

CITY OF  
ELK GROVE  
CALIFORNIA



CITY OF  
ELK GROVE

# ANNUAL FINANCIAL REPORT TO THE COMMUNITY

FISCAL YEAR ENDED JUNE 30, 2020





## 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, 2020. 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.

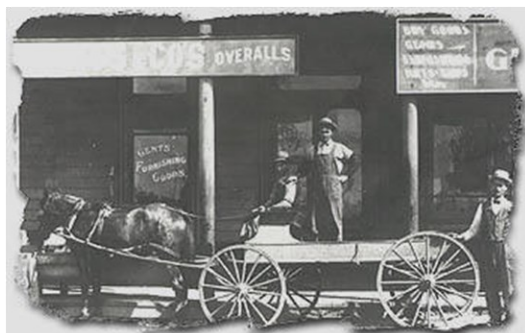
Most of the information in this report is drawn from the financial information appearing in the FY 2019-20 Comprehensive Annual Financial Report (CAFR). The CAFR is a more detailed and complete financial presentation prepared in conformance with Generally Accepted Accounting Principles (GAAP) and was audited by the City's independent auditors, receiving an 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 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\\_hall/departments\\_divisions/finance/accounting/](http://www.elkgrovecity.org/city_hall/departments_divisions/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



(at-large) and each represent one of four council residency districts where the councilmember must reside within. Beginning November 2020 each councilmember will be 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, transit, recycling and waste, drainage, and general administration.

The City's unemployment rate has risen due to COVID. Before the pandemic in March the City's unemployment rate was 4.0%, but since the start of the pandemic unemployment rates have risen. According to the California Employment Development Department, the City's unemployment rate as of June 2020 was 12.7%.

Property assessed valuations increased again during fiscal year 2019-20 an increase of 5.22% in Elk Grove over the prior year. Expectations are that the City will continue with assessed valuation increases in fiscal year 2020-21.

On March 13, 2020, a presidential emergency was declared due to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. The declaration made federal disaster assistance available; through the Coronavirus Aid, Relief, and Economic Security (CARES) Act; to the State of California to supplement the City's local recovery efforts. The City was awarded and has received \$2,174,997.

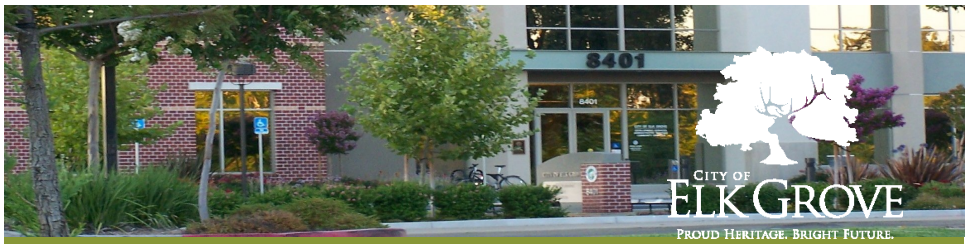
Feeding our seniors. Fueling our economy. Introducing Great Plates Delivered. The City decided to join this first-in-the-nation meal delivery service to support Elk Grove's seniors and local food service businesses during the COVID-19 public health crisis. The Great Plates Delivered Program is a partnership between FEMA, the State of California, and the City. All participating seniors are residents of the City. To date the City has fed 629 seniors and currently has 17 restaurants participating and providing two nutritious meals, six days a week. As of June 30, 2020 Great Plates has invested more than \$570 thousand in local restaurants and more than 35,000 meals have been delivered to seniors.

