,889	9,774,061	8,545,951
Capital grants and contributions	5,568,704	5,106,752	9,055,293	5,909,073
Total governmental activities program revenues	15,562,240	14,922,586	22,426,027	16,410,526
Business-type activities:				
Charges for services:				
Stormwater utility	697,164	643,536	643,536	643,536
Solid waste	286,783	509,225	523,257	568,294
Operating grants and contributions	3,616,837	4,280,908	3,201,443	2,972,090
Capital grants and contributions	80,108	-	275,000	-
Total business-type activities program revenues	4,680,892	5,433,669	4,643,236	4,183,920
Total primary government program revenues	20,243,132	20,356,255	27,069,263	20,594,446
Net (Expense)/Revenue				
Governmental activities	(29,247,666)	(27,146,014)	(21,437,542)	(30,831,744)
Business-type activities	89,748	229,998	406,598	87,716
Total primary government net expense	(29,157,918)	(26,916,016)	(21,030,944)	(30,744,028)

2010	2011	2012	2013	2014	2015
\$ 6,053,708	\$ 5,984,581	\$ 5,190,638	\$ 4,905,500	\$ 4,825,401	\$ 5,401,023
17,694,892	18,817,306	19,522,974	18,371,871	19,595,533	18,092,747
21,335,008	24,344,523	25,489,982	25,152,231	27,499,125	30,142,346
557,661	820,799	883,463	692,989	613,235	555,342
80,074	62,687	64,906	114,616	172,083	159,243
3,421,515	5,702,868	4,532,930	4,429,170	4,407,068	4,319,791
49,142,858	55,732,764	55,684,893	53,666,377	57,112,445	58,670,492
-	-	-	-	-	-
697,400	-	-	-	-	-
436,658	535,094	579,195	752,084	529,464	903,522
1,134,058	535,094	579,195	752,084	529,464	903,522
50,276,916	56,267,858	56,264,088	54,418,461	57,641,909	59,574,014
584,124	332,690	343,013	305,057	331,675	381,923
1,512,882	433,535	443,227	366,726	459,073	337,199
653,995	7,857,400	3,642,658	4,789,239	4,730,893	4,666,240
-	292,134	394,188	343,817	374,244	311,350
-	-	-	-	150	100
1,088,280	761,323	858,413	842,151	1,035,989	1,298,079
1,458,333	14,447,725	12,857,360	10,909,700	13,558,056	13,179,453
16,329,085	1,580,765	187,957	7,590,789	7,173,645	2,418,225
21,626,699	25,705,572	18,726,816	25,147,479	27,663,725	22,592,569
2,655,812	-	-	-	-	-
546,290	613,242	616,288	651,300	657,027	710,618
-	-	-	-	-	-
-	-	-	-	-	-
3,202,102	613,242	616,288	651,300	657,027	710,618
24,828,801	26,318,814	19,343,104	25,798,779	28,320,752	23,303,187
(27,516,159)	(30,027,192)	(36,958,077)	(28,518,898)	(29,448,720)	(36,077,923)
2,068,044	78,148	37,093	(100,784)	127,563	(192,904)
(25,448,115)	(29,949,044)	(36,920,984)	(28,619,682)	(29,321,157)	(36,270,827)

City of Citrus Heights, California
Changes in Net Position, Continued
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Accrual basis of accounting)

	2006	2007	2008	2009
Continued from previous page:				
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 1,989,053	\$ 2,099,283	\$ 2,548,605	\$ 2,967,249
Sales and use tax	12,510,289	12,424,989	11,905,673	10,903,918
Utility users tax	2,431,025	2,696,068	2,676,557	2,785,298
Other taxes	951,319	1,116,130	1,210,004	1,179,418
Shared intergovernmental revenues	11,728,395	10,285,793	7,573,719	7,544,177
Investment earnings	1,850,558	2,531,188	2,107,893	1,955,836
Miscellaneous	33,031	310,294	-	-
Other revenues	-	-	82,688	-
Gain (loss) on sale of assets	-	-	12,794	(4,202)
Transfers	(44,616)	-	47,698	-
Extraordinary loss on redevelopment dissolution	-	-	-	-
Total governmental activities	31,449,054	31,463,745	28,165,631	27,878,594
Business-type activities:				
Investment earnings	14,176	9,985	15,406	37,582
Miscellaneous	-	4,285	-	-
Transfers	44,616	-	(47,698)	-
Total business-type activities	58,792	14,270	(32,292)	37,582
Total primary government	31,507,846	31,478,015	28,133,339	27,916,176
Changes in Net Position				
Governmental activities	2,201,388	4,317,731	6,728,089	(2,953,150)
Business-type activities	148,540	244,268	374,306	125,298
Total primary government	\$ 2,349,928	\$ 4,561,999	\$ 7,102,395	\$ (2,827,852)

Note: Information was not available from the City's pension plan to report both the pension liability and changes in pension liability under GASB Statement No. 68 prior to 2015. Consequently, the amounts reported above in 2014 and prior years are prior to restatement.

Source: City Finance Department

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2014</u>
\$ 4,259,087	\$ 3,089,382	\$ 2,117,970	\$ 270,913	\$ 139,634	\$ 138,659
9,877,654	10,636,890	10,617,617	11,261,741	11,195,869	11,230,382
2,885,300	2,883,331	2,771,161	2,770,644	2,739,486	2,768,562
1,419,925	1,346,658	1,353,716	1,362,446	1,332,334	1,416,552
6,985,507	7,035,404	6,418,174	6,659,357	6,652,222	7,015,174
1,105,546	448,746	561,376	(299,378)	455,531	246,710
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	35,125	105,309
300,025	2,216,632	2,334	2,918	-	-
-	-	(3,389,059)	-	-	-
<u>26,833,044</u>	<u>27,657,043</u>	<u>20,453,289</u>	<u>22,028,641</u>	<u>22,550,201</u>	<u>22,921,348</u>
34,846	6,038	8,754	(968)	31,715	4,158
-	-	-	-	-	-
(300,025)	(2,216,632)	(2,334)	(2,918)	-	-
<u>(265,179)</u>	<u>(2,210,594)</u>	<u>6,420</u>	<u>(3,886)</u>	<u>31,715</u>	<u>4,158</u>
<u>26,567,865</u>	<u>25,446,449</u>	<u>20,459,709</u>	<u>22,024,755</u>	<u>22,581,916</u>	<u>22,925,506</u>
(683,115)	(2,370,149)	(16,504,788)	(6,490,257)	(6,898,519)	(13,156,575)
<u>1,802,865</u>	<u>(2,132,446)</u>	<u>43,513</u>	<u>(104,670)</u>	<u>159,278</u>	<u>(188,746)</u>
<u>\$ 1,119,750</u>	<u>\$ (4,502,595)</u>	<u>\$ (16,461,275)</u>	<u>\$ (6,594,927)</u>	<u>\$ (6,739,241)</u>	<u>\$ (13,345,321)</u>

City of Citrus Heights, California
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Modified accrual basis of accounting)

	2006	2007	2008	2009
General Fund:				
Nonspendable	\$ 1,727,275	\$ 1,396,903	\$ 1,425,555	\$ 8,788,942
Restricted	-	-	-	-
Committed	32,000,000	33,000,000	35,000,000	25,000,000
Unassigned	4,222,957	6,474,143	804,276	3,974,686
Total general fund	<u>37,950,232</u>	<u>40,871,046</u>	<u>37,229,831</u>	<u>37,763,628</u>
All Other Governmental Funds:				
Nonspendable	344,560	344,560	344,560	3,255,450
Restricted	3,222,418	2,993,720	4,822,425	3,026,817
Committed	-	-	-	-
Assigned	8,607,282	12,643,024	17,610,618	14,650,164
Unassigned (deficit)	<u>(382,876)</u>	<u>(175,096)</u>	<u>-</u>	<u>(424,928)</u>
Total all other governmental funds	<u>11,791,384</u>	<u>15,806,208</u>	<u>22,777,603</u>	<u>20,507,503</u>
Total all governmental funds	<u>\$ 49,741,616</u>	<u>\$ 56,677,254</u>	<u>\$ 60,007,434</u>	<u>\$ 58,271,131</u>

Note: Information was not available from the City's pension plan to report both the pension liability and changes in pension liability under GASB Statement No. 68 prior to 2015. Consequently, the amounts reported above in 2014 and prior years are prior to restatement.

Source: City Finance Department

2010	2011	2012	2013	2014	2015
\$ 8,441,469	\$ 1,293,139	\$ 1,366,759	\$ 1,233,199	\$ 1,144,639	\$ 962,457
-	-	-	-	6,443	14,148
27,630,000	34,416,550	32,677,537	29,080,819	27,579,124	19,395,418
782,766	-	172,951	855,369	625,202	64,943
<u>36,854,235</u>	<u>35,709,689</u>	<u>34,217,247</u>	<u>31,169,387</u>	<u>29,355,408</u>	<u>20,436,966</u>
4,763,352	4,758,923	-	512,312	643,352	-
4,102,253	4,414,317	3,696,281	3,454,581	9,994,202	9,479,154
-	-	-	-	-	-
8,090,593	15,020,966	13,451,353	9,705,971	-	1,652,198
<u>(727,512)</u>	<u>(2,236,731)</u>	<u>(14)</u>	<u>(578,904)</u>	<u>950,267</u>	<u>(570,131)</u>
<u>16,228,686</u>	<u>21,957,475</u>	<u>17,147,620</u>	<u>13,093,960</u>	<u>11,587,821</u>	<u>10,561,221</u>
<u>\$ 53,082,921</u>	<u>\$ 57,667,164</u>	<u>\$ 51,364,867</u>	<u>\$ 44,263,347</u>	<u>\$ 40,943,229</u>	<u>\$ 30,998,187</u>

City of Citrus Heights, California
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Modified accrual basis of accounting)

