

City of Elk Grove, CA
**ANNUAL FINANCIAL REPORT
TO THE COMMUNITY**
Fiscal Year Ending June 30, 2008



To the Residents of Elk Grove

The Finance Department is proud to present you with the City's first Annual Financial Report to the Community for the fiscal year (FY) ended June 30, 2008. This report provides an overview of the City's financial condition and a brief analysis of where the City revenues come from and where those dollars are spent.

Most of the information in this report is drawn from the financial information appearing in the FY 2007-08 Comprehensive Annual Financial Report (CAFR). The CAFR 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 unqualified (clean) opinion. While the financial data in this document conforms with GAAP, 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 CAFR and this document are available for viewing at the local public libraries, City Hall and on the City's website at <http://www.elkgrovecity.org>.

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, thriving 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's five Council Members are elected at-large by resident district and serve four-year terms. The five Council Members elect, by a vote of their peers, a Mayor and Vice-Mayor on a yearly basis. All elections are conducted on a non-partisan basis.

The City provides a variety of services to its residents which include public safety, highways and streets, public improvements, planning and zoning, general administration, transit, solid waste, and drainage.

Job growth in the City has declined due to the slowdown in the construction and financial activities sectors but is higher than the national and state averages. The City issued 427 residential and 40 commercial construction permits during the fiscal year ended 2007-08, a marked reduction over previous years. There are approximately 35,654 jobs in the City, the lowest number of available jobs per resident in the County. The City is strategically planning for business market growth for the future.

City staff continues to explore new methods of providing the highest level of service to our residents at the lowest possible cost. Maintaining this high quality of service to our residents is of paramount importance to the City Council, City Manager and the City's employees.

Financial Highlights for Fiscal Year 2008

The City prepares two types of financial statements that measure its finances differently. 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 of during the fiscal year. The General Fund is the main operating fund of the City.

Highlights of the City of Elk Grove's financial activities for the FY ending June 30, 2008 include:

- ◆ Total net assets increased \$80.9 million, a 6.1% increase over last year.
- ◆ Long-term debt decreased by nearly \$10 million, a 6% decrease.
- ◆ The City's governmental funds reported combined ending fund balances of \$174 million, a 16% decrease from last year.
- ◆ Unreserved designations for economic uncertainty, emergency, and public safety to the fund balance in the general fund totaled \$17 million, or 33% of total general fund expenditures.



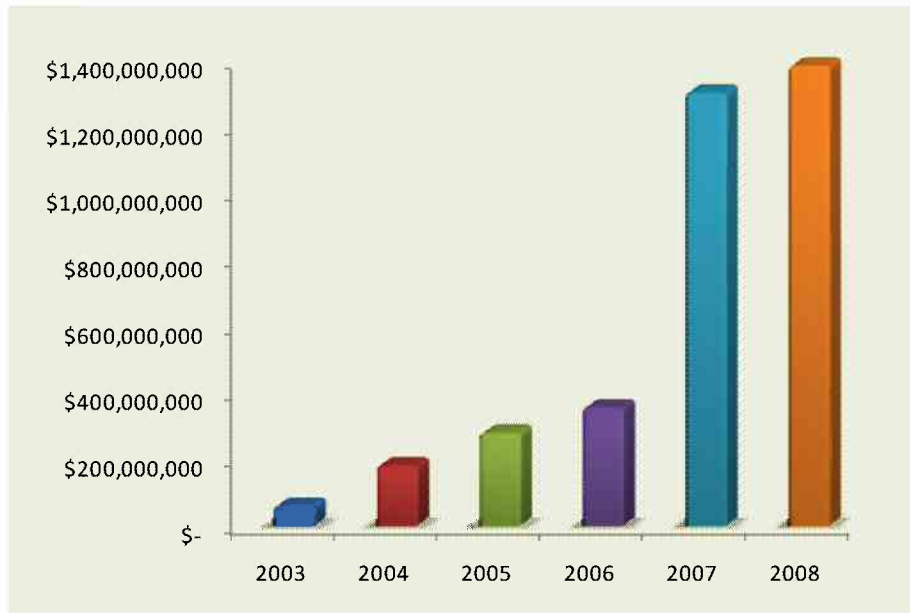
The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the City's financial position is improving or deteriorating. As you can see from the Statement of Net Assets below, the City's assets increased last year by a little over \$80 million.

