



ANNUAL FINANCIAL REPORT
TO THE COMMUNITY
FISCAL YEAR ENDED JUNE 30, 2023





To the Residents of Elk Grove

The Finance Department is proud to present you with the City's Annual Financial Report to the Community for the fiscal year (FY) ended June 30, 2023. This report provides an overview of the City's financial condition and a brief analysis of where the City revenues are derived and where those dollars are spent.

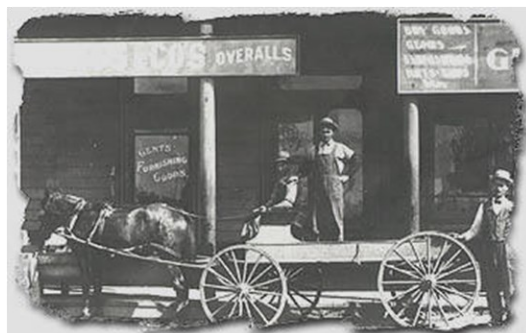
Most of the information in this report is drawn from the financial information appearing in the FY 2022-23 Annual Comprehensive Financial Report (ACFR). The ACFR is a more detailed and complete financial presentation prepared in conformance with Generally Accepted Accounting Principles (GAAP) and was audited by the City's independent auditors, receiving an unmodified opinion. While the financial data in this document is derived from GAAP data, the statistical, economic and demographic data are taken from various sources and are not GAAP-basis data.

We hope you will find this information to be interesting and informative. We welcome your comments and suggestions for future reports. Both the ACFR and this document are available for viewing at the local public libraries, City Hall and on the City's website at <https://www.elkgrovecity.org/finance/accounting>.

City Overview

In 1850, Elk Grove was established as a hotel and stagecoach stop. Located in the State of California 15 miles south of historic Sutter's Fort in Sacramento, Elk Grove became a crossroads for business, entertainment, mail service and agriculture and acted as a home base for gold miners in nearby communities. After the early gold rush, a close-knit community evolved with a distinctly rural and western lifestyle. Today, the City of Elk Grove is a growing and active community.

The City of Elk Grove incorporated under California law on July 1, 2000, as a general-law city. The City operates under the City Council/Manager form of government. The City Council is a five member body with a Mayor and four Council Members. The elected mayor serves a two-year term and is elected citywide (at-large). The four councilmember positions are also elected



citywide and each represent one of four council residency

districts where the councilmember must reside and are elected from the residency district they represent rather than City wide.

The City provides a variety of services to its residents which include public safety, animal control, highways and streets, public improvements, planning and zoning, code enforcement, building permits, recycling and waste, drainage, and general administration.

According to the Bureau of Labor Statistics, the nation's unemployment rate continues to be below 4%, but the rate in the Sacramento area hovered above that level for most of 2023.

Property valuations increased as of January 1, 2023, by 7.4% in Sacramento County and 6.4% in Elk Grove, with expectations that the City will continue to experience increases of around 5% into the future.

Transaction and use tax revenues were \$7.8 million over revenue projections. On November 8, 2022, Elk Grove voters approved Measure E, which is a one-percent local sales tax. At the time of adopting the 2022-23 budget, it was unknown whether voters would approve Measure E. Since it was approved after budget development and it was unknown if the measure would be approved, the revenues came in for this new revenue source without a budget estimate for FY2022-23.

Financial Highlights for Fiscal Year 2023

The City prepares two types of financial statements that measure its finances. The government-wide statements present a long-term perspective of the City's assets, liabilities and net assets, as well as its operations. The fund statements provide a short-term perspective of individual fund's assets, liabilities and fund balance, as well as the resources flowing in and out during the fiscal year. The General Fund is the main operating fund of the City.

Highlights of the City's financial activities for the fiscal year ending June 30, 2023 include:

- Assets exceeded liabilities at June 30, 2023 by \$1.4 billion.
- Cash and investments of \$366 million were held in the City treasury and over \$26 million of restricted cash were held by fiscal agents.
- Net capital assets of over \$1 billion include the City's entire infrastructure in addition to all other City assets.
- The governmental funds reported combined fund balance is \$402 million, all of which is available to meet the City's current and future needs.



STATEMENT OF NET POSITION

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or weakening.