	2006	2007	2008	2009
Revenues:				
Taxes and assessments	\$ 18,255,140	\$ 19,129,457	\$ 19,077,300	\$ 18,557,033
Licenses, permits and fees	2,876,592	1,889,342	1,685,048	1,147,843
Fines and forfeitures	478,135	543,375	558,204	948,261
Intergovernmental	22,650,120	21,299,012	20,876,358	19,121,754
Use of money and property	1,912,713	2,630,307	2,322,306	2,492,898
Charges for services	1,047,235	1,009,946	802,028	1,960,828
Contributions	18,146	18,169	78,833	25,487
Other revenues	32,826	25,348	25,072	29,380
Total revenues	47,270,907	46,544,956	45,425,149	44,283,484
Expenditures:				
General government	3,131,058	3,784,046	4,523,838	4,828,988
Public safety	18,120,108	14,820,222	15,658,456	16,884,699
Public ways and facilities	7,940,494	6,962,868	7,053,043	7,080,913
Culture and recreation	621,821	332,207	339,755	346,317
Economic development	180,292	131,808	126,979	163,256
Community enhancements	4,868,555	5,185,981	3,908,565	4,146,976
Capital outlay	15,430,698	8,325,488	10,343,879	12,031,576
Debt service:				
Lease principal	-	-	-	-
Interest and fiscal charges	67,811	73,498	201,046	546,900
Total expenditures	50,360,837	39,616,118	42,155,561	46,029,625
Reconciliation of Governmental Revenues				
Less Expenditures to Fund Equity:				
Revenues over (under) expenditures	(3,089,930)	6,928,838	3,269,588	(1,746,141)
Other financing sources (uses):				
Extraordinary loss on				
redevelopment dissolution	-	-	-	-
Tax sharing payments	-	-	-	-
Issuance of long term debt	-	-	-	-
Proceeds from sale of capital assets	4,720	6,800	12,794	9,838
Transfers in	16,227,002	8,710,977	11,103,586	9,464,433
Transfers out	(15,527,708)	(8,710,977)	(11,055,888)	(9,464,433)
Total other financing sources (uses)	704,014	6,800	60,492	9,838
Net change in fund balances	<u>\$ (2,385,916)</u>	<u>\$ 6,935,638</u>	<u>\$ 3,330,080</u>	<u>\$ (1,736,303)</u>
Debt service as a percentage				
of noncapital expenditures	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>

Source: City Finance Department

2010	2011	2012	2013	2014	2015
\$ 19,184,773	\$ 26,358,981	\$ 21,031,929	\$ 20,405,852	\$ 15,419,083	\$ 15,582,175
1,064,263	999,510	1,056,671	1,069,757	1,162,034	1,467,405
996,933	940,646	1,013,877	898,734	947,834	1,454,939
23,763,010	19,781,727	16,424,374	22,909,194	24,645,011	19,573,316
1,804,746	1,951,351	1,786,652	803,392	890,087	577,893
747,240	582,141	652,637	1,080,785	6,281,132	6,197,842
35,598	540,192	24,046	26,522	25,520	27,126
1,257,949	635,554	553,348	83,037	52,826	6,031
48,854,512	51,790,102	42,543,534	47,277,273	49,423,527	44,886,727
5,020,192	5,498,176	4,792,560	4,472,530	4,472,814	4,732,760
17,448,366	17,751,208	18,477,602	17,944,997	18,945,346	18,954,246
9,544,682	13,457,880	12,658,660	18,506,469	12,507,432	14,809,940
557,661	639,813	690,509	682,528	608,931	560,376
80,074	60,941	64,906	114,395	171,271	159,924
5,130,586	6,671,921	4,531,696	4,406,960	4,348,398	4,388,846
15,866,392	4,698,433	4,080,252	8,278,153	12,620,848	25,084,392
-	-	-	-	-	7,638,960
699,200	646,767	49,200	-	-	-
54,347,153	49,425,139	45,345,385	54,406,032	53,675,040	76,329,444
(5,492,641)	2,364,963	(2,801,851)	(7,128,759)	(4,251,513)	(31,442,717)
-	-	(3,005,604)	-	-	-
-	-	(573,320)	-	-	-
-	-	-	-	-	21,387,991
4,406	2,648	76,147	24,321	105,911	109,684
11,259,475	19,571,032	3,379,196	4,938,773	3,106,136	2,642,014
(10,959,450)	(17,354,400)	(3,376,862)	(4,935,855)	(3,106,136)	(2,642,014)
304,431	2,219,280	(3,500,443)	27,239	105,911	21,497,675
<u>\$ (5,188,210)</u>	<u>\$ 4,584,243</u>	<u>\$ (6,302,294)</u>	<u>\$ (7,101,520)</u>	<u>\$ (4,145,602)</u>	<u>\$ (9,945,042)</u>
<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>17.52%</u>

City of Citrus Heights, California
Assessed Value and Actual Value of Taxable Property
For the last ten fiscal years
(In thousands of dollars)

	City *			Taxable
	Secured	Unsecured	Less: Exemptions	Assessed Value
FY 05-06	\$ 5,064,775,048	\$ 126,170,913	\$ 114,473,778	\$ 5,076,472,183
FY 06-07	5,633,917,045	131,807,895	113,688,509	5,652,036,431
FY 07-08	5,912,238,802	131,394,367	112,128,586	5,931,504,583
FY 08-09	5,993,040,915	140,108,316	110,780,314	6,022,368,917
FY 09-10	5,578,901,387	138,126,469	109,393,913	5,607,633,943
FY 10-11	5,492,388,843	142,729,454	108,551,104	5,526,567,193
FY 11-12	5,290,587,477	136,830,168	105,948,755	5,321,468,890
FY 12-13	5,155,662,329	136,454,777	103,622,986	5,188,494,120
FY 13-14	5,408,064,500	130,148,077	100,836,040	5,437,376,537
FY 14-15	5,714,275,249	129,651,989	98,948,302	5,744,978,936

* Due to a Revenue Neutrality law, the City has entered into a contract with the County, whereby the County will keep all of the City's property tax revenue through June 2022. Numbers above represent estimates provided by the County.

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price 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.

Source: Sacramento County Auditor-Controller

Redevelopment Agency				
Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
\$ 413,967,719	\$ 54,653,075	\$ 245,000	\$ 468,375,794	0.068%
459,632,789	56,997,593	401,800	516,228,582	0.068%
465,674,136	55,457,903	413,000	520,719,039	0.068%
525,612,565	62,235,182	404,600	587,443,147	0.084%
601,937,210	58,833,950	410,200	660,360,960	0.084%
584,558,211	56,908,605	460,600	641,006,216	0.084%
561,092,961	53,083,982	434,000	613,742,943	0.084%
535,868,652	51,620,891	434,000	587,055,543	0.084%
521,362,337	48,319,149	420,000	569,261,486	0.084%
519,033,049	46,431,829	406,000	565,058,878	0.084%

City of Citrus Heights, California
Direct and Overlapping Tax Rates
For the last ten fiscal years
(Rate per \$1,000 of assessed value)

	Direct Rates		Overlapping Rates	
	Basic Rate	Total Direct	Los Rios College GOB	San Juan Unified GOB
FY 05-06	0.0680	0.0680	0.0032	0.0677
FY 06-07	0.0680	0.0680	0.0072	0.0692
FY 07-08	0.0680	0.0680	0.0066	0.0707
FY 08-09	0.0843	0.0843	0.0074	0.0073
FY 09-10	0.0843	0.0843	0.0124	0.0688
FY 10-11	0.0843	0.0843	0.0090	0.0813
FY 11-12	0.0843	0.0843	0.0192	0.0948
FY 12-13	0.0843	0.0843	0.0193	0.1003
FY 13-14	0.0843	0.0843	0.0181	0.1630
FY 14-15	0.0843	0.0843	0.0113	0.1509

* The RDA rate is based on the largest RDA tax rate area (TRA) and includes only rates from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

Note: In 1978, California voters passed Proposition 13, which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies whose boundaries include the subject property. In addition to the 1.00% fixed amount,, property owners are charged taxes as a percentage of assessed property values for the payment of Los Rios College GOB, San Juan Unified GOV and Sacramento Regional Sanitation Bonds.

Source: Sacramento County Assessor's Office

Overlapping Rates				
San Juan Water District Bonds	Regional Sanitation Bonds	County of Sacramento	Total Tax Rate	Redevelopment Agency *
0.0000	0.0055	0.9320	1.07640	1.00000
0.0000	0.0000	0.9320	1.07640	1.00000
0.0000	0.0000	0.9320	1.07730	1.00000
0.0000	0.0000	0.9157	1.01470	1.00000
0.0000	0.0000	0.9157	1.08121	1.00000
0.0000	0.0000	0.9157	1.09031	1.00000
0.0000	0.0000	0.9157	1.11401	1.00000
0.0000	0.0000	0.9157	1.11961	1.00000
0.0000	0.0000	0.9157	1.18111	1.00000
0.0000	0.0000	0.9157	1.16220	1.00000

City of Citrus Heights, California
Principal Property Tax Payers
Current Year and Nine Years Ago

Property Owner	2014-15			2005-06		
	Assessed Valuation	Rank	% of Total	Assessed Valuation	Rank	% of Total
VIF Lyon Oak Creek LLC*				\$ 44,249,474	2	0.84%
FAOF Oak Creek LLC	\$ 52,433,753	2	0.89%			
MP Birdcage Marketplace LLC*	49,660,040	3	0.85%	47,625,852	1	0.91%
J & M Marlow Family Trust	43,742,375	4	0.75%			
Macy's				26,840,307	4	0.51%
Wal-Mart Real Estate BSNS Trust	24,080,999	8	0.41%			
Oakmont Properties Autumn Ridge LP	27,665,026	7	0.47%			
Crystal Springs Apartments LLC*				21,726,000	6	0.41%
Wedgewood Commons Apartments LLC*				20,597,062	7	0.39%
National Life Accident Insurance Company				29,759,632	3	0.57%
Theodore Mitchell*				19,840,531	9	0.38%
Fairfield Sunrise LLC	29,802,025	6	0.51%			
Steadfast Sunrise LLC	84,889,376	1	1.45%			
Mitchell of Sippola LP	35,736,138	5	0.61%			
Marshall Field Stores Inc	23,555,598	9	0.40%			
Lowe's HIW Inc.				26,434,535	5	0.50%
Costco Wholesale Corporation	21,941,765	10	0.37%	19,956,019	8	0.38%
Trestle Regency LLC*				19,818,986	10	0.38%
	<u>\$393,507,095</u>		<u>6.72%</u>	<u>\$276,848,398</u>		<u>5.27%</u>

* These owners are a part of the Commercial Tax District #1, which has different tax rates than the other owners which are in the Commercial Corridor RDA.

Note: The amounts shown above include assessed value data for both the City and the Redevelopment Agency (RDA) or its Successor Agency after dissolution of the Redevelopment Agency.

