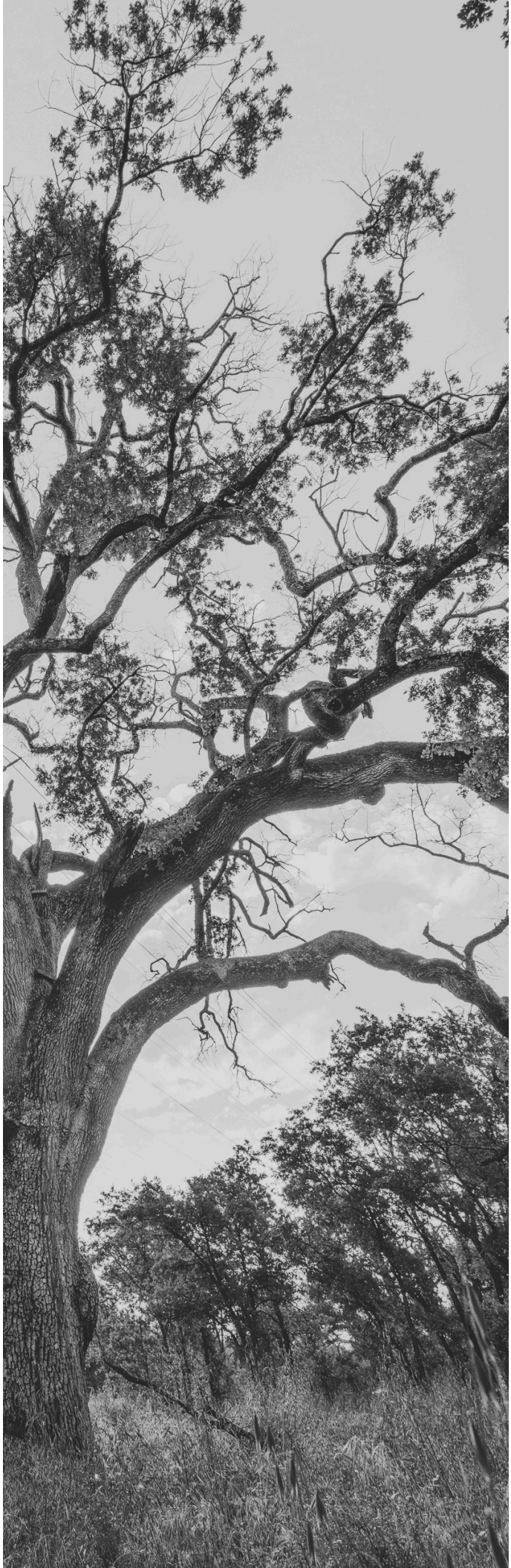


CITRUS HEIGHTS
CALIFORNIA
Solid roots.
New growth.

POPULAR ANNUAL FINANCIAL REPORT

PREPARED FOR

City of Citrus Heights, CA

FOR FISCAL YEAR ENDED

June 30, 2025

PREPARED BY

Finance,
A Division of the Administrative Services Department

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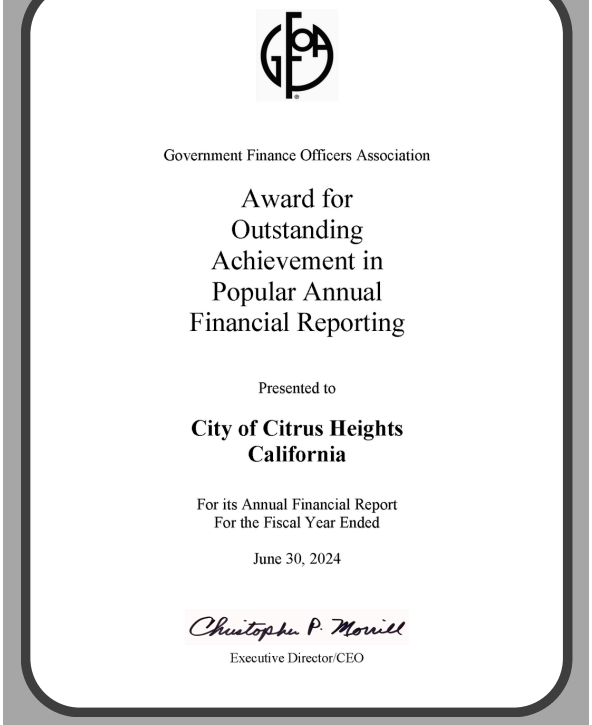
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Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