	2023	2022
Assets		
Current and other assets	\$ 523,277,694	\$ 478,437,963
Capital assets	1,072,487,766	1,115,296,877
Total Assets	1,595,765,460	1,593,734,840
Deferred Outflow of Resources		
Deferred outflows or resources related to pensions	27,808,665	19,323,141
Deferred outflows or resources related to OPEB	9,347,730	10,262,091
	37,156,395	29,585,232
Liabilities		
Current and other liabilities	44,925,251	43,575,605
Long-term liabilities	80,201,888	56,930,559
Total Liabilities	125,127,139	100,506,164
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	3,486,153	2,193,069
Deferred inflows of resources related to OPEB	1,403,758	1,406,583
Deferred inflows of resources related to leases	2,852,785	3,230,993
	7,742,696	6,830,645
Net Position		
Net investment in Capital assets ¹	1,038,724,365	1,075,035,315
Restricted net position ²	398,754,394	255,036,872
Unrestricted net position	62,573,261	185,911,076
Total Net Position	\$ 1,500,052,020	\$ 1,515,983,263

¹Capital Assets less accumulated depreciation and the related debt.

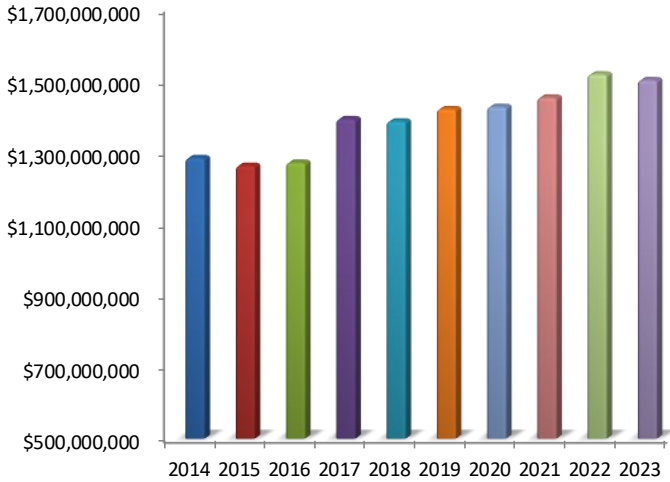
²Asset whose use is restricted by statute or law.

What are **your** priorities for our City?
WE WANT TO HEAR FROM YOU



*Detailed financial reports can be found in the City's FY 2022-23 ACFR available on the City's website at <https://www.elkgrovecity.org/finance/accounting>, City Hall or local public libraries.

Total Net Position For Last Ten Years



As noted in the table on the prior page, capital assets are a significant investment for the City. This includes streets, roads, drainage systems and buildings. Since assets are reported net of depreciation, the net position change can decline as the depreciation exceeds reinvestment.

Accomplishments

Kammerer Road Widening and Extension is a divided two-lane extension of Kammerer Road from Lent Ranch Parkway to Interstate 5. This is the first phase of a larger four-lane project currently in the environmental phase, with the California Environmental Quality Act work complete, and the National Environmental Policy Act work still in progress. There is sufficient funding to complete the design and acquire the needed right of way for the two-lane extension from Bruceville Road to I-5. This work will leave the City with a shovel-ready \$93 million construction project, that will need \$65 million in grant funding. Staff intends to follow a dual-track strategy for grant funding. The first track will assume funding comes in smaller increments. Therefore, construction would occur in phases heading east to west. The second track will be to try and fund the entire four-lane project from various state and federal sources. The key to overall success, no matter the track used, will be to get the entire two-lane extension shovel ready.

The Laguna Creek Trail has been identified as the highest-priority trail corridor by the Elk Grove Trails Committee. This regional trail will provide access to a variety schools, transit, disadvantaged communities, and residential and commercial uses along the corridor. The limits of the trail begin in the rural area of Elk Grove and will follow Laguna Creek in a northwest direction across the City to Franklin Boulevard and the Cycle Track, which connects to a City of Sacramento light rail station and a future passenger rail station. The Inter-Regional Trail has several gaps that need to be closed for it to function as an inter-regional facility. When complete, this trail will include 7.6 miles within Elk Grove and 2.75 miles within Sacramento. Anticipated completion is in 2026.