Source: Sacramento County Auditor-Controller's Office

City of Citrus Heights, California

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

Current year and Nine Years Ago

Fiscal Year Ended June 30

2015 (represents 54.04% of total sales tax)	2006 (represents 51.36% of total sales tax)
Arco AM PM	Best Buy
Arco AM PM	Carmichael Honda
AT&T Mobility	Chevron
Barnes & Nobles	Circuit City
Best Buy	Costco
Burlington Coat Factory	JC Penney
Chevron	K Mart
Costco	Lowe's
Greenback Shell	Macy's
JC Penney	Mervyns
K Mart	Old Navy
Kohl's	Orchard Supply Hardware
Lowe's	Pastor Auto Care
Macy's	Rite Aid
Maita Honda	Room Source
Marshalls	Safeway
Pastor Auto Care	Sam's Club
Rite Aid	Sears
Ross	Shell/Texaco
Sam's Club	Staples
Sears	Steward Enterprises
Target	Target
Toys R Us	Tower Mart
Walgreens	Toys R Us
Walmart	Walgreens

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: Hinderliter, de Llamas & Associates, State Board of Equalization

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
2006	\$ 6,130,940	\$ 6,130,940	100%	-	\$ 6,130,940	100%
2007	7,192,264	7,192,264	100%	-	7,192,264	100%
2008	7,429,647	7,429,647	100%	-	7,429,647	100%
2009	7,694,494	7,694,494	100%	-	7,694,494	100%
2010	8,392,429	8,392,429	100%	-	8,392,429	100%
2011	7,015,175	7,015,175	100%	-	7,015,175	100%
2012	5,228,554	5,228,554	100%	-	5,228,554	100%
2013	3,952,063	3,952,063	100%	-	3,952,063	100%
2014	4,180,600	4,180,600	100%	-	4,180,600	100%
2015	4,481,889	4,481,889	100%	-	4,481,889	100%

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

Note: Amounts reported and collected under the Teeter Plan in which all taxes are distributed to the City in the year of the levy with the County retaining any interest or penalties on uncollected balances.

Source: Sacramento County Auditor-Controller's Office

City of Citrus Heights, California
Direct and Overlapping Debt
Current Year
June 30, 2015

City Assessed Valuation \$5,538,212,577

	Percentage Applicable ⁽¹⁾⁽²⁾	Outstanding Debt 6/30/15	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
Los Rios Community College District	3.736%	\$ 361,280,000	\$ 13,497,421
San Juan Unified School District	19.611%	404,827,785	79,390,777
Twin Rivers Unified School District	0.248%	18,795,000	46,612
North Sacramento School District	0.248%	21,339,299	52,921
Grant Joint Union High School District	0.192%	188,840,138	362,573
Rio Linda Union School District	0.480%	41,381,369	102,626
City of Citrus Heights	100.0%		
Operation and Maintenance Assessment District	6.556%	3,120,000	204,547
		<u>1,039,583,591</u>	<u>93,657,477</u>
Direct and Overlapping General Fund Debt:			
Sacramento County General Fund Obligations	4.538%	276,872,688	12,564,483
Sacramento County Pension Obligations	4.538%	973,933,985	44,197,124
Sacramento Board of Education Certificates of Participation	4.538%	7,260,000	329,459
Los Rios Community College District Certificates of Participation	3.736%	5,440,000	203,238
San Juan Unified School District Certificates of Participation	19.611%	749,716	147,027
Twin Rivers Unified School District Certificates of Participation	0.192%	129,825,000	249,264
Sacramento Metropolitan Fire District Pension Obligations	10.773%	67,713,975	7,294,827
City of Citrus Heights Capital Lease	100.0%	13,749,031	13,749,031
Sunrise Recreation and Park District Certificates of Participation	54.899%	6,410,000	3,519,026
		<u>1,481,954,395</u>	<u>82,253,479</u>
Total gross overlapping general fund debt			
Less: Sacramento County Regional Arts Facilities Certificates of Participation (100% self-supporting)		-	282,944
		<u>1,481,954,395</u>	<u>81,970,535</u>
Total net overlapping general fund debt			
Gross combined total debt (2)		<u>\$ 2,521,537,986</u>	<u>\$ 175,910,956</u>
Net combined total debt			<u>\$ 175,628,012</u>

⁽¹⁾ Percentage of overlapping agency's assessed valuation located within boundaries of the City

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, tax allocation bonds, and non-bonded capital lease obligations.

Note: The City has no outstanding debt and does not anticipate any GO bonds in the future.

Source: California Municipal Statistics, Inc.

City of Citrus Heights, California
Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in thousands)

	2006	2007	2008	2009
Assessed Value	\$5,064,775,048	\$5,633,917,045	\$5,912,238,802	\$5,993,040,915
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Value	1,266,193,762	1,408,479,261	1,478,059,701	1,498,260,229
Debt Limit Percentage	15%	15%	15%	15%
Debt limit	189,929,064	211,271,889	221,708,955	224,739,034
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 189,929,064	\$ 211,271,889	\$ 221,708,955	\$ 224,739,034
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

Notes: The Government Code of the State of California provides for a legal debt limit of 15% of grossed 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

Source: City Finance Department

2010	2011	2012	2013	2014	2015
\$5,578,901,387	\$5,492,388,843	\$5,290,587,477	\$5,155,662,329	\$5,408,064,500	\$5,714,275,249
25%	25%	25%	25%	25%	25%
1,394,725,347	1,373,097,211	1,322,646,869	1,288,915,582	1,352,016,125	1,428,568,812
15%	15%	15%	15%	15%	15%
209,208,802	205,964,582	198,397,030	193,337,337	202,802,419	214,285,322
-	-	-	-	-	-
\$ 209,208,802	\$ 205,964,582	\$ 198,397,030	\$ 193,337,337	\$ 202,802,419	\$ 214,285,322
0%	0%	0%	0%	0%	0%

City of Citrus Heights, California
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population ⁽¹⁾	Personal Income Sacramento MSA (in thousands) ⁽²⁾	Per Capita Personal Income Sacramento MSA ⁽³⁾	Unemployment Rate Sacramento County ⁽⁴⁾
2006	88,000	\$ 67,162,482	\$ 33,338	4.2
2007	88,477	72,403,957	35,463	5.5
2008	87,017	76,480,748	37,078	7.4
2009	87,565	80,006,404	38,424	12.0
2010	88,115	86,396,868	41,119	12.4
2011	83,618	85,745,630	40,306	11.5
2012	83,881	85,088,100	39,492	10.4
2013	84,345	88,670,167	40,745	8.5
2014	84,544	98,054,046	44,641	7.0
2015	85,147	103,030,155	46,499	5.2

Sources:

⁽¹⁾ 2015 State Department of Finance

⁽²⁾ U.S. Dept. of Commerce Bureau of Economic Analysis.

⁽³⁾ U.S. Dept. of Commerce Bureau of Economic Analysis.

⁽⁴⁾ Bureau of Labor Statistics.

City of Citrus Heights, California
Principal Employers
Current Year and Nine Years Ago

Employer	2014 - 2015 **			2005-2006 **		
	Employees	Rank	Percentage of Top 10 Employment	Employees	Rank	Percentage of Top 10 Employment
Sutter Health Sacramento Sierra Region	11,277	1	21.19%	6,227	6	11.26%
Mercy/Catholic Healthcare West				6,303	5	11.39%
Dignity Health	7,011	3	13.17%			
Intel Corporation	6,200	4	11.65%	6,500	3	11.75%
Squaw Valley Alpine Meadows	2,500	7	4.70%			
Apple Inc.	2,500	7	4.70%			
Wells Fargo & Co.	2,973	6	5.59%			
Pacific Gas and Electric Co.	2,468	9	4.64%			
Raley's Inc.	5,487	5	10.31%	7,134	2	12.90%
Health Net of California Inc.	2,424	10	4.55%			
UC Davis Health System				6,449	4	11.66%
SBC				5,010	7	9.06%
Hewlett-Packard Co.				4,000	8	7.23%
Target Corp				3,212	9	5.81%
The Home Depot				3,200	10	5.78%
Total	<u>53,220</u>		<u>100.00%</u>	<u>55,318</u>		<u>100.00%</u>

Notes:

** Information presented is for the Sacramento Region Major Private-Sector Employers, since separate data is not available for the City of Citrus Heights.

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	2006	2007	2008	2009	2010
General government	33	27	30	31	27
Public safety	97	119	123	145	153
Public works	21	23	21	24	22
Community development	15	17	18	21	16
Community Center	-	-	-	-	8
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>166</u>	<u>186</u>	<u>192</u>	<u>221</u>	<u>226</u>

Source: City Finance Department

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
27	22	22	22	22
150	150	141	150	145
22	23	27	25	25
16	17	19	16	17
<u>9</u>	<u>10</u>	<u>11</u>	<u>15</u>	<u>14</u>
<u>224</u>	<u>222</u>	<u>220</u>	<u>228</u>	<u>223</u>

City of Citrus Heights, California
Operating Indicators by Function
Last Ten Fiscal Years
(Fiscal year ended June 30)

Function	2006	2007	2008	2009
Police *				
Arrests	-	3588	3328	3,542
Parking citations issued	-	846	1089	2,119
Total police actions	-	4,434	4,417	5,661
Fire **				
Public works				
Street resurfacing (miles)	11	3	2	3
Parks and recreation **	-	-	-	-
Water **	-	-	-	-
Sewer **	-	-	-	-
Building:				
Commercial/Industrial Construction	4	7	2	4
Residential Construction	36	72	21	29
Total building actions	40	79	23	33

* Police services were provided by Sacramento County prior to June 26, 2006.