	2008	2007
Assets		
Current and other assets	\$ 283,643,015	\$ 280,185,812
Capital assets, net depreciation	1,261,781,500	1,173,936,307
Total Assets	1,545,424,515	1,454,122,119
Liabilities		
Current and other liabilities	24,417,418	16,398,178
Long-term liabilities	133,727,891	131,393,512
Total Liabilities	158,145,309	147,791,690
Net Assets		
Invested in capital assets, net of related debt	1,175,045,906	1,048,182,422
Restricted net assets	182,094,673	219,293,491
Unrestricted net assets	30,138,627	38,854,516
Total Net Assets	\$1,387,279,206	\$1,306,330,429



*Detailed financial reports can be found in the City's FY 2007-08 CAFR available on the City's website at <http://www.elkgrovecity.org> or at City Hall.

Total Net Assets For Last Six Years



This chart shows that the City's net assets have increased substantially since 2003. The dramatic increase from 2006 to 2007 reflects the capitalization of infrastructure as required by GASB 34. The assets are reported net of depreciation.

- ◆ The City purchased a two-story building shell in 2007 and improved the structure to house a new library branch in 2008. The projected cost totals \$8 million and opened in December 2008.
- ◆ The City's capital improvement budget over the next five years is estimated at \$168 million. Two interchanges are expected to be completed in 2008 and 2009 and we have commenced widening of Grant Line Road.





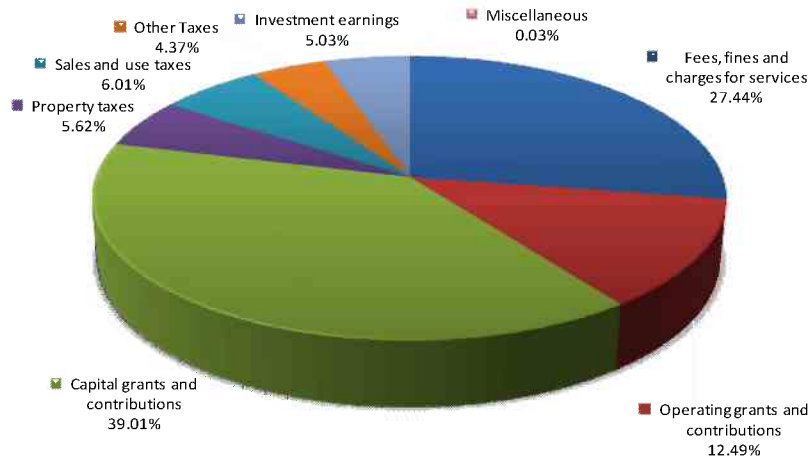
The Statement of Activities provides a record of the money received by the City and spent during the year. Explanations of specific Resources and Services are provided on the following pages.

	<u>2008</u>	<u>2007</u>
<i>Revenues:</i>		
<i>Program revenues:</i>		
Fees, fines and charges for services	\$ 65,861,955	\$ 64,523,090
Operating grants and contributions	29,978,969	13,626,390
Capital grants and contributions	93,632,840	30,874,544
	<u>189,473,764</u>	<u>109,024,024</u>
<i>General Revenues:</i>		
Property taxes	13,480,569	23,342,210
Sales and use taxes	14,430,375	13,484,564
Other Taxes	10,492,220	10,940,894
Investment earnings	12,070,051	9,439,858
Miscellaneous	70,688	744,918
	<u>50,543,903</u>	<u>57,952,444</u>
Total Revenues	<u>240,017,667</u>	<u>166,976,468</u>
<i>Expenses:</i>		
General government	12,909,055	13,510,855
Public safety	30,625,264	30,216,338
Public ways and facilities	68,269,896	21,316,674
Community development	9,893,645	9,836,448
Interest on long-term debt	6,411,536	5,997,094
Solid Waste	9,994,339	9,374,912
Transit	9,937,640	14,211,980
Drainage	2,960,972	2,777,036
Revenue Neutrality	8,066,543	7,657,666
	<u>159,068,890</u>	<u>114,899,003</u>
Total Expenses	<u>159,068,890</u>	<u>114,899,003</u>
Change in Net Assets	80,948,777	52,077,465
Net assets July 1, 2007	1,306,330,429	1,254,252,964
Net assets June 30, 2008	<u>\$1,387,279,206</u>	<u>\$1,306,330,429</u>

*Detailed financial reports can be found in the City's FY 2007-08 CAFR available on the City's website at <http://www.elkgrovecity.org> or at City Hall.