City of Citrus Heights
California

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

View the ACFR on the City's website

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



MESSAGE FROM THE DIRECTOR

February 28, 2026

Dear Citizens of Citrus Heights:

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

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

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

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

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



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

Administrative Services Director

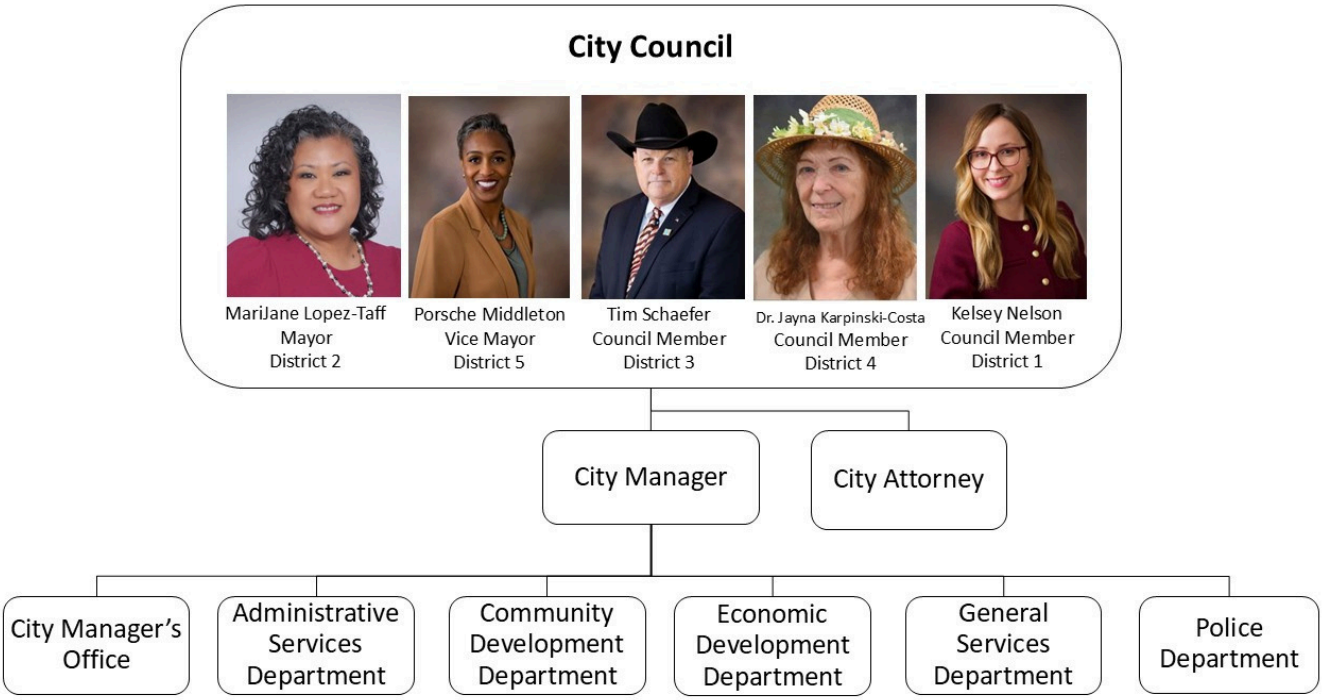
Susan K. Talwar

2 MEET THE CITY COUNCIL

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

The City Council responsibilities include:

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



Ashley Feeney
City Manager

Susan Talwar
Administrative Services Director

Casey Kempenaar
Community Development Director

Meghan Huber
Economic Development & Community Engagement Director

Regina Cave
General Services Director

Alexander Turcotte
Chief of Police

Ryan R. Jones
City Attorney

ABOUT CITRUS HEIGHTS 3









Bee photograph/Kim D. Johnson

Measure R supporters Doug Ose, left, and Patti Hintz mount a victory sign during an election night party at the Citrus Heights


Citrus Heights NEWS

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

Historic first council session

News photo by Bentoni

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

Finances, staffing Citrus Heights' first concerns

By JIM DUNCAN

together the staff and ordinances needed

County's fifth municipality - the most popu-

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

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

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

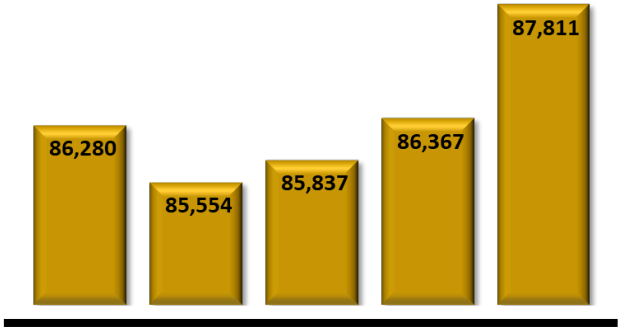
It wasn't until 1994 that an agreement was reached with the County. It was the first agreement for cityhood in California to include terms from a 1992 Senate bill, SB 1559, which required communities to share tax dollars with county governments. The agreement required the City of Citrus Heights to give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