** Services are provided by Special Districts, which are separate from the City. Information not available.

Source: City Finance Department

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
3,705	3,882	3,176	3,276	3,348	3,185
<u>1,792</u>	<u>1,415</u>	<u>803</u>	<u>724</u>	<u>539</u>	<u>685</u>
<u>5,497</u>	<u>5,297</u>	<u>3,979</u>	<u>4,000</u>	<u>3,887</u>	<u>3,870</u>
4	3	1	1	4	2
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2	0	3	2	1	3
<u>18</u>	<u>30</u>	<u>6</u>	<u>7</u>	<u>10</u>	<u>43</u>
<u>20</u>	<u>30</u>	<u>9</u>	<u>9</u>	<u>11</u>	<u>46</u>

City of Citrus Heights, California
Capital Asset Statistics by Function
Last Ten Fiscal Years
(Fiscal year ended June 30)

Function	2006	2007	2008	2009
Police:				
Stations	1	1	1	1
Fire *				
Fire stations	5	5	5	5
Public works				
Streets (miles)	237	237	237	237
Streetlights	4026	4026	4250	4250
Parks and recreation				
Parks *	12	12	12	12
Community centers	-	-	-	-
Water *				
Water mains (miles)	225	225	225	225
Daily average consumption in MGD **	17.8	17.8	17.8	17.8
Sewer *				
Sanitary sewers (miles)	230	230	235	235
Number of pump stations	1	1	1	1
Building				
Commercial/Industrial Construction Value	\$ 9,260,000	\$ 4,705,902	\$ 173,738	\$ 10,900,000
Residential Construction Value	9,639,520	15,521,856	4,610,952	5,917,307

* 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 Finance Department

2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
5	5	5	5	5	5
237 4264	237 4283	237 4289	237 4337	237 4365	237 4407
12 1	12 1	12 1	14 3	14 3	14 3
225 17.8	225 17.8	225 17.8	225 17.8	225 17.8	225 17.8
235 1	235 1	235 1	235 1	235 1	235 1
\$ 3,434,750 3,689,820	\$ - 5,316,613	\$ 2,093,500 468,007	\$ 1,202,480 1,275,716	\$ 1,600,000 1,675,004	\$ 4,387,549 10,993,691



CITY OF CITRUS HEIGHTS

Memorandum

January 28, 2016

TO: Henry Tingle, City Manager

FROM: Stefani Daniell, Finance Director

SUBJECT: Audited Financial Statements
and Compliance Report for
Transportation Development Act Funds

Approved and Forwarded to
City Council

_____ Fin.

_____ Atty.

Henry Tingle, City Manager

Summary and Recommendation

Staff recommends that the Council accepts and files the City of Citrus Heights Transportation Development Act Funds Audited Financial Statements and Compliance Report for fiscal year ended June 30, 2015.

Fiscal Impact

No fiscal impact.

Background and Analysis

The accounting firm of Richardson & Company, LLP was hired by the Sacramento Area Council of Governments (SACOG) to audit the transportation funds received by member agencies for the fiscal year ended June 30, 2015. 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, 2014. The statements are in conformity with generally accepted accounting principles.

Conclusion

The attached report reflects the financial position of the Transportation Development Act Funds of the City of Citrus Heights at June 30, 2015

Attachment: (A) City of Citrus Heights Transportation Development Act Funds – Audited Financial Statements and Compliance Report as of June 30, 2015

CITY OF CITRUS HEIGHTS
TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2015

CITY OF CITRUS HEIGHTS
TRANSPORTATION DEVELOPMENT ACT FUNDS

Audited Financial Statements
and Compliance Report

June 30, 2015

Audited Financial Statements

Independent Auditor's Report	1
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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 <i>Government Auditing</i> <i>Standards</i> 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 Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act Funds (the Funds) of the City of Citrus Heights, as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility 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; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council
City of Citrus Heights, California

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 of Citrus Heights as of June 30, 2015, 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 opinion is not modified with respect to this matter.

Other Matters

Prior Year Comparative Information

We have previously audited the June 30, 2014 Transportation Development Act Funds of the City of Citrus Heights' financial statements dated December 23, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 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 financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the 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 December 29, 2015 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 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 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

December 29, 2015

CITY OF CITRUS HEIGHTS
TRANSPORTATION DEVELOPMENT ACT FUNDS
BALANCE SHEETS

June 30, 2015
(With Prior Year Data For Comparative Purposes Only)

	2015			(Comparative Purposes Only) 2014
	Transit	Non-Transit	Total	
ASSETS				
Cash and investments	\$ 94,631	\$ 254,484	\$ 349,115	\$ 459,010
Accounts receivable	36	40,522	40,558	
Interest receivable	301	384	685	1,074
Due from other governments	744,650	3,175	747,825	406,325
TOTAL ASSETS	\$ 839,618	\$ 298,565	\$ 1,138,183	\$ 866,409
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 6,464	\$ 48,227	\$ 54,691	\$ 66,824
Due to other governments	629,710		629,710	233,960
Retentions payable	2,510	2,988	5,498	2,977
TOTAL LIABILITIES	638,684	51,215	689,899	303,761
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	517,219	3,175	520,394	195,440
FUND BALANCES				
Restricted for contracted transit services				76,431
Restricted for pedestrian and bicycle facilities		244,175	244,175	290,777
Unassigned (deficit)	(316,285)		(316,285)	
TOTAL FUND BALANCES	(316,285)	244,175	(72,110)	367,208
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 839,618	\$ 298,565	\$ 1,138,183	\$ 866,409

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, 2015
(With Prior Year Data For Comparative Purposes Only)

	2015			(Comparative Purposes Only)
	Transit	Non-Transit	Total	2014
REVENUES				
Local Transportation Funds	\$ 2,925,439	\$ 61,589	\$ 2,987,028	\$ 2,920,358
State Transit Assistance Fund	420,634		420,634	336,279
Other revenue	37,469		37,469	
Interest	(667)	2,160	1,493	4,540
TOTAL REVENUES	3,382,875	63,749	3,446,624	3,261,177
EXPENDITURES				
Purchased transportation	3,168,291		3,168,291	2,826,646
Administration	279,400		279,400	264,847
Bus stop accessibility project				189,200
Bus stop improvements project	277,959		277,959	56,945
Auburn Boulevard Phase 3 project	7,407		7,407	
Sunrise/Sungarden Signalization project	42,534		42,534	
Pedestrian and bicycle facilities		110,351	110,351	14,848
TOTAL EXPENDITURES	3,775,591	110,351	3,885,942	3,352,486
NET CHANGE IN FUND BALANCES	(392,716)	(46,602)	(439,318)	(91,309)
Fund balances at beginning of year	76,431	290,777	367,208	458,517
FUND BALANCES AT END OF YEAR	\$ (316,285)	\$ 244,175	\$ (72,110)	\$ 367,208

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, 2015

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 8, Section 99400(c) and 99400(d), the State Transit Assistance Fund (STAF) under Article 4, Section 6730(a) and 6731(b) for transit purposes and Article 3, Section 99234 for pedestrian and bicycle facilities. The City's Article 8 LTF funds are for the support of public transportation as defined in the TDA. The City contracts with the Sacramento Regional Transit District for the operation of transit services in the City. The City of Citrus Heights' Transit Fund is used to account for these TDA funds received by the City. The City's Article 3 LTF funds represent amounts set aside by the Sacramento Area Council of Governments, 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. 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, respectively, 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, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred inflow of Resources: Deferred inflow 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 STAF revenues for which all eligibility requirements had been met at year end, but the amounts were not received from 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.

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, 2014, from which the summarized information was derived.

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 cost, which approximates 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, 2015, the weighted average maturity of the investments contained in the City of Citrus Heights investment pool was approximately 1,000 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.

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).

CITY OF CITRUS HEIGHTS
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2015

NOTE D – DUE FROM OTHER GOVERNMENTS

The due from other governments consists of the following at June 30, 2015:

	Transit	Non-Transit	2015	(Comparative Purposes Only) 2014
Transportation Development Act:				
Local Transportation Fund				
Fiscal Year 2014/15	\$ 243,915	\$ 3,175	\$ 247,090	
Fiscal Year 2013/14				\$ 247,485
State Transit Assistance Fund				
Fiscal Year 2014/15	212,216		212,216	
Fiscal Year 2013/14				104,763
Sacramento Regional Transit District	288,519		288,519	53,909
Other				168
	<u>744,650</u>	<u>3,175</u>	<u>747,825</u>	<u>406,325</u>
Total due from other governments	<u>\$ 744,650</u>	<u>\$ 3,175</u>	<u>\$ 747,825</u>	<u>\$ 406,325</u>

NOTE E – FARE REVENUE RATIO

Transit operators are required to maintain a fare revenue to operating expenses ratio in order to be eligible for TDA funding. The fare revenue ratio for the Transit Fund is calculated on a consolidated basis with the Sacramento Regional Transit District, which provides transit services within the City.

NOTE F – CONCENTRATIONS

The Funds receive a substantial amount of their support from a statewide retail sales tax from the LTF and STAF 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, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated December 29, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 determination of financial statement amounts. 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

December 29, 2015



CITY OF CITRUS HEIGHTS

Memorandum

January 28, 2016

TO: Successor Agency Board Members
Henry Tingle, City Manager

FROM: Stefani Daniell, Finance Director

SUBJECT: Annual Financial Audit
Successor Agency to the Community
Redevelopment Agency of the City of Citrus Heights

Item 15

Approved and Forwarded to City Council

Fin.

Atty.

Henry Tingle, City Manager

Summary and Recommendation

Staff recommends that the Board accepts and files the Combining Statement of Net Assets and Changes in Fiduciary Net Assets for the fiscal year ended June 30, 2015 for the Successor Agency to the Community Redevelopment Agency of the City of Citrus Heights.

Fiscal Impact

No fiscal impact.

Background and Analysis

On February 1, 2012, the Community Redevelopment Agency of the City of Citrus Heights was dissolved. On January 12, 2012, the City of Citrus Heights elected to become the Successor Agency to the Community Redevelopment Agency of the City of Citrus Heights. AB 1484 requires a post audit of the financial transactions and records of the Successor Agency to be made at least annually by a certified public accountant.

The accounting firm of Richardson & Company, LLP performed the annual audit of the City's general purpose financial statements for the fiscal year ended June 30, 2015. Their scope of work included a review of the Successor Agency to the Community Redevelopment Agency of the City of Citrus Heights. They have determined that the financial statements present fairly, in all material respects, the financial position of the Successor Agency to the Community Redevelopment Agency of the City of Citrus Heights. The statements are in conformity with generally accepted accounting principles.

Conclusion

The attached reports reflect the financial position of the Successor Agency to the Community Redevelopment Agency of the City of Citrus Heights at June 30, 2015.