In partnership with the Cosumnes Community Services District (CSD), the City continues to develop parks in Laguna Ridge and the Southeast Policy Area (SEPA). The City collects fees associated with these parks and hold lands until they can be used for a park. The CSD design, bid, build, operate, and maintain the parks. Parks are developed as funds become available from the fees the City collects and when land is available. The Oasis Park Community Building is nearing completion.



STATEMENT OF ACTIVITIES

The Statement of Activities provides a record of the money received by the City and spent during the year. Explanations of specific Resources and Services are provided on the following pages.

	2023	2022
<i>Revenues:</i>		
<i>Program revenues:</i> ¹		
Fees, fines and charges for services	\$ 61,615,982	\$ 71,074,831
Operating grants and contributions	42,517,986	38,450,333
Capital grants and contributions, debt proceeds	10,313,084	31,306,505
	114,447,052	140,831,669
<i>General Revenues:</i> ²		
Property taxes	35,513,260	32,945,031
Sales and use taxes	38,333,652	38,501,983
Transaction and use tax	7,802,655	-
Other taxes	12,510,480	12,720,908
Other revenue	3,341,284	3,954,404
Investment Income	5,375,146	(3,134,652)
	102,876,477	84,987,674
Total Revenues	217,323,529	225,819,343
<i>Expenses:</i>		
General government	37,839,420	18,752,978
Public safety	74,538,552	29,476,434
Public ways and facilities	80,504,333	64,270,550
Community development	27,683,740	20,776,727
Interest on long-term debt	1,557,181	1,323,673
Recycling & Waste	2,063,587	2,446,042
Transit	-	15,585,396
Drainage	5,684,901	5,783,561
Revenue Neutrality	3,866,941	4,896,686
	233,738,655	163,312,047
Total Expenses	233,738,655	163,312,047
Change in Net Position	(16,415,126)	64,332,119
Net Position - Beginning, as restated	\$ 1,516,467,146	\$ 1,451,651,144
Net Position - Ending	\$ 1,500,052,020	\$ 1,515,983,263

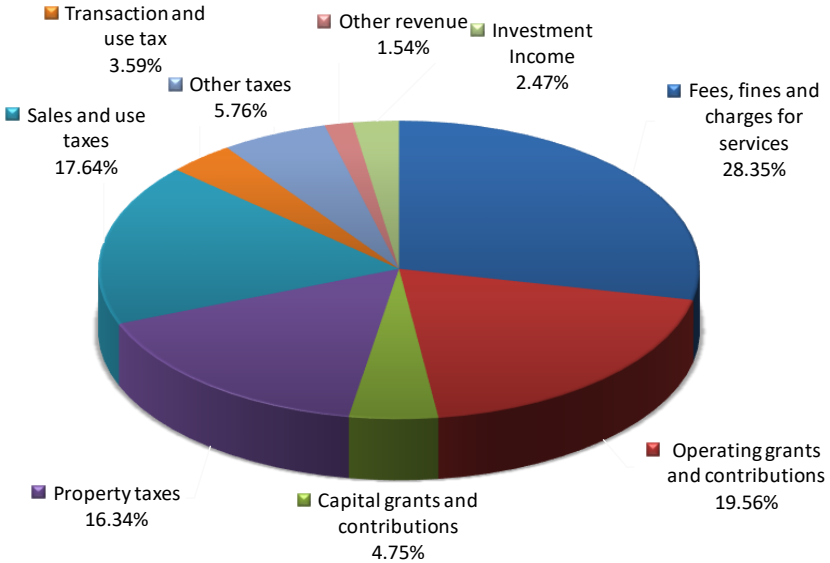
¹Revenues derived directly from, fees, charges and grants

²All revenues that are not related to programs

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Revenues

Where the money comes from...



- Fees, fines and charges for services** - payments received directly by the City for services performed. Includes fees such as development services fees, code enforcement fines, utility payments and business licenses.

- Operating grants and contributions** - monies received from parties outside the City and are generally restricted to one or more specific programs. Includes revenue types such as Transit funding, street funding like Measure A and assessments, vehicle licensing fees from the State and Police Grants from other governmental agencies for public safety.

- Capital grants and contributions** - monies received for capital purposes, to purchase, construct, or renovate capital assets associated with a specific program. Includes items such as Measure A financing for constructing roadways and highway interchanges.