Revenues

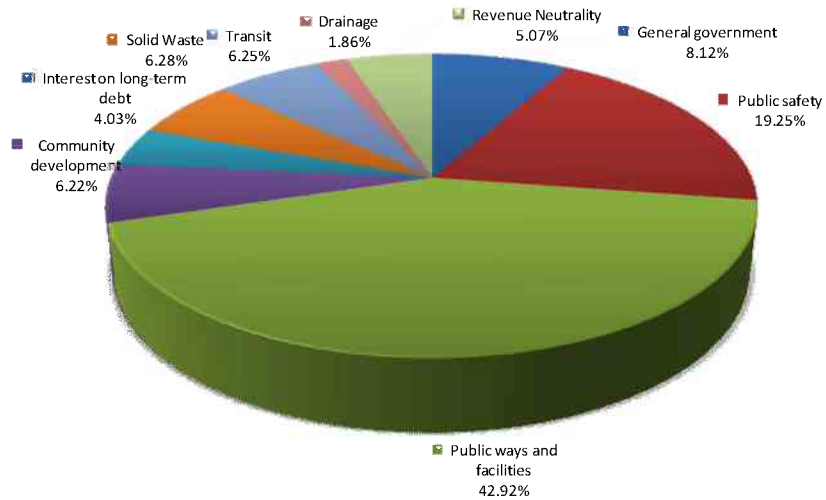
Where the money comes from...



- Fees, fines and charges for services - payments received directly by the City for services performed. This would include fees such as utility payments, business license, development service and code enforcement fines.
- Operating grants and contributions - monies received from parties outside the City and are generally restricted to one or more specific programs. This would include items such as 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. This would include 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 85% of the gross revenues with the County of Sacramento per the Revenue Neutrality agreement implemented at incorporation. See expense on the following page.
- Sales and use taxes - 1% sales tax collected on retail sales in the City.
- Other Taxes - smaller taxes collected by the City such as Transient Occupancy Tax.
- Investment earnings - interest earned on investments of idle funds.
- Miscellaneous - any revenue that does not readily fit into a previously listed category.

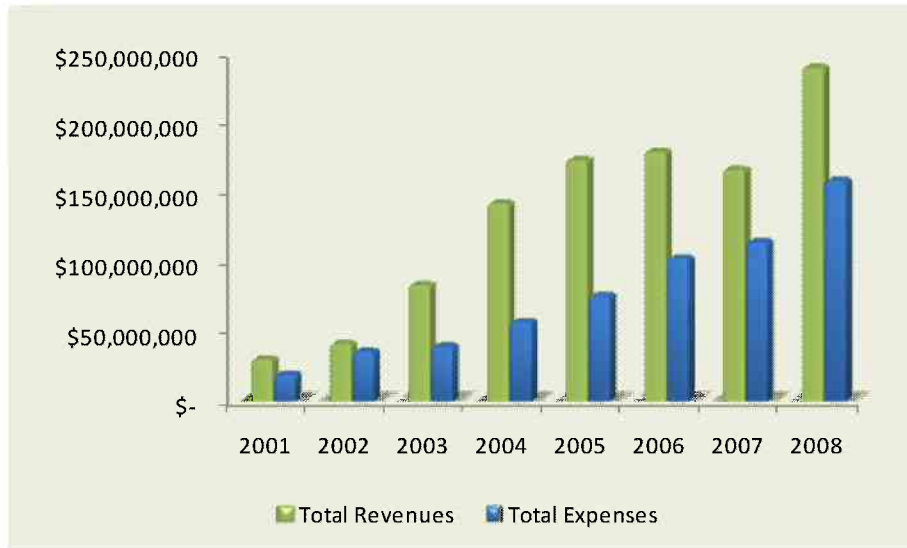
Expenses

Where the money goes...



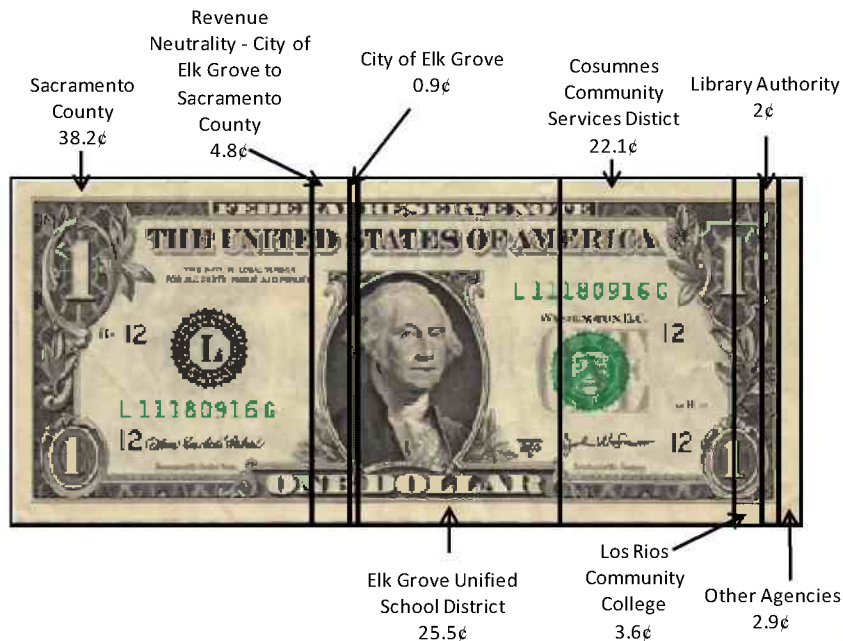
- General government - includes expenses for the administrative offices including the City Council, City Manager, City Attorney, Finance, Human Resources, City Clerk, Insurance and general administration of the City.
- Public safety - includes all aspects of law enforcement.
- Public ways and facilities - reflects expenses associated with the repair, construction, acquisition and maintenance of public roads and parking facilities. This would include the Grant Line and Sheldon Interchanges.
- Community development - reflects services provided to residents and businesses including Planning, Building, Animal Control, Code Enforcement, Communications and Youth Services.
- Interest on long-term debt - indirect expense of interest paid on general long-term debt incurred by governmental functions.
- Solid Waste - expenses associated with refuse and recycling.
- Transit - represents expenses associated with operation of public transportation, including busses and paratransit.
- Drainage - maintenance of storm water drainage system.
- Revenue Neutrality - agreement between City and County at incorporation lasting 25 years to ensure the County remains revenue neutral.