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

4 DEMOGRAPHICS & STATISTICS



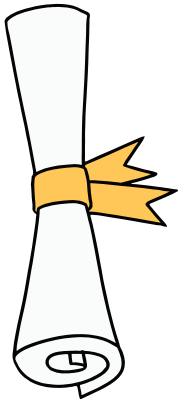
Total Population
86,280



Population Growth Over Time



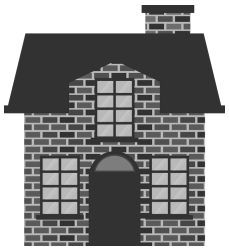
Median Age of Citizens
38.3



High School Degree
90.7%

Bachelor's Degree
22.2%

Average House Sales Value
$461,086

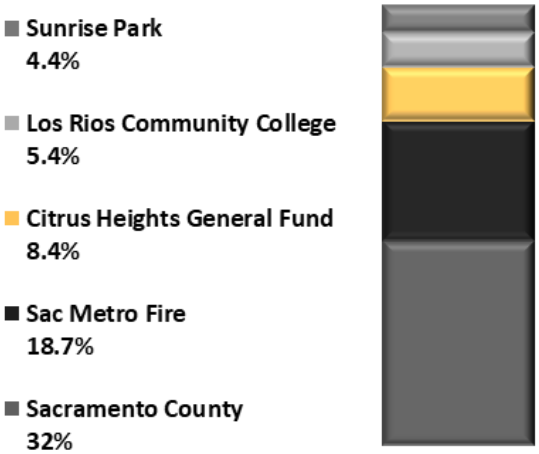


Unemployment Rate
4.7%

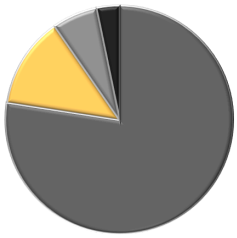


Average Income per person
$36,966





Property Tax Distribution



Sales Tax Rate, 7.75%

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

Information collected by HDL Coren & Cone

NOTABLE EVENTS

Public Works Award

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



Animal Serivces



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

Helen Putnam Award

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



Distinguished Service



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

Home Repair Grants

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



Event Center



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

Habitat for Humanity

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

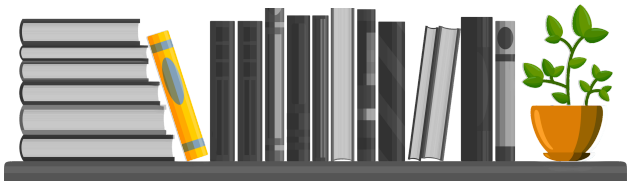


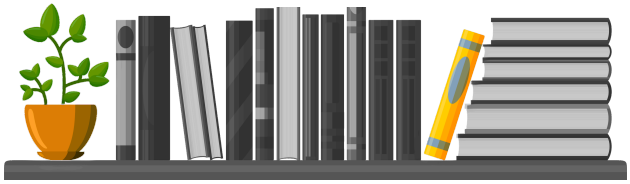
Sunrise Blvd



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

6 EXPLANATION OF ACCOUNTING TERMS





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

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

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

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

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

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

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

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

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

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

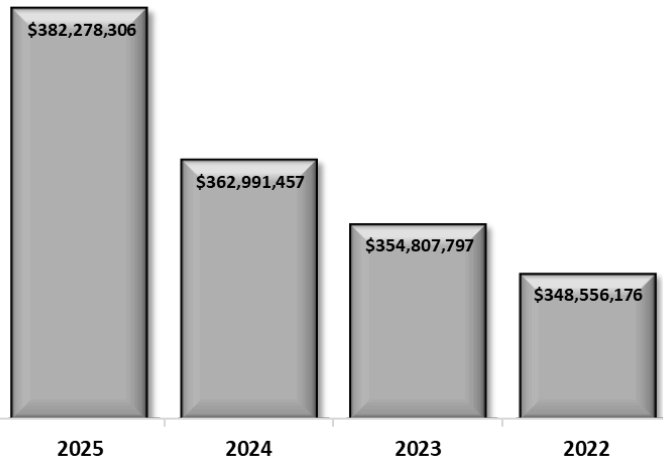
Unrestricted:
The remaining balance available for use that is not invested capital assets or restricted.