## Financial Highlights for Fiscal Year 2020

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 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, 2020 include:

- City's assets exceeded its liabilities at June 30, 2020 by \$1.4 billion
- Cash and investments comprised of \$260 million in the City treasury and over \$6 million of restricted cash held by fiscal agents.
- Net capital assets of \$1.1 billion include the City's entire infrastructure in addition to all other City assets.
- As of June 30, 2020, the governmental funds reported combined fund balances of \$287 million, of which all is available to meet the City's current and future needs. **2**



## 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.

	2020	2019
<b>Assets</b>		
Current and other assets	\$ 373,645,132	\$ 354,691,485
Capital assets	1,124,816,057	1,137,628,916
<b>Total Assets</b>	<b>1,498,461,189</b>	<b>1,492,320,401</b>
<b>Deferred Outflow of Resources</b>		
Deferred outflows or resources related to pensions	13,848,295	13,278,752
Deferred outflows or resources related to OPEB	8,620,342	15,388
	<b>22,468,637</b>	<b>13,294,140</b>
<b>Liabilities</b>		
Current and other liabilities	22,953,895	32,305,525
Long-term liabilities	70,965,021	52,449,430
<b>Total Liabilities</b>	<b>93,918,916</b>	<b>84,754,955</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources related to pensions	1,274,591	1,243,727
Deferred inflows of resources related to OPEB	349,898	186,358
	<b>1,624,489</b>	<b>1,430,085</b>
<b>Net Position</b>		
Net investment in Capital assets <sup>1</sup>	1,095,177,107	1,111,392,631
Restricted net position <sup>2</sup>	284,980,049	279,266,731
Unrestricted net position <sup>3</sup>	45,229,265	28,770,139
<b>Total Net Position</b>	<b>\$ 1,425,386,421</b>	<b>\$ 1,419,429,501</b>

<sup>1</sup>Capital Assets less accumulated depreciation and the related debt.

<sup>2</sup>Asset whose use is restricted by statute or law .

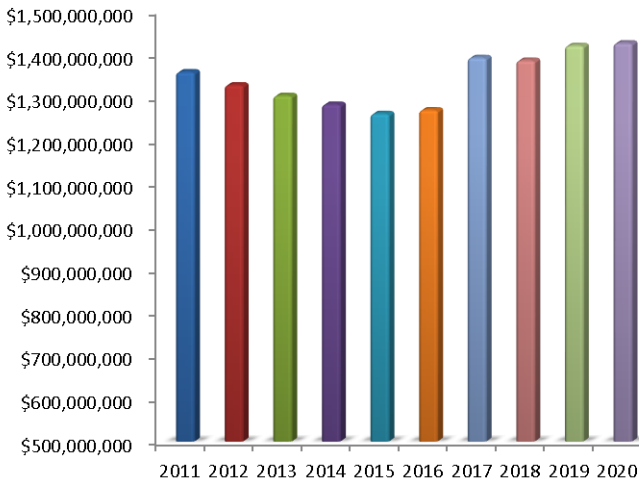
<sup>3</sup> The negative unrestricted net position is due to an increase in investments in capital assets.

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



\*Detailed financial reports can be found in the City's FY 2019-20 CAFR available on the City's website at [http://www.elkgrovecity.org/city\\_hall/departments\\_divisions/finance/accounting/](http://www.elkgrovecity.org/city_hall/departments_divisions/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

The City has been developing a 56-acre site now known as District56 in Laguna Ridge for a variety of years. This 56-acre site includes the Aquatics Center and Commons, Community & Senior Center, Veteran's Hall and Veteran's Grove, dancing fountain, public art, and future home of the District56 Library and Cultural Arts Center. The remaining 30 acres on the south side of the property has been designated for the Preserve at District56, a passive recreational site with expansion of the west and east parking lots. The Preserve will include a beautiful pond which will serve as a focal point of the space. Boardwalks and meandering walkways which will entice visitors to explore the space and lead to a new fitness court, group picnic area, and children's play area. The project will enhance the great lawn just south of the aquatics center and add a kinetic sculpture to the public art sprinkled throughout District56. This Project started construction in summer 2020 and is scheduled to be completed by fall 2021 with an additional 12 months of plant establishment.

The City continues to focus on improvements in the Old Town Elk Grove Area that will revitalize and provide an overall economic benefit. The City has completed the design of the Old Town Plaza Phase 2 and 3 Project and Council recently awarded a construction contract for these improvements. These two phases are the final phases of the Old Town Plaza and create a gathering space that celebrates Old Town's rich heritage and railroad history. These plaza improvements will include an entrance plaza, walkways, bike parking, seat wall, lawn/landscaping areas, and a pavilion structure. The City's related project Railroad Street Improvements will provide two new public parking lots in Old Town as well as new street improvements. Construction has begun with completion anticipated in spring 2021.

