



**CITY OF ELK GROVE  
CITY COUNCIL STAFF REPORT**

**AGENDA TITLE:           COMPREHENSIVE ANNUAL FINANCIAL  
REPORT FOR FISCAL YEAR ENDED JUNE 30,  
2006**

**MEETING DATE:         FEBRUARY 28, 2007**

**PREPARED BY:           CINDY BOHANAN, ACCOUNTING MANAGER**

**DEPARTMENT HEAD: FRANK OVIEDO, DEPUTY CITY MANAGER**

---

**RECOMMENDED ACTION:**

Staff recommends the City Council approve the Comprehensive Annual Financial Report (CAFR) for fiscal year ending June 30, 2006.

**BACKGROUND INFORMATION:**

The City is required by California Government Code to provide annual audited financial statements in accordance with Generally Accepted Accounting Principles of the United States of America and Government Auditing Standards issued by the Controller of the United States. The CAFR is audited by an independent accounting firm to ensure the financial statement information is free from any immaterial misstatements.

The City contracted with Bartig, Basler and Ray CPA's, an independent accounting firm, to perform the June 30, 2006, fiscal year audit of the City's financial books and records. Attached is the audited Comprehensive Annual Financial Report for the fiscal year ending June 30, 2006.

The City received a clean opinion for the year 2005-06 and has submitted the CAFR to the Government Finance Officers Association of the United States and Canada (GFOA) for their consideration of the Certificate of Achievement for Excellence in Financial Reporting.

For the 2004-05 fiscal year the City received both the GFOA Certificate of Achievement for Excellence in financial Reporting (4<sup>th</sup> consecutive year) and the California Society of Municipal Finance Officers (CSFMO) Certificate of Award for Outstanding Financial Reporting. For the 2005-06 fiscal year, the City will not submit its 2005-06 CAFR to the CSFMO due to a single-program restriction.

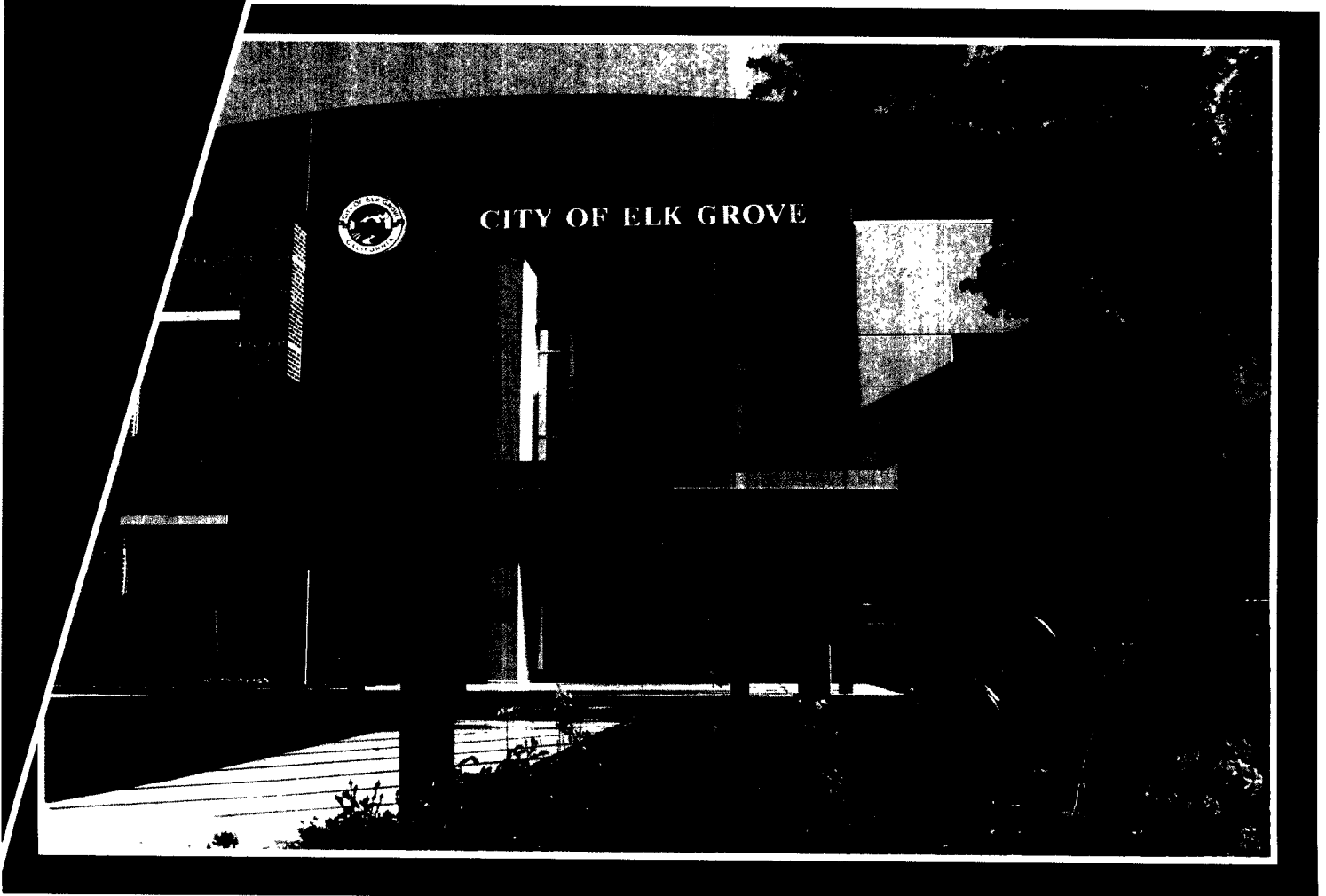
**FISCAL IMPACT:**

None.