Attachments: (A) Audited Combining Statement of Fiduciary Net Position as of June 30, 2015
(B) Audited Combining Statement of Changes in Fiduciary Net Position
as of June 30, 2015

CITY OF CITRUS HEIGHTS, CALIFORNIA
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2015

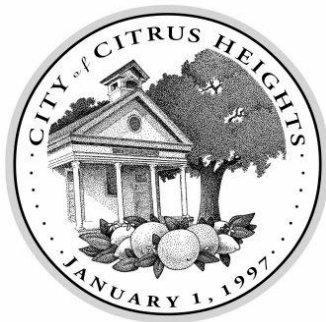
	Successor Agency		
	Non-Housing	Housing	Totals
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 282,254	\$ 7,001	\$ 289,255
Interest receivable	552	13	565
TOTAL CURRENT ASSETS	282,806	7,014	289,820
NONCURRENT ASSETS			
Loans receivable	-	364,901	364,901
Advances to other funds	1,000,000	-	1,000,000
Land and buildings held for resale	344,560	3,414,363	3,758,923
TOTAL NONCURRENT ASSETS	1,344,560	3,779,264	5,123,824
TOTAL ASSETS	1,627,366	3,786,278	5,413,644
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	22,645	-	22,645
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	224	6,376	6,600
TOTAL CURRENT LIABILITIES	224	6,376	6,600
NONCURRENT LIABILITIES			
Advances from other funds or City	909,695	1,000,000	1,909,695
Pension liability	37,618	-	37,618
TOTAL NONCURRENT LIABILITIES	947,313	1,000,000	1,947,313
TOTAL LIABILITIES	947,537	1,006,376	1,953,913
DEFERRED INFLOWS OF RESOURCES			
Pensions	15,644	-	15,644
NET POSITION			
Net position held in trust for redevelopment dissolution	\$ 686,830	\$ 2,779,902	\$ 3,466,732

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CITRUS HEIGHTS, CALIFORNIA
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2015

		Successor Agency		
		Non-Housing	Housing	Totals
ADDITIONS				
Intergovernmental		\$ 532,681	\$ -	\$ 532,681
Investment earnings		16,962	1,108	18,070
	TOTAL ADDITIONS	549,643	1,108	550,751
DEDUCTIONS				
Public ways and facilities		335,438	-	335,438
Community enhancements			19,028	19,028
	TOTAL DEDUCTIONS	335,438	19,028	354,466
	CHANGE IN FIDUCIARY NET POSITION	214,205	(17,920)	196,285
NET POSITION				
Net position, beginning of year - as previously reported		494,369	2,797,822	3,292,191
Restatement		(21,744)		(21,744)
Net position, beginning of year - as restated		472,625	2,797,822	3,270,447
	NET POSITION, END OF YEAR	\$ 686,830	\$ 2,779,902	\$ 3,466,732

The accompanying notes to financial statements are an integral part of this statement.



CITY OF CITRUS HEIGHTS

Memorandum

January 28, 2016

TO: Mayor and City Council Members
Henry Tingle, City Manager

FROM: Colleen McDuffee, Planning Manager
Jason Russo, Police Lieutenant

SUBJECT: Medical Marijuana Cultivation

Approved and Forwarded to City Council

_____ Fin.

_____ Atty.

Henry Tingle, City Manager

Summary and Recommendation

On December 9th, the Planning Commission unanimously recommended approval of a Zoning Code amendment regarding medical marijuana cultivation. The City already has regulations regarding medical marijuana cultivation – this amendment merely references those existing regulations within the Zoning Code.

This item requires two readings of the Ordinance, one of which must be a public hearing. On January 14th, the City Council introduced, read by title only and waived the first full reading of the ordinance. The public hearing and second reading will occur on January 28th.

Motion No. 1: Approve Ordinance No. 2016-001, an ordinance amending the Zoning Code regarding medical marijuana cultivation as shown in Exhibit A.

Fiscal Impact

None

Background & Analysis

In 1996, California voters approved Proposition 215, also known as “The Compassionate Use Act of 1996”. The purpose of this Proposition was to enable persons who are in need of marijuana for specified medical purposes to obtain and use it under certain situations. In 2004, SB 420 was enacted to clarify implementation of Proposition 215.

In 2004, Citrus Heights adopted comprehensive regulations regarding medical marijuana. The regulations adopted by the City were found in two locations: the Zoning Code and Article 47 of the Municipal Code. These regulations allowed for one medical marijuana dispensary to locate in Citrus Heights, subject to numerous standards and criteria. Following adoption of these regulations, a Use Permit was approved for one medical marijuana dispensary - however, it never opened. In 2012, the Zoning Code was amended to prohibit medical marijuana dispensaries.

In 2013, the Municipal Code was amended to allow, subject to certain standards, the cultivation of medical marijuana in residential zones. The regulations are contained in Article 5 of Chapter 50 of the Municipal Code (Attachment 1).

In 2014, the State legislature approved the Medical Marijuana Regulation and Safety Act (MMRSA); this Act was comprised of three bills - SB 643, AB 266, and AB 243. A summary of the MMRSA provided by the League of California Cities is provided as Attachment 2. The City will comprehensively review the requirements of the MMRSA in 2016. There is one item contained within this legislation that requires immediate action. AB 243 prohibits cultivation of medical marijuana without first obtaining both a local license/permit and a state license. However, if the City does not have land use regulations regulating or permitting the cultivation of marijuana in place by March 1, 2016, then the state is the sole licensing authority for medical marijuana cultivation. The item under consideration tonight is meant to ensure that the City has appropriate land use regulations in place by the March 1, 2016 deadline.

Proposed Changes to City Regulations

Chapter 50, Article 5 of the Municipal Code contains the City's existing regulations regarding medical marijuana cultivation. As contained within Article 5, medical marijuana cultivation is only allowed indoors and in residential zones (or commercial zones that contain an approved residential use). In order to ensure that we are fully consistent with the requirement of AB 243 to have land use regulations concerning medical marijuana cultivation, we are proposing amendments to the land use tables of the Zoning Code to specifically incorporate the City's existing regulations regarding medical marijuana cultivation. There are three proposed amendments to the Zoning Code:

1. Amendment to Table 2-2, Residential Land Use Table. The Residential Land Use Table would be amended to add a new land use, "medical marijuana cultivation". On the right hand side of the table, an "S" would be added that directs the reader to Chapter 50, Article 5 of the Municipal Code.
2. Amendment to Table 2-5, Commercial Land Use Table. The Commercial Land Use Table would be amended to add a new land use, "medical marijuana cultivation". On the right hand side of the table, an "S" would be added that directs the reader to Chapter 50, Article 5 of the Municipal Code.
3. Glossary. The following definition is proposed to be added in the Glossary: "*Medical Marijuana Cultivation. The planting, growing, harvesting, drying, or processing of marijuana plants or any part thereof*".

The proposed amendments to the Zoning Code are attached in Exhibit A.

Planning Commission meeting of December 9

The Planning Commission held a public hearing and considered the proposed amendments at their December 9th meeting. There was not any public testimony during the public hearing portion of the meeting. After discussion, the Planning Commission unanimously recommended approval to the City Council of the proposed amendments.

Environmental Determination

This project is categorically exempt from CEQA (CEQA Guidelines Section 15061(b)(3)) under the general rule that the proposed amendments to the Zoning Code do not have the potential to have a significant effect on the environment.

Conclusion

The Planning Commission recommends that the Council approve Ordinance 2016-001, an ordinance amending the Zoning Code regarding medical marijuana cultivation as shown in Exhibit A.

Attachments

0. Planning Commission Staff Report w/o attachments
1. Chapter 50, Article 5 of the Municipal Code
2. Summary of the Medical Marijuana Regulation and Safety Act

Exhibit

- A: Ordinance amending the Zoning Code regarding medical marijuana cultivation

ORDINANCE 2016-001

AN ORDINANCE OF THE CITY OF CITRUS HEIGHTS AMENDING SECTION 106.24.030, SECTION 106.26.030, AND SECTION 106.80.020 OF CHAPTER 106, ZONING, OF THE CITRUS HEIGHTS MUNICIPAL CODE

WHEREAS, Health and Safety Code section 11362.5 , the Compassionate Use Act of 1996 (“CUA”), adopted by the voters in the State of California, authorizes a limited defense to criminal charges for the use, possession or cultivation of marijuana for medical purposes when a qualified patient has a doctor's recommendation for the use of marijuana; and

WHEREAS, Health and Safety Code section 11362.7 et seq., the Medical Marijuana Program Act (“MMPA”), was adopted by the state legislature and offers some clarification on the scope of the Compassionate Use Act of 1996, and section 11362.83 specifically authorizes cities and other governing bodies to adopt and enforce rules and regulations related to medical marijuana; and

WHEREAS neither the CUA or the MMPA prevent a city from enacting nuisance and land use regulations regarding medical marijuana cultivation or dispensaries; and

WHEREAS, the Legislature recently passed, and the Governor signed, several bills regulating the commercial activity of medical marijuana, including Assembly Bill 243, which assigns certain state agencies with regulatory tasks regarding commercial medical marijuana, including product labeling and environmental regulation; and

WHEREAS, Section 6 of AB 243 adds Health and Safety Code section 11362.777, which puts the California Department of Food and Agriculture (“DFA”) in charge of licensing of both indoor and outdoor cultivation sites in the state; and

WHEREAS, Health and Safety Code section 11362.777 provides that the DFA shall be the sole licensing authority for medical marijuana cultivation within a city if that city does not have land use regulations or ordinances regulating or prohibiting the cultivation of marijuana in effect on March 1, 2016; and

WHEREAS, Article 5 of Chapter 50 of the Municipal Code currently contains regulations regarding the cultivation of medical marijuana, but these regulations are not land use regulations; and

WHEREAS, the City Council desires to retain local control over the cultivation of medical marijuana, and therefore desires to adopt a land use ordinance regulating medical marijuana cultivation that will be in effect before March 1, 2016; and

WHEREAS, the cultivation of medical marijuana in other cities has resulted in calls for service to the police department, including calls for robberies and thefts; and

WHEREAS, medical marijuana cultivation could pose safety risks for surrounding neighbors, including but not limited to, risks of violent confrontation in connection with attempts to steal marijuana and the risk of fire from improperly wired electrical lights within structures growing marijuana; and

WHEREAS, there is a threat to the public health, safety and welfare of the community if medical marijuana is cultivated in the City without proper regulations, and such unregulated cultivation may result in harmful effects to the businesses, property owners and residents of the City; and

WHEREAS, Article XI, Section 7 of the California Constitution provides a city may make and enforce within its limits all local police, sanitary and other ordinances and regulations not in conflict with general laws; and

WHEREAS, Section 50-702 of the Citrus Heights Municipal Code currently regulates the indoor cultivation of medical marijuana in residential zones and on parcels with approved residential development, and prohibits all other forms of cultivation; and

WHEREAS, the City Council desires to amend the City's Zoning Ordinance to incorporate the City's existing regulations regarding medical marijuana cultivation; and

WHEREAS, the Planning Commission held a duly noticed public hearing on the Zoning Ordinance amendments on December 9, 2015 at which time all interested parties had the opportunity to be heard. Following the public hearing, the Planning Commission recommended that the City Council adopt the amendments; and

WHEREAS, the City Council held a duly noticed public hearing on the proposed amendments on January 28, 2016 at which time all interested parties had the opportunity to be heard.