Up to 226,000 square feet of commercial space was approved for the Ridge Shopping Center with 12 building permits issued through June 30, 2020 for a total of 53,213 square feet. The developer of the project advises the City that leasing activity at the center continues to be strong, and as new leases are executed, construction of tenant spaces will commence, and openings will occur on a continuous basis.



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. Overall, revenues have continued to increase in spite of the onslaught of COVID and building increased which increases fees and receipts, and expenditures were constrained.

	<u>2020</u>	<u>2019</u>
<i>Revenues:</i>		
<i>Program revenues:</i> <sup>1</sup>		
Fees, fines and charges for services	\$ 46,069,401	\$ 44,055,581
Operating grants and contributions	34,774,193	33,539,279
Capital grants and contributions, debt proceeds	9,617,430	36,757,932
	<u>90,461,024</u>	<u>114,352,792</u>
<i>General Revenues:</i> <sup>2</sup>		
Property taxes	29,381,358	27,809,183
Sales and use taxes	29,768,093	29,355,281
Other taxes	10,785,744	11,756,951
Other revenue	14,140,142	12,988,688
	<u>84,075,337</u>	<u>81,910,103</u>
<b>Total Revenues</b>	<b><u>174,536,361</u></b>	<b><u>196,262,895</u></b>
<i>Expenses:</i>		
General government	19,995,028	17,075,348
Public safety	45,928,962	41,095,844
Public ways and facilities	66,498,261	81,387,088
Community development	10,607,681	10,325,402
Interest on long-term debt	1,003,870	819,458
Solid Waste	2,999,283	3,170,889
Transit	10,509,143	11,037,095
Drainage	4,742,055	4,574,416
Revenue Neutrality	6,295,158	7,067,279
	<u>168,579,441</u>	<u>176,552,819</u>
<b>Total Expenses</b>	<b><u>168,579,441</u></b>	<b><u>176,552,819</u></b>
Change in Net Position	5,956,920	19,710,076
Net Position - Beginning	\$ 1,419,429,501	\$ 1,399,719,425
Net Position - Ending	<b><u>\$ 1,425,386,421</u></b>	<b><u>\$ 1,419,429,501</u></b>

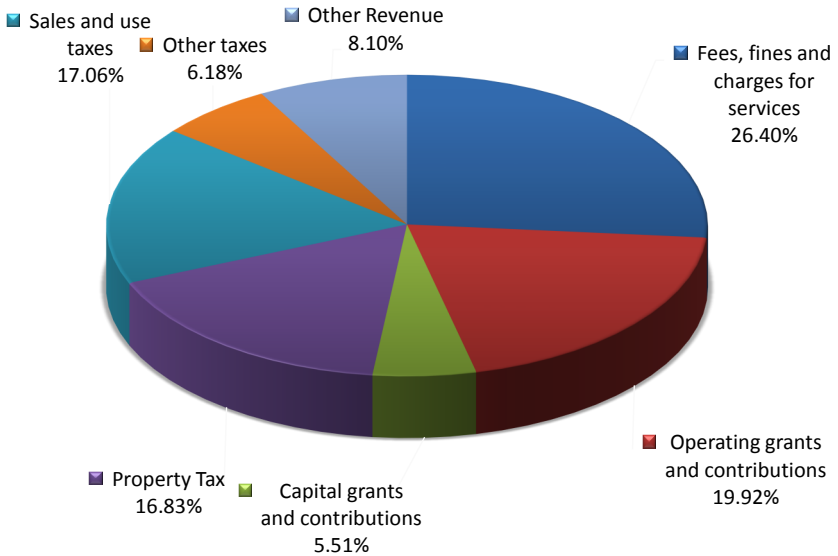
<sup>1</sup>Revenues derived directly from fees, charges and grants

<sup>2</sup>All revenues that are not related to programs

\*Detailed financial reports can be found in the City's FY 2019-20 CAFR available on the City's website at [http://www.elkgrovecity.org/city\\_hall/departments\\_divisions/finance/accounting/](http://www.elkgrovecity.org/city_hall/departments_divisions/finance/accounting/), City Hall or local public libraries.