- Property taxes** - 5 to 6% of property tax collected by the County and allocated to the City. The City further shares 30% of the property taxes with the County of Sacramento per the Revenue Neutrality agreement implemented at incorporation that decreases to 20% in FY 2023-24. See expense on the following page.

- Sales and use taxes** - 1% sales tax collected on retail sales in the City.

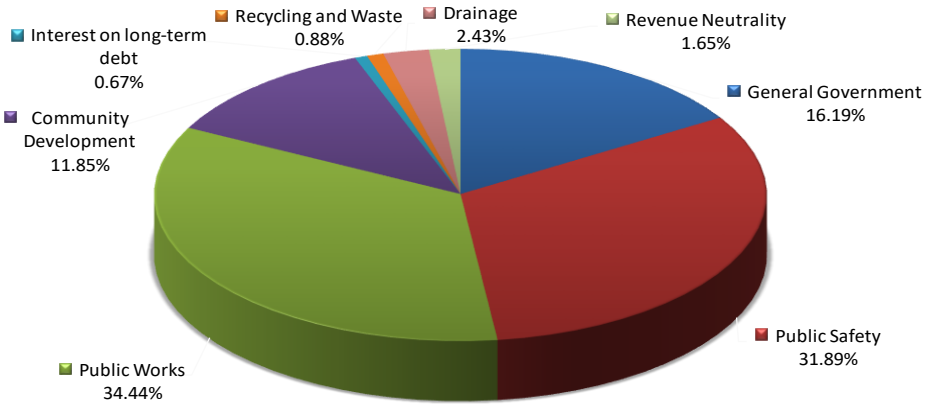
- Transaction and use tax** - 1% local sales tax to help address City services.









- Other taxes** - smaller taxes collected by the City such as Utility User Tax and Transient Occupancy Tax.

- Other revenue** - interest earned on investments of idle funds and any revenue that does not readily fit into a previously listed category.

Expenses

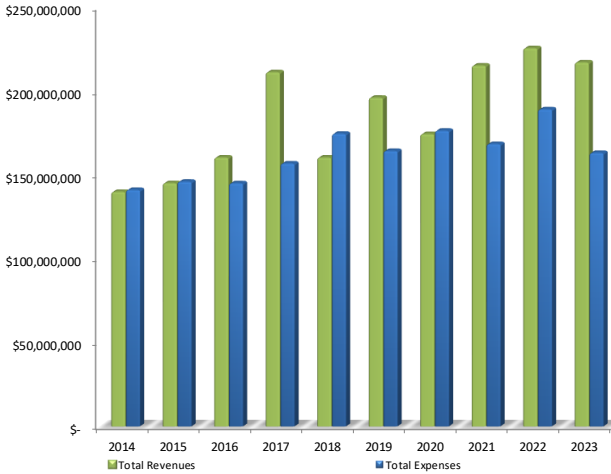
Where the money goes...



-  Public ways and facilities - reflects expenses associated with the repair, construction, acquisition and maintenance of public roads and bicycle overcrossing.
-  Public safety - includes all aspects of law enforcement.
-  Recycling and Waste - expenses associated with refuse and recycling.
-  General government - includes expenses for the administrative offices including the City Council, City Manager, City Attorney, Finance, Human Resources, City Clerk, Insurance and general administration of the City.
-  Community development - reflects services provided to residents and businesses including Planning, Building, Code Enforcement, Communications and Youth Commission.
-  Revenue Neutrality - agreement between City and County at incorporation lasting 25 years to ensure the County remains revenue neutral by receiving a portion of the City's property tax.
-  Interest on long-term debt - indirect expense of interest paid on general long-term debt incurred by governmental capital improvements.
-  Drainage - maintenance of storm water drainage system.

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Total Revenues & Expenses Last Ten Fiscal Years



Operational expenses have balanced each year or have been less than operations, but capital projects typically span multiple years and may expend funds that have accumulated over time. The spike in revenue for 2017 is due to debt refinancing of the Laguna Ridge CFD 2005-1 that provided capital project funding to the City of \$72.7 million.

Where Your Property Tax Dollar Goes...