NOW THEREFORE, the City of Citrus Heights does ordain as follows:

Section 1: Recitals Made Findings

The above recitals are hereby declared to be true and correct and findings of the City Council of the City of Citrus Heights.

Section 2: Amendment to Zoning Code

Table 2-2 of Section 106.24.030 of the Citrus Heights Municipal Code is amended to read as follows:

LAND USE (1)	PERMIT REQUIRED BY ZONE							Specific Use Regulations
	RD-1 - 2	RD-3 - 4	RD-5 - 7	RD-10	RD-15 - 30	MH	O	

AGRICULTURAL & OPEN SPACE USES

Animal keeping	P	P	P	P	P	P	P	106.42.030
Beekeeping	P	P	P	—	—	—	P	106.42.030
Community garden	P	P	P	P	P	P	P	
Crop production, horticulture, orchard, vineyard	P	P	—	—	—	—	P	
Medical marijuana cultivation	S	S	S	S	S	S	S	50-702

RECREATION, EDUCATION & PUBLIC ASSEMBLY USES

Equestrian facility	UP	UP	—	—	—	—	UP	106.42.030
Golf course	UP	UP	—	—	—	—	P	
Meeting facility, public or private	UP	UP	UP	UP	UP	UP	—	
Park or playground, public	P	P	P	P	P	P	P	
Private residential recreation facility	MUP	MUP	MUP	MUP	MUP	MUP	MUP	
School, elementary through secondary	UP	UP	UP	UP	UP	—	—	

RESIDENTIAL USES

Condominium conversion	—	—	UP	UP	UP	—	—	106.42.050, 060
Condominium, townhouse, row house, or cluster development	—	—	—	P	P	—	—	106.42.050
Duplex - Corner parcel	—	—	P	P	P	—	—	
Duplex - Interior parcel	—	—	UP	P	P	—	—	106.42.150
Home occupation	P	P	P	P	P	P	P	106.42.100
Mobile home park	UP	UP	UP	UP	UP	UP	—	106.42.140
Mobile/manufactured home	P	P	P	P	P	P	P	106.42.140
Multi-unit dwelling - 3 or more units	—	—	—	P	P	—	—	106.42.150
Residential accessory uses and structures	P	P	P	P	P	P	P	106.42.200
Residential care facility, 6 or fewer clients	P	P	P	P	P	P	P	
Residential care facility, 7 to 20 clients	UP	UP	UP	UP	P	—	—	
Residential care facility, 21 or more clients	—	—	—	UP	UP	—	—	
Rooming or boarding house	—	—	—	UP	UP	—	—	
Second dwelling unit	P	P	P	P	P	—	MUP	106.42.210
Single dwelling	P	P	P	P	P	P	MUP	106.42.220
Supportive/Transitional Housing, 6 or fewer clients	P	P	P	P	P	P	P	
Supportive/Transitional Housing, 7 or more clients	UP	UP	UP	UP	UP	—	—	

RETAIL TRADE

Accessory retail and services	—	—	—	MUP	MUP	MUP	—	
-------------------------------	---	---	---	-----	-----	-----	---	--

Key to Zone Symbols

RD	Residential	O	Recreation/Open Space
MH	Mobile Home		

Notes:

(1) See Article 8 for land use definitions.

Section 3: Amendment to Zoning Code

Table 2-5 of Section 106.26.030 of the Citrus Heights Municipal Code is amended to read as follows:

TABLE 2-5 Allowed Land Uses and Permit Requirements for Commercial and Industrial Zoning Districts	P Permitted Use, Zoning Clearance required MUP Conditional use, Minor Use Permit required UP Conditional use Permit required S Permit requirement set by Specific Use Regulations — Use not allowed							
	PERMIT REQUIRED BY DISTRICT							Specific Use Regulations
LAND USE (1)	BP	LC	SC	GC	AC	CR	MP	

INDUSTRY, MANUFACTURING & PROCESSING, WHOLESALING

Contract construction service - Indoor	—	—	—	P	—	—	P	
Contract construction service - Outdoor storage	—	—	—	MUP	—	—	MUP	
Contract construction service - Outdoor work area	—	—	—	UP	—	—	UP	
Manufacturing/processing - Light	—	—	—	UP	—	—	P	
Manufacturing/processing - Medium intensity	—	—	—	—	—	—	—	
Manufacturing/processing - Heavy	—	—	—	—	—	—	—	
Medical marijuana cultivation	S	S	S	S	S	S	S	50-702
Recycling - Small collection facility	—	MUP	MUP	MUP	—	—	MUP	106.42.190
Storage - Outdoor	—	—	—	UP	—	—	UP	106.42.170
Storage - Personal storage facility (mini-storage)	—	UP	—	UP	—	—	MUP	
Storage - RVs, boats	—	—	—	UP	—	UP	—	
Storage - Warehouse, indoor storage	—	—	—	P	—	—	P	
Wholesaling and distribution	—	—	—	P	—	—	P	

RECREATION, EDUCATION & PUBLIC ASSEMBLY USES

Adult entertainment business	—	S	—	S	—	—	S	106.40
Bingo parlor	—	—	—	UP	—	—	—	10.81 - 10.100
Card room	—	—	UP	UP	—	—	—	10.26 - 10.54
Commercial recreation facility - Indoor	—	UP	UP	UP	—	MUP	UP	
Commercial recreation facility - Outdoor	C	—	—	UP	—	MUP	UP	
Conference/convention facility	UP	—	UP	UP	—	UP	—	
Fitness/health facility	UP	P	P	P	—	P	UP	
Golf Course	—	—	—	UP	—	MUP	UP	
Library, museum	P	P	P	P	—	—	—	
Meeting facility, public or private	UP	UP	UP	UP	—	—	UP	
Park, playground	P	P	P	P	—	P	UP	
School - College, university	UP	UP	UP	UP	—	—	—	
School - Elementary, middle, secondary	—	UP	UP	UP	—	—	—	
School - Specialized education/training - Minor	P	P	P	P	—	—	P	
School - Specialized education/training -Major	UP	UP	UP	UP	—	—	UP	
Sports and entertainment assembly facility	—	—	UP	MUP	—	MUP	MUP	
Studio - Art, dance, martial arts, music, etc.	S	P	P	P	—	—	S	106.26.030.C
Theater	—	—	MUP	MUP	—	MUP	—	

Key to Zone Symbols

BP	Business and Professional Office	AC	Auto Commercial
LC	Limited Commercial	CR	Commercial Recreation
SC	Shopping Center	MP	Industrial/Office Park
GC	General Commercial		

Notes:

(1) See Article 8 for land use definitions.

Section 4: Amendment to Zoning Code

Section 106.80.020 of the Citrus Heights Municipal Code is amended to add a definition of “Medical Marijuana Cultivation” which shall read as follows:

Medical Marijuana Cultivation. The planting, growing, harvesting, drying or processing of marijuana plants or any part thereof.

Section 5: Severability

If any section of this Ordinance is determined to be unenforceable, invalid, or unlawful, such determination shall not affect the enforceability of the remaining provisions of this Ordinance.

Section 6: CEQA.

This Ordinance is exempt from the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15061(b)(3). Section 15061(b)(3) states that CEQA applies only to those projects that have the potential to cause a significant effect on the environment. The adoption of the proposed Ordinance is exempt from CEQA because the adoption of the proposed amendments to the Municipal Code does not, in itself, allow the construction of any building or structure. This Ordinance, therefore, has no potential for resulting in significant physical change in the environment, directly or ultimately.

Section 7: Effective Date and Publication

This Ordinance shall take effect thirty (30) days after its adoption, and within fifteen (15) days after its passage, shall be posted in three public places.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights this 28th day of January, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeannie Bruins, Mayor

ATTEST:

Amy Van, City Clerk

2564420.2

In 2014, the State legislature approved the Medical Marijuana Regulation and Safety Act (MMRSA); this Act was comprised of three bills - SB 643, AB 266, and AB 243. A summary of the MMRSA provided by the League of California Cities is provided as Attachment 2. The City will comprehensively review the requirements of the MMRSA in 2016. There is one item contained within this legislation that requires immediate action. AB 243 prohibits cultivation of medical marijuana without first obtaining both a local license/permit and a state license. However, if the City does not have land use regulations regulating or permitting the cultivation of marijuana in place by March 1, 2016, then the state is the sole licensing authority for medical marijuana cultivation. The item under consideration tonight is meant to ensure that the City has appropriate land use regulations in place by the March 1, 2016 deadline.

Proposed Changes to City Regulations

Article 5 of the Municipal Code contains the City's existing regulations regarding medical marijuana cultivation. As contained within Article 5, medical marijuana cultivation is only allowed indoors and in residential zones (or commercial zones that contain an approved residential use). In order to ensure that we are fully consistent with the requirement of AB 243 to have land use regulations concerning medical marijuana cultivation, we are proposing amendments to the land use tables of the Zoning Code to specifically incorporate the City's existing regulations regarding medical marijuana cultivation. There are three proposed amendments to the Zoning Code:

1. Amendment to Table 2-2. Residential Land Use Table. The Residential Land Use Table would be amended to add a new land use, "medical marijuana cultivation". On the right hand side of the table, an "S" would be added that directs the reader to Article 5 of the Municipal Code.
2. Amendment to Table 2-5. Commercial Land Use Table. The Commercial Land Use Table would be amended to add a new land use, "medical marijuana cultivation". On the right hand side of the table, an "S" would be added that directs the reader to Article 5 of the Municipal Code.
3. Glossary. The following definition is proposed to be added in the Glossary:
"Medical Marijuana Cultivation. The planting, growing, harvesting, drying, or processing of marijuana plants or any part thereof".

The proposed amendments to the Zoning Code are attached in Exhibit A.

Environmental Determination

This project is categorically exempt from CEQA (CEQA Guidelines Section 15061(b)(3)) under the general rule that the proposed amendments to the Zoning Ordinance do not have the potential to have a significant effect on the environment.