NET POSITION STATEMENT

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

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

Net Position Over Time



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

8 STATEMENT OF ACTIVITIES

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

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

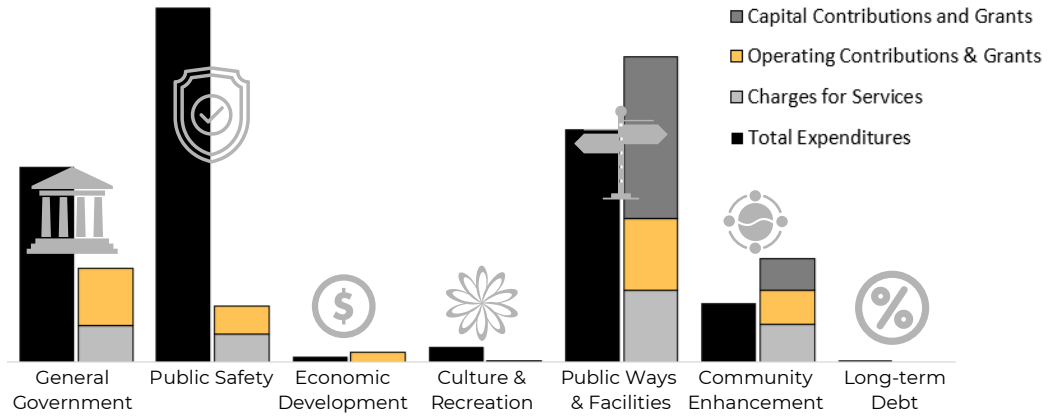
The large variances from FY24 to FY25 are:

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

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

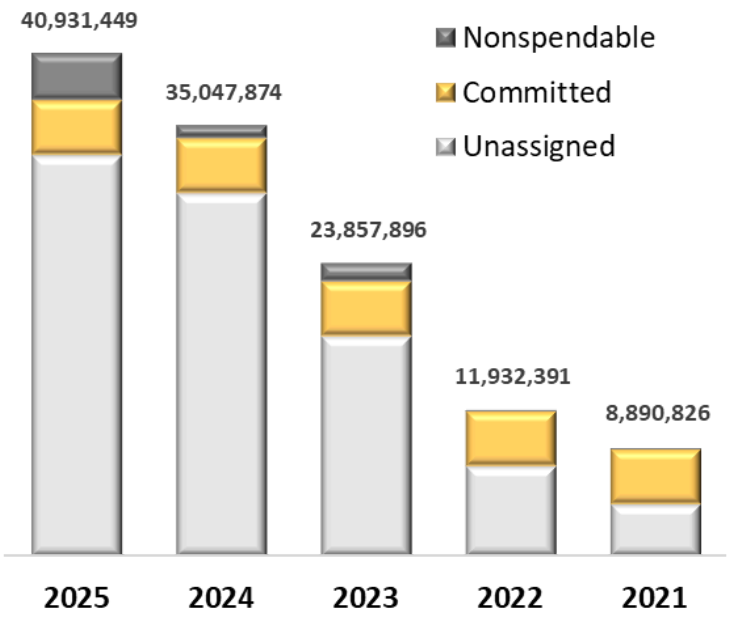
Interest on long-term debt - increased in FY 2025 due to additional IT subscriptions subject to special accounting standards.

Governmental Activities Expenses & Revenue Sources



GENERAL FUND

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



The fund balance is used to measure the financial resources available. As such it is a good measure of the financial health of the City. At the fiscal year end on June 30, 2025, the General Fund's fund balance totaled $40,931,449, of which $4,486,978 was committed for reserves and revenue stabilization. Fund balance in the General Fund increased by $5,883,575 largely due increased revenue from grants and contributions to cover capital and operating costs, and intergovernmental revenues.