Total Revenues & Expenses Last Eight Fiscal Years



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 the boundary would be retained by the County to hold them revenue neutral. As a result, the City recognized only 15% of those funds (.9 cent of total tax payment) as available for services.



City of Elk Grove Facts*

Population	139,542**
Area	42 square miles
Elevation	45 feet
Miles of Streets	517
Miles of Sidewalk	993
Streetlights	11,148
Traffic Signals	114
Traffic Signs	1,463
Manholes	7,736
Feet of Pipe	21,382
Storm Drain Inlets	13,194

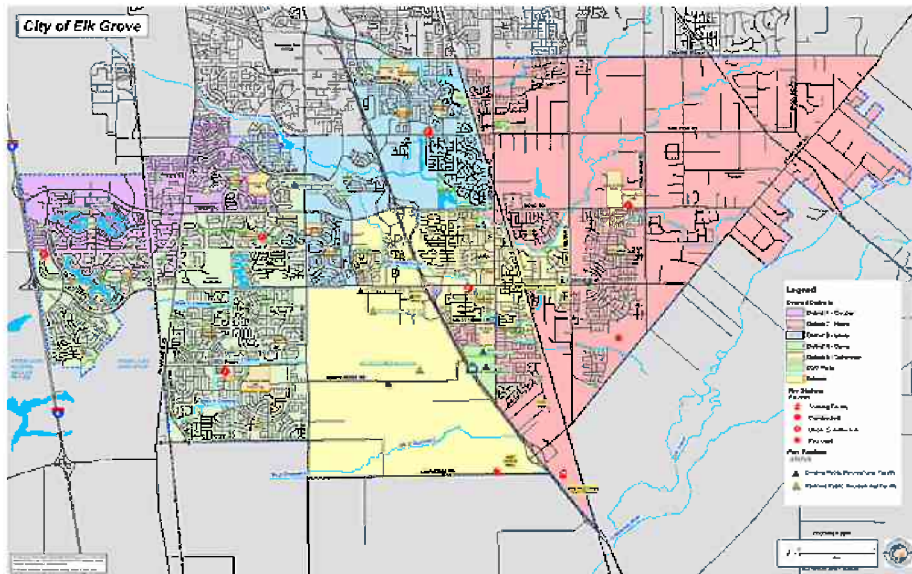
Averages

Low Temperature	24-44 degrees
High Temperature	80-115 degrees
Annual Precipitation	22" October through April
Median Income	82,784
Median Age	32 years

*Estimates

**Population has increased 70% since the year of incorporation and 2.6% over the previous year. The City is the second largest incorporated city within Sacramento County.

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 (CAFR)
- ◆ 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 EGPD Daily Watch Summary
- ◆ Transit Services
Purchase e-tran and e-van passes
e-tran Interactive Route Map
- ◆ GIS Mapping Tools
- ◆ View Building Permits
- ◆ Apply or Renew Business Licenses
- ◆ Track your Code Enforcement Case
- ◆ Pay Utility Bill
- ◆ Apply for City Jobs

Meet Your City Council



Patrick Hume
Mayor
District 2



Sophia Scherman
Vice-Mayor
District 5



James Cooper
Councilmember
District 1



Steve Detrick
Councilmember
District 3



Gary Davis
Councilmember
District 4

**City of Elk Grove
Finance Department**

8401 Laguna Palms Way
Elk Grove, CA 95758
(916)683-7111

www.elkgrovecity.org