RECOMMENDATION

The Planning Division recommends that the Planning Commission take the following action:

MOTION 1: MOVE TO RECOMMEND THAT THE CITY COUNCIL APPROVE THE ATTACHED AMENDMENTS SHOWN IN EXHIBIT A MODIFYING THE MEDICAL MARIJUANA CULTIVATION PROVISIONS OF THE ZONING CODE. THE PROPOSED AMENDMENTS ARE CONSISTENT WITH THE GENERAL PLAN AND WOULD NOT BE DETRIMENTAL TO THE PUBLIC INTEREST, HEALTH, SAFETY, CONVENIENCE OR WELFARE OF THE CITY.

Attachments:

1. Article 5 of the Municipal Code
2. Summary of Medical Marijuana Regulation and Safety Act

Exhibit:

- A. Proposed changes modifying the medical marijuana cultivation regulations of the Zoning Code
 - Table 2-2 – Residential Land Use Table
 - Table 2-5 – Commercial Land Use Table
 - Glossary

ARTICLE V. - MEDICAL MARIJUANA CULTIVATION

Sec. 50-700. - Purpose and findings.

The city council adopts this chapter based on the following:

- (1) The purpose and intent of this article is to regulate the cultivation of medical marijuana in a manner that protects the health, safety and welfare of the community. This article is not intended to interfere with a qualified patient's right to medical marijuana, as provided for in California Health and Safety Code § 11362.5 or 11362.7 et seq., nor does it criminalize medical marijuana possession or cultivation by specifically defined classifications of persons, pursuant to state law. This article is not intended to give any person independent legal authority to grow medical marijuana; it is intended simply to impose restrictions on the cultivation of medical marijuana when cultivation is authorized by California state law for medical purposes.

Furthermore, it is the purpose and intent of this article to require that medical marijuana be cultivated only in appropriately secured, enclosed, and ventilated structures, so as not to be visible to the general public; to provide for the health, safety and welfare of the public; to prevent odor created by medical marijuana plants from impacting adjacent properties; and to ensure that marijuana grown for medical purposes remains secure and does not find its way to non-patients or illicit markets.

Nothing in this article is intended to interfere with limited criminal defenses to violations of state law available to persons in possession of medical marijuana pursuant to Health and Safety Code § 11362.5 or 11362.7 et seq. Nothing in this article is intended to authorize the cultivation, possession, or use of marijuana for non-medical purposes in violation of state or federal law.

- (2) Findings.

- a. On November 5, 1996, the voters of the state of California approved Proposition 215, codified as Health and Safety Code § 11362.5 et seq. and entitled "The Compassionate Use Act of 1996" ("CUA" or "Act"). The intent of Proposition 215 was to enable persons who are in need of medical marijuana for specified medical purposes to obtain and use it under limited, specified circumstances, and provides that "nothing in this section shall be construed to supersede legislation prohibiting persons from engaging in conduct that endangers others, or to condone the diversion of marijuana for non-medical purposes."
- b. In 2004, the California Legislature adopted Senate Bill 420, adding Article 2.5, "Medical Marijuana Program" to Division 10 of the California Health and Safety Code § 11362.7, et seq. ("Medical Marijuana Program Act", "MMPA" or "Program"). The MMPA was intended to clarify the scope of Proposition 215, and to provide for certain additional immunities from state marijuana laws. Health and Safety Code § 11362.83 also authorized cities and other local governing bodies to adopt and enforce rules and regulations consistent with the MMPA.
- c.

Prior to the enactment of this article, there were no regulations addressing cultivation of medical marijuana. Neither Proposition 215 nor Senate Bill 420, nor the California Attorney General's Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use, August 2008, ("Guidelines") provide comprehensive civil regulation of premises used for marijuana cultivation.

- d. Neither the CUA nor the MMPA create a right to the unregulated cultivation of medical marijuana. The unregulated cultivation of medical marijuana can adversely affect the health, safety and well-being of the city and its residents. Comprehensive regulation of premises used for marijuana cultivation is proper and necessary to avoid the risks of criminal activity, degradation of the natural environment, smells and indoor electrical fire hazards that may result from unregulated medical marijuana cultivation, especially if the amount of medical marijuana cultivated on a single premises is not regulated and substantial amounts of medical marijuana can be cultivated in a concentrated place.
- e. The indoor cultivation of substantial amounts of medical marijuana also frequently requires excessive use of electricity, which often creates an unreasonable risk of fire from the electrical grow lighting systems used in indoor cultivation. Additionally, the cultivation of marijuana can harm the rental housing stock if marijuana is grown in large quantities indoors. The heat created by lighting and the moisture from watering plants indoors on permeable surfaces can damage walls, carpets and flooring.
- f. Children are particularly vulnerable to the effects of marijuana use, and the presence of medical marijuana plants may be an attractive nuisance for children, creating an unreasonable hazard. Cultivation of marijuana outdoors, where the marijuana plants may be observed by juveniles, therefore especially vulnerable to theft or recreational consumption by juveniles, is harmful to the residents of the city because the city is a family oriented community. Further, the potential for criminal activities associated with marijuana cultivation in outdoor locations poses heightened risks that juveniles will be involved or endangered, or that the premise will be the target of crime. Therefore, cultivation of any amount of marijuana in outdoor locations is especially hazardous to public safety and welfare, and to the protection of children and the person(s) cultivating the marijuana plants.
- g. As recognized in the guidelines, the cultivation or other concentration of medical marijuana in any location or premises without adequate security increases the risk that surrounding homes or businesses may be negatively impacted by nuisance activity such as loitering or crime.
- h. The limited right of qualified patients and their primary caregivers under state law to cultivate marijuana plants for medical purposes does not confer the right to create or maintain a public nuisance. By adopting the regulations contained in this article, the city will achieve a significant reduction in the harms caused or threatened by the unregulated cultivation of marijuana.
- i. The city enacts the ordinance from which this article is derived to establish reasonable regulations upon the manner in which marijuana may be cultivated including restrictions on the amount of marijuana that may be cultivated in any location or premises, in order to protect the public health, safety, and welfare in the city.
- j.

California cities that allow the unregulated cultivation of marijuana have experienced crime associated with the cultivation, such as burglary, robbery, home invasion style robberies, and sale of other illegal narcotics in the area immediately surrounding the premises cultivating of marijuana. The unregulated cultivation of marijuana poses a threat to the public health, safety, and welfare of the residents that are located near properties where marijuana cultivation occurs. The Citrus Heights Police Department field numerous complaints each month during the marijuana grow season that relate to the powerful odor of marijuana plants. Residents who reside near the area where marijuana cultivation occurs, experience a reduced quality of life due to the noxious fumes of marijuana plants, the increased potential of violent crimes in the area near marijuana cultivation, and the increased potential of fire and/or chemical hazards associated with cultivation of marijuana.

- k. The limited right of qualified patients and their primary caregivers under state law to cultivate marijuana plants for medical purposes does not confer the right to create or maintain a public nuisance.
- l. Nothing in this article shall be construed to allow the use of marijuana for non-medical purposes, or to allow any activity relating to the cultivation, distribution, or consumption of marijuana that is otherwise illegal under state or federal law.
- m. This article does not prohibit the cultivation of medical marijuana by qualified patients or primary caregivers. This article merely regulates and restricts locations and amounts of medical marijuana that may be grown on particular parcels.

(Ord. No. 2013-007, § 1, 7-11-2013)

Sec. 50-701. - Definitions.

For the purposes of this article, the following definitions shall apply unless the context clearly indicates otherwise. If a word is not defined in this article, and not otherwise defined in state law, the common and ordinary meaning of the word shall apply.

City means the City of Citrus Heights.

Cultivation means the planting, growing, harvesting, drying or processing of marijuana plants or any part thereof.

Fully enclosed and secure structure means a space within a building that complies with the applicable building code, and has a complete roof enclosure supported by connecting walls extending from the ground to the roof, a foundation, slab or equivalent base to which the floor is secured by bolts or similar attachments, is secure against unauthorized entry, and is accessible only through one or more lockable doors. Walls and roof must be constructed of solid materials that cannot be easily broken through, and must be constructed with non-transparent material.

Indoors means inside a fully enclosed and secure structure or within a residential structure.

Outdoors means any location within the city that is not within a fully enclosed and secure structure.

Person means any individual, partnership, co-partnership, firm, association, joint stock company, corporation, limited liability corporation, collective, cooperative, or combination thereof in whatever form or character.

Primary caregiver means a "primary caregiver" as defined by Health and Safety Code § 11362.7.

Qualified patient means a "qualified patient" or "person with an identification card" as defined in Health and Safety Code § 11362.7.

Residential structure means a group of rooms (including sleeping, eating, cooking and sanitation facilities, but not more than one kitchen) which constitutes an independent housekeeping unit, occupied or intended for occupancy by one household for a period in excess of 30 days.

Solid fence means a fence constructed of substantial material, such as wood or metal, that prevents viewing the contents from one side to the other side of the fence.

(Ord. No. 2013-007, § 1, 7-11-2013)

Sec. 50-702. - Cultivation of medical marijuana.

The following regulations shall apply to the cultivation of medical marijuana within the city:

- (1) *Cultivation not in compliance with this article.* It is declared to be unlawful and a public nuisance for any person owning, leasing, occupying or having charge or possession of any parcel or premises within any zoning district in the city to cultivate medical marijuana except as provided for in this Code. No person other than a qualified patient or primary caregiver may engage in the cultivation of marijuana.
- (2) *Outdoor cultivation.* It is unlawful and a public nuisance for any person owning, leasing, occupying, or having possession of any legal parcel or premises within any zoning district in the city to cause or allow such parcel or premises to be used for the outdoor cultivation of medical marijuana.
- (3) *Indoor cultivation.* Indoor cultivation of medical marijuana is prohibited in all zoning districts of the city, except for residential zones or in commercial zones, when such cultivation occurs on a parcel or premises with an approved residential development. All cultivation must be in compliance with this article.
- (4) *Indoor cultivation in residential uses.* The indoor cultivation of medical marijuana in a residential zone or in a commercial zone on a parcel or premises with an approved residential development, shall only be conducted within a fully enclosed and secure structure or within a residential structure. Such cultivation shall be in conformance with the following minimum standards:
 - a. Any fully enclosed and secure structure, regardless of square footage, constructed, altered or used for the cultivation of medical marijuana must have a valid building permit issued by the chief building official. The chief building official shall consult with the community and economic development director, planning manager and the chief of police or his/her designee, in consideration of any building permit for the construction or alteration of any fully enclosed structure or residential structure to be used for marijuana cultivation.
 - b. Either a qualified patient or a primary caregiver shall reside full time on the premises

where the medical marijuana cultivation occurs.