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

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

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

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

10 REVENUES

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

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

Four Major Sources of Revenues:



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



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



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

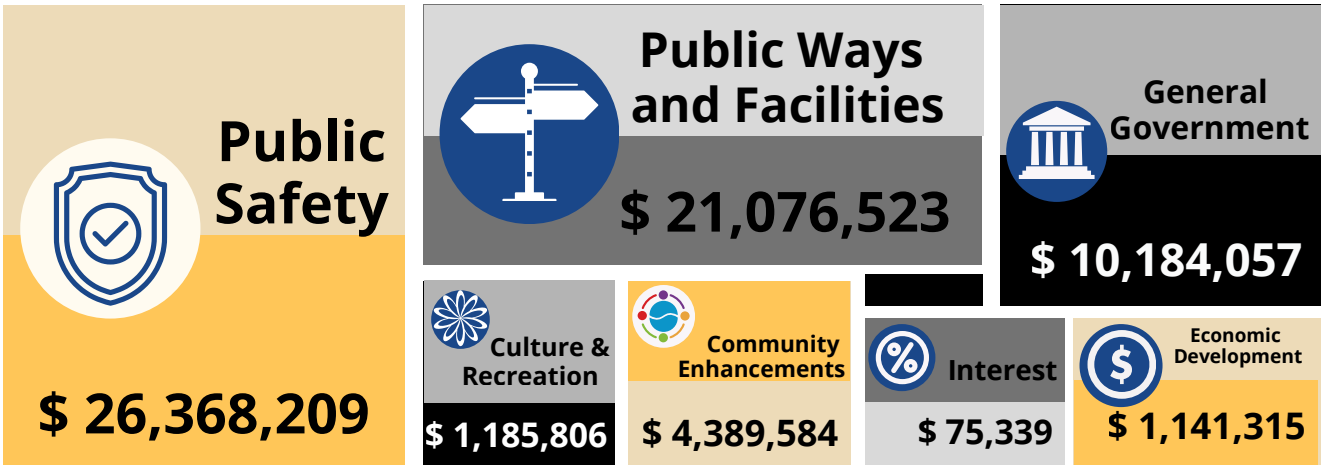


Property Tax - Annual receipts for the fiscal year ended June 30, 2025 increased by $267,233 from the prior year as real estate values increased modestly and new homes from the Mitchell Village development were included in the property tax rolls for the first time.

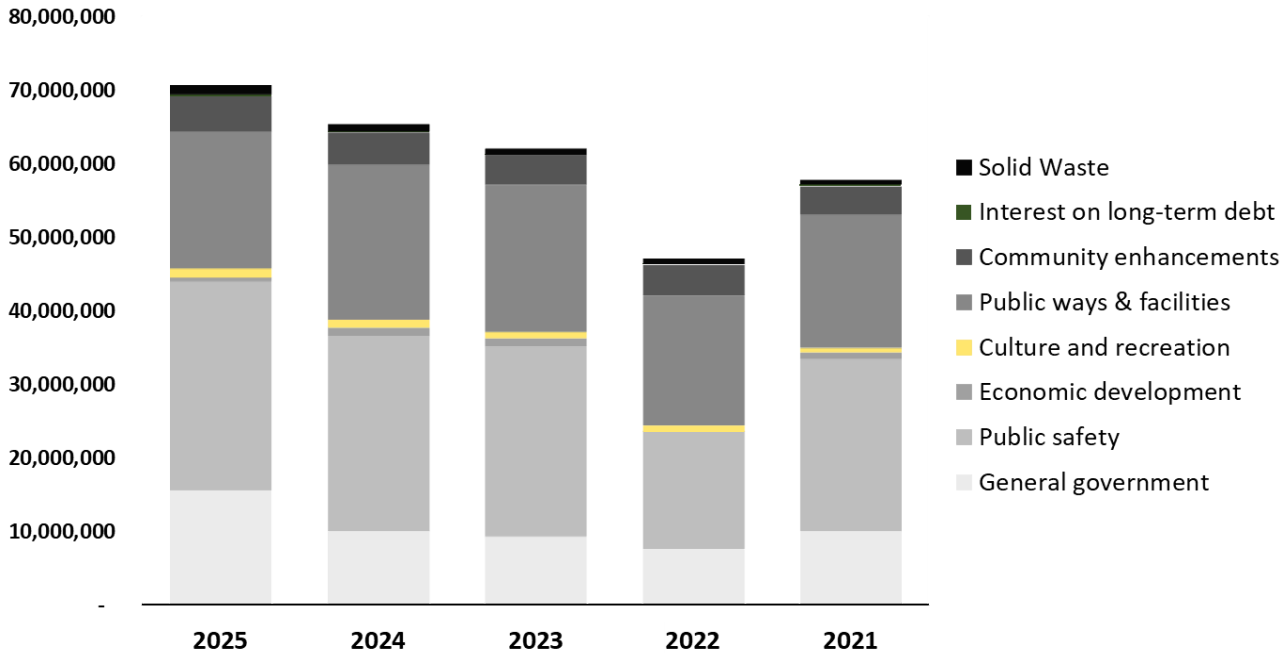
EXPENDITURES

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

2025 Expenses by Function



Historical Trends of Expenditures



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