# Revenues

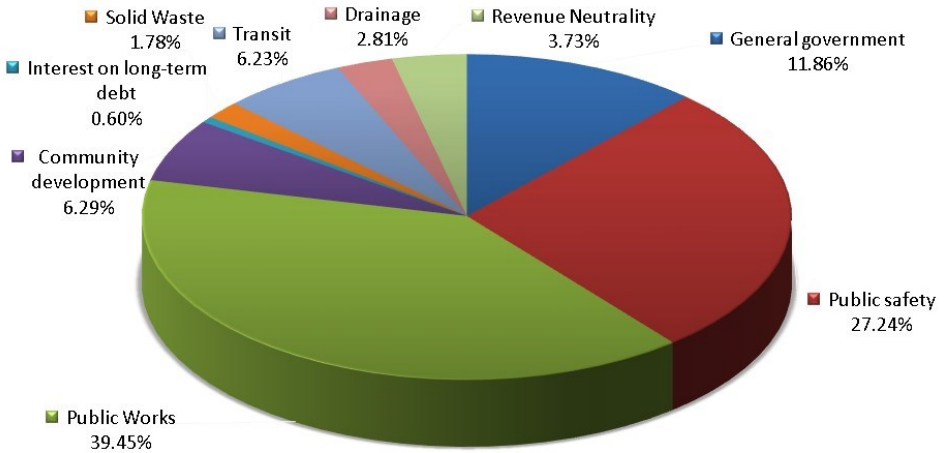
## Where the money comes from...












- Fees, fines and charges for services - payments received directly by the City for services performed. This would include fees such as, development services fees, code enforcement fines, utility payments and business license.
- Operating grants and contributions - monies received from parties outside the City and are generally restricted to one or more specific programs. This category 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. 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 70% of the property taxes with the County of Sacramento per the Revenue Neutrality agreement implemented at incorporation that decreases to 60% in FY 2019-20. 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 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...

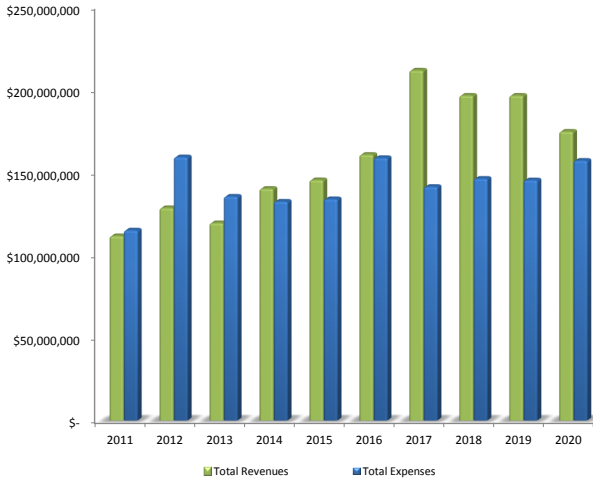


-  Public ways and facilities - reflects expenses associated with the repair, construction, acquisition and maintenance of public roads and bicycle overcrossing.
-  Public safety - includes all aspects of law enforcement.
-  Recycling and Waste - expenses associated with refuse and recycling.
-  Transit - represents expenses associated with operation of public transportation, including busses and paratransit.
-  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.

\*Detailed financial reports can be found in the City's FY 2019-20 CAFR available on the City's website at [http://www.elkgrovecity.org/city\\_hall/departments\\_divisions/financi/accounting](http://www.elkgrovecity.org/city_hall/departments_divisions/financi/accounting), City Hall or local public libraries.