# CITY OF ELK GROVE CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended  
June 30, 2006



**CITY OF ELK GROVE, CALIFORNIA**  
Incorporated July 1, 2000

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For Fiscal Year Ended June 30, 2006

Prepared by:  
Finance Department, Accounting Division



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For Fiscal Year Ended June 30, 2006

**INTRODUCTORY SECTION**





# CITY OF ELK GROVE

## Comprehensive Annual Financial Report For the Year Ended June 30, 2006

### TABLE OF CONTENTS

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	I
Certificate of Award Outstanding Financial Reporting-California Society of Municipal Finance Officers.....	V
Certificate of Achievement for Excellence in Financial Reporting - Government Finance Officers Association .....	VI
Organizational Chart .....	VII
City Council .....	VIII
Administrative Personnel .....	IX
Location Map .....	X
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis.....	3-11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	13
Statement of Activities.....	14-15
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	16-17
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets – Governmental Activities .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances .....	20-21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities.....	22
Proprietary Funds:	
Statement of Fund Net Assets .....	23
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	24
Statement of Cash Flows .....	25
Fiduciary Funds:	
Statement of Fiduciary Net Assets.....	26
Notes to Financial Statements.....	27-60
Required Supplementary Information:	
Budgetary Comparison Schedule:	
General Fund.....	61
Affordable Housing Fund.....	62
Note to Required Supplementary Information.....	63

**CITY OF ELK GROVE**

**Comprehensive Annual Financial Report  
For the Year Ended June 30, 2006**

**TABLE OF CONTENTS**

	<u>Page</u>
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet .....	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	66
Special Revenue Funds:	
Definition .....	68-69
Nonmajor Special Revenue Funds:	
Combining Balance Sheet.....	70-73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	74-77
Budgetary Comparison Schedules:	
Recycling Grant Fund .....	78
Used Oil Grant Fund .....	79
Vehicle Abatement Fund.....	80
CEGp Code Enforcement Fund .....	81
COPS Universal Grant Fund.....	82
EGPD Narcs/Gang Fund .....	83
State Asset Seizure Fund.....	84
OTS Grants Fund .....	85
Local Police Grants Fund.....	86
CA Law Enforcement Equipment Fund.....	87
State COPS Fund .....	88
Gas Tax Fund .....	89
Measure A Road Maintenance Fund.....	90
Traffic Congestion Relief Fund.....	91
Agricultural Preservation Fund .....	92
Swainson’s Hawk Habitat Fund.....	93
Tree Mitigation Fund .....	94
VLIHTF Fee Fund.....	95
Street Trench Cut Fee Fund .....	96
Community Development Block Grant Fund .....	97
Police Services CFD Funds.....	98
Maintenance Services CFD Fund.....	99
Street Maintenance District Funds .....	100
Street Lighting Maintenance District Funds .....	101
Laguna Ridge Fund .....	102

**CITY OF ELK GROVE**

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2006

TABLE OF CONTENTS

	<u>Page</u>
Capital Projects Funds:	
Definition .....	103-104
Major Capital Projects Funds:	
Budgetary Comparison Schedules:	
Federal Grants Fund .....	105
Road Fees Funds .....	106
Laguna Area CFD Fund .....	107
Nonmajor Capital Project Funds:	
Combining Balance Sheet.....	108-110
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	112-114
Budgetary Comparison Schedules:	
State Capital Grants Fund .....	115
Measure A Construction Fund .....	116
LTF Bike & Pedestrians Fund.....	117
Capital Improvement Fund.....	118
Capital Facilities Funds.....	119
Fee District Funds .....	120
Laguna West Service Area Fund.....	121
Lakeside Service Area Fund.....	122
In Lieu Road Fee Fund.....	123
East Franklin CFD 2002-1 Fund .....	124
Poppy Ridge CFD 2003-1 Fund.....	125
Laguna Ridge CFD 2005-1 Fund .....	126
Laguna West CFD Fund.....	127
Lakeside CFD Fund .....	128
Debt Service Funds:	
Definition .....	129
Nonmajor Debt Service Funds:	
Combining Balance Sheet.....	130
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	131
Budgetary Comparison Schedules:	
Other Debt Service Fund.....	132
Elk Grove Finance Authority Fund.....	133
Enterprise Funds:	
Definition .....	134
Nonmajor Enterprise Funds:	
Combining Statement of Fund Net Assets .....	135
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets .....	136
Combining Statement of Cash Flows .....	137

**CITY OF ELK GROVE**

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2006

TABLE OF CONTENTS

	<u>Page</u>
Internal Service Funds:	
Definition .....	138
Combining Statement of Fund Net Assets .....	139
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets .....	140
Combining Statement of Cash Flows .....	141
Fiduciary Funds:	
Definition .....	142
Combining Statement of Changes in Assets and Liabilities .....