Revenue Neutrality—Property owners are levied one percent of appraised value for annual property tax payment. Of this payment, an average of 5.7 cents is allocated to the City annually to provide services. At incorporation, the City accepted that a portion of the property taxes generated within City would be retained by the County to hold them revenue neutral. As a result, the City nets only 70% of those funds (4 cents of total tax payment) as available for services. This agreement will phase out over time ending in fiscal year 2026.



*The dollar bill chart includes the Educational Revenue Augmentation Fund (ERAF) distribution.

City of Elk Grove Facts*

Population	177,005	Area	42 square miles
Elevation	45 feet	Miles of Streets	564
Miles of Sidewalk	899	Streetlights	14,674
Traffic Signs	23,630	Manholes	8,829
Feet of Pipe	2,206,919	Storm Drain Inlets	13,596
Sales Tax Rate	8.75%		

Averages

Low Temperature	24-44 degrees	Median Age	38.10 years
High Temperature	80-115 degrees	Median Home Price -	
Annual Precipitation	22" October to April	\$620,000	

*Estimates

The City is the second largest incorporated city within Sacramento County.

Current City Council as of December 31, 2023



Bobbie Singh-AlLEN
Mayor



Sergio Robles
Councilmember
District 4



Darren Suen
Councilmember
District 1

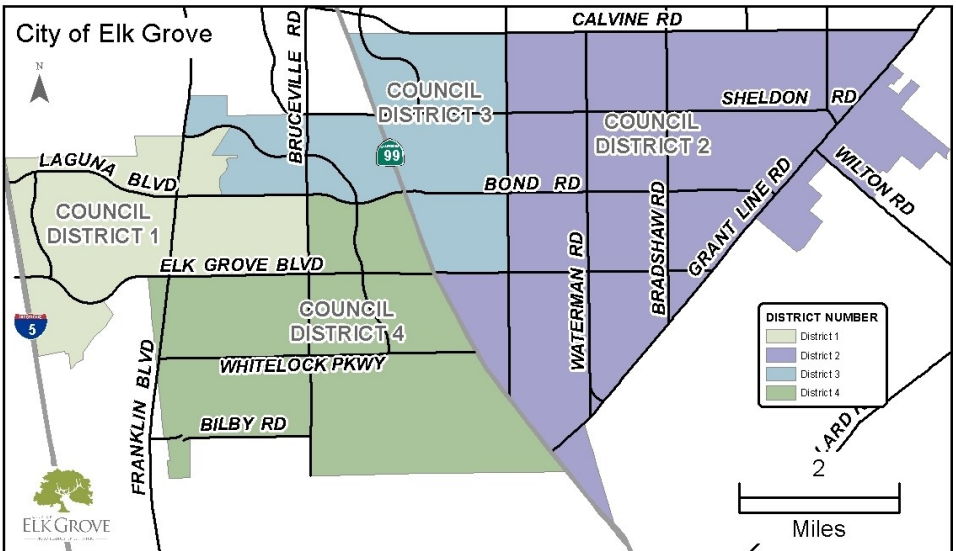


Rod Brewer
Vice Mayor
District 2



Kevin Spease
Councilmember
District 3

City of Elk Grove Council District Map



Visit the City of Elk Grove Website at

<http://www.elkgrovecity.org>

The City's website includes information about:

- Councilmembers
- Council Meetings
- Council Agenda
- Job Opportunities
- City Permits and Forms
- City Newsletter
- Department Contact Information
- Purchasing Bid Solicitation

Financial Information

- Budget
- Annual Financial Statements (ACFR)
- Elk Grove Annual Report to the Community
- Development Related Fee Information
- Mello Roos CFD's
- Development Impact Fee Deferral Program

Online Services

- City of Elk Grove Police Department EPGD Daily Watch Summary
- Transit Services
Purchase e-tran and e-van passes
e-tran Interactive Route Map
- GIS Mapping Tool
- Apply for Pet License
- Ask Elk Grove App-questions
- Submit & View Building Permits
- Apply or Renew Business Licenses
- Track your Code Enforcement Case
- Pay Utility Bill
- Apply for City Jobs



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

City of Elk Grove
California

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2022

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Elk Grove for its Popular Annual Financial Report for the fiscal year ended June 30, 2022. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to receive an Award for Outstanding Achievement in Popular Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

City of Elk Grove Finance Department

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www.elkgrovecity.org