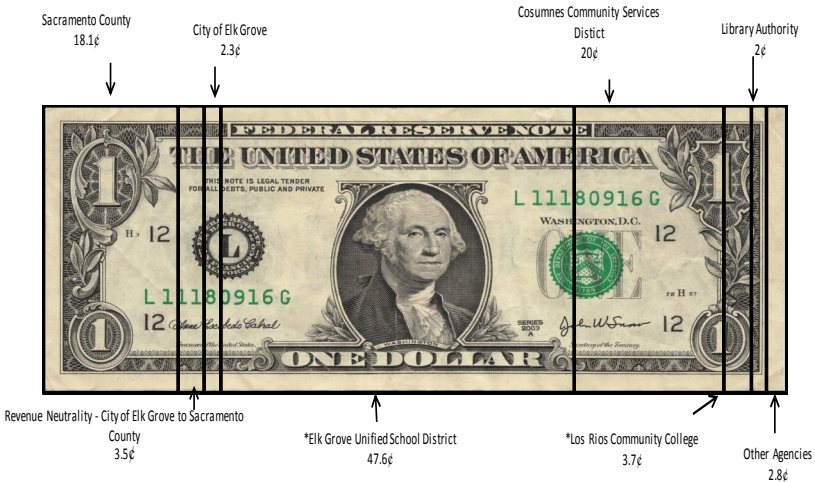
# Total Revenues & Expenses Last Ten Fiscal Years



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 been 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 the boundary would be retained by the County to hold them revenue neutral. As a result, the City nets only 30% of those funds (2.3 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	176,154	Area	42 square miles
Elevation	45 feet	Miles of Streets	553
Miles of Sidewalk	899	Streetlights	13,799
Traffic Signs	23,619	Manholes	8,184
Feet of Pipe	2,164,297	Storm Drain Inlets	13,719
Sales Tax Rate	7.75%		

## Averages

Low Temperature	24-44 degrees	Median Age	36.6 years
High Temperature	80-115 degrees	Median Home Price -	
Annual Precipitation	22" October to April		\$497,829

\*Estimates

\*\*Population has increased 1.2% over the previous year. The City is the second largest incorporated city within Sacramento County.

## Current City Council as of December 31, 2020



Bobbie Singh-AlLEN  
Mayor



Stephanie Ngyuen  
Vice Mayor

District 4



Darren Suen  
Councilmember

District 1



Patrick Hume  
Councilmember

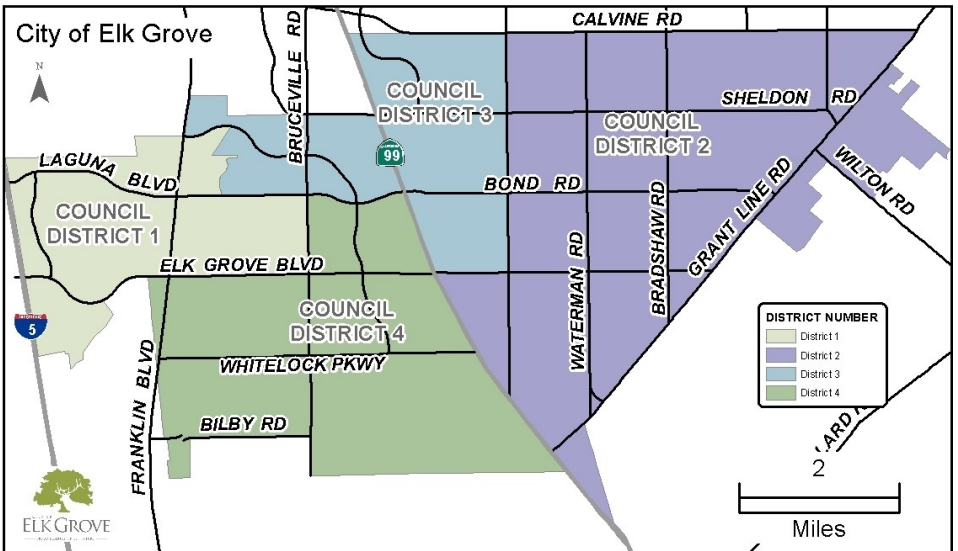
District 2



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 (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 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

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, 2019. 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. **10**



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, 2019

*Christy A. P. Merrill*  
Executive Director/CFO

# **City of Elk Grove Finance Department**

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