- c. The primary use of the property shall be for a residence. Medical marijuana cultivation is prohibited as a home occupation.
- d. All areas used for cultivation of medical marijuana shall comply with chapter 18 (Buildings and Building Regulations) of the Citrus Heights Municipal Code, as well as applicable law.
- e. Indoor grow lights shall not exceed 1,200 watts per light, and shall comply with the California Building, Electrical and Fire Codes as adopted by the city.
- f. The use of gas products (CO₂, butane, propane, natural gas, etc.) or generators for cultivation of marijuana is prohibited.
- g. Any fully enclosed and secure structure or residential structure used for the cultivation of medical marijuana must have a ventilation and filtration system installed that shall prevent marijuana plant odors from exiting the interior of the structure and that shall comply with chapter 18 (Building and Building Regulations) of the Citrus Heights Municipal Code.
- h. A fully enclosed and secure structure used for the cultivation of medical marijuana shall be located in the rear yard area of the parcel or premises, and must maintain a minimum ten-foot setback from any property line. The yard where the fully enclosed and secure structure is maintained must be enclosed by a solid fence at least six feet in height. This provision shall not apply to cultivation occurring in garage.
- i. Adequate mechanical locking or electronic security systems must be installed as part of the fully enclosed and secure structure or the residential structure prior to the commencement of cultivation.
- j. Medical marijuana cultivation occurring inside a residential structure shall be in an area no larger than 50 square feet, regardless of how many qualified patients or primary caregivers reside at the premises.
- k. Medical marijuana cultivation occurring inside a fully enclosed and secure structure shall not exceed 100 square feet, regardless of how many qualified patients or primary caregivers reside at the premises.
- l. The residential structure shall remain at all times a residence, with legal and functioning cooking, sleeping and sanitation facilities with proper ingress and egress. These rooms shall not be used for medical marijuana cultivation where such cultivation will prevent their primary use for cooking of meals, sleeping and bathing.
- m. Cultivation of medical marijuana shall only take place on impervious surfaces.
- n. From a public right of way, there shall be no exterior evidence of medical marijuana cultivation occurring on the parcel.
- o. Medical marijuana cultivation shall not occur in both a fully enclosed and secure structure and a residential structure on the same parcel.
- p. Medical marijuana cultivation area, whether in a fully enclosed and secure structure or inside a residential structure, shall not be accessible to persons under 18 years of age.
- q. Written consent of the property owner to cultivate medical marijuana within the residential structure shall be obtained and shall be kept on the premises, and available for inspection by the chief of police or his/her designee.
- r.

A portable fire extinguisher, that complies with the regulations and standards adopted by the state fire marshal and applicable law, shall be kept in the fully enclosed and secure structure used for cultivation of medical marijuana. If cultivation occurs in a residential structure, the portable fire extinguisher shall be kept in the same room as where the cultivation occurs.

(Ord. No. 2013-007, § 1, 7-11-2013)

Sec. 50-703. - Public nuisance.

Any use or condition caused or permitted to exist in violation of any of the provisions of this article is hereby declared a public nuisance and may be abated by the city.

(Ord. No. 2013-007, § 1, 7-11-2013)

Sec. 50-704. - Enforcement.

- (a) Violation of this article is a public nuisance and may be enforced pursuant to the provisions of the Municipal Code.
- (b) Nothing in this article in any way limits any other remedies that may be available to the city, or any penalty that may be imposed by the city, for violations of this article. Such additional remedies, include, but are not limited to, injunctive relief or administrative citations.

(Ord. No. 2013-007, § 1, 7-11-2013)

Medical Marijuana Regulation and Safety Act***AB 243 (Wood). Medical Marijuana.**

This measure addresses the need for comprehensive regulation of the cultivation of medical marijuana in California, as one of three bills comprising the Medical Marijuana Regulation and Safety Act, by doing the following:

- Places the Department of Food and Agriculture (DFA) in charge of licensing and regulation of indoor and outdoor cultivation sites. Creates a Medical Cannabis Cultivation Program within the department;
- Mandates the Department of Pesticide Regulation (DPR) to develop standards for pesticides in marijuana cultivation, and maximum tolerances for pesticides and other foreign object residue;
- Mandates the Department of Public Health to develop standards for production and labelling of all edible medical cannabis products;
- Assigns joint responsibility to DFA, Department of Fish and Wildlife, and the State Water Resources Control Board (SWRCB) to prevent illegal water diversion associated with marijuana cultivation from adversely affecting California fish population;
- Specifies that DPR, in consultation with SWRCB, is to develop regulations for application of pesticides in all cultivation;
- Specifies various types of cultivation licenses; and
- Directs the multi-agency task force headed by the Department of Fish and Wildlife and the SWRCB to expand its existing enforcement efforts to a statewide level to reduce adverse impacts of marijuana cultivation, including environmental impacts such as illegal discharge into waterways and poisoning of marine life and habitats.

***AB 266 (Bonta, Cooley, Jones-Sawyer, Lackey and Wood). Medical Marijuana.**

This measure establishes a comprehensive regulatory framework for medical marijuana in California that unconditionally upholds local control, protects public safety, and enhances patient safety. It is one of three bills comprising the Medical Marijuana Regulation and Safety Act. Specifically, this measure:

- Protects local control as it establishes a statewide regulatory scheme, headed by Bureau of Medical Marijuana Regulation (BMMR) within the Department of Consumer Affairs (DCA);
- Provides for dual licensing: state will issue licenses, and local governments will issue permits or licenses to operate marijuana businesses, according to local ordinances. State licenses will be issued beginning in January 2018;
- Terminates the ability of a business to operate in a jurisdiction that has revoked a local license or permit;
- Protects local licensing practices, zoning ordinances, and local constitutional police power;
- Caps total cultivation for a single licensee at four acres statewide, subject to local ordinances;

- Requires local jurisdictions that wish to prevent delivery services from operating within their borders to enact an ordinance affirmatively banning this activity. No specific operative date for the ban is specified;
- Specifies that DCA will issue the following licenses: Dispensary, Distributor, Transport, and Special Dispensary Status for licensees who have a maximum of three dispensaries. Specifies various sub-categories of licensees (indoor cultivation, outdoor cultivation, etc.);
- Limits cross-licensing to holding a single state license in up to two separate license categories, as specified. Prohibits medical marijuana licensees from also holding licenses to sell alcohol;
- Grandfathers in vertically integrated businesses (i.e. businesses that operate and control their own cultivation, manufacturing, and dispensing operations) if a local ordinance allowed or required such a business model and was enacted on or before July 1, 2015. Also requires such businesses to have operated in compliance with local ordinances, and to have been engaged in all the covered activities on July 1, 2015;
- Requires establishment of uniform health and safety standards, testing standards, and security requirements at dispensaries and during transport of the product;
- Specifies a standard for certification of testing labs, and specified minimum testing requirements. Prohibits testing lab operators from being licensees in any other category, and from holding a financial or ownership interest in any other category of licensed business;
- Includes a labor peace agreement under which unions agree not to engage in strikes, work stoppages, etc. and employers agree to provide unions reasonable access to employees for the purpose of organizing them. Specifies that such an agreement does not mandate a particular method of election;
- Provides for civil penalties for unlicensed activity, and specifies that applicable criminal penalties under existing law will continue to apply;
- Specifies that patients and primary caregivers are exempt from the state licensing requirement, and provides that their information is not to be disclosed and is confidential under the California Public Records Act;
- Phases out the existing model of marijuana cooperatives and collectives one year after DCA announces that state licensing has begun; and
- Preserves enforcement authority of the City of Los Angeles with respect to Measure D, the local regulatory structure for medical marijuana within the city limits.

***SB 643 (McGuire). Medical Marijuana**

This measure establishes critical criteria for state licensing of medical marijuana businesses in California, and regulates physician activity as one of three bills comprising the Medical Marijuana Regulation and Safety Act. Specifically, this measure:

- Directs California Medical Board to prioritize investigation of excessive recommendations by physicians;
- Imposes fines (\$5000) vs. physicians for violating prohibition against having a financial interest in a marijuana business;

- Provides that a recommendation for cannabis without a prior examination constitutes unprofessional conduct;
- Imposes restrictions on advertising for physician recommendations;
- Places Department of Food and Agriculture in charge of cultivation regulations and licensing, and requires a track and trace program;
- Codifies dual licensing (state license and local license or permit), and itemizes disqualifying felonies for state licensure;
- Places DPR in charge of pesticide regulation; DPH in charge of production and labelling of edibles; and
- Upholds local power to levy fees and taxes.

What Local Governments Need to Know About the Medical Marijuana Regulation and Safety Act

This package of three bills establishes a statewide comprehensive regulatory structure for medical marijuana for the first time. It places the Department of Consumer Affairs in charge of licensing dispensaries and **it unconditionally protects local control**.

Local control is protected in the following ways:

- Dual licensing: A requirement in statute that all marijuana businesses must have both a state license, and a local license or permit, to operate legally in California. Jurisdictions that have a ban in place will not be effected, i.e. they will be able to retain their ban;
- Effect of local revocation of a permit or license: Revocation of a local license or permit unilaterally terminates the ability of a marijuana business to operate in that jurisdiction;
- Enforcement: Local governments may be able to enforce state law in addition to local ordinances, if they request that authority and if it is granted by the state agency; and
- State law penalties for unauthorized activity: Provides for civil penalties for unlicensed activity, and applicable criminal penalties under existing law will continue to apply.

The three bills are:

- AB 266 (Bonta, Cooley, Jones-Sawyer, Lackey and Wood): Contains the critical local control provisions, and the most of the core provisions of the regulatory structure;
- AB 243 (Wood): Regulates marijuana cultivation, and provides a regulatory structure specifically to address environmental impacts; and
- SB 643 (McGuire): Contains critical provisions on criteria for state licensing, including disqualifying felonies; regulates physicians making medical marijuana recommendations; and requires a digital seed-to-sale or track-and-trace program for marijuana, similar to that employed for agricultural products.

The timeline for state licensing to begin is not specified in the bills, but the Department of Consumer Affairs estimates it will be ready to begin issuing state licenses in January 2018.

Local dispensaries and related businesses should be operating in compliance with local ordinances in the interim. Businesses operating in compliance with local ordinances will get priority in the state licensing application process.

***Jurisdictions that currently ban, or that may wish to ban, deliveries or mobile dispensaries should be aware that under this legislation, they will need to have an ordinance in place that affirmatively prohibits this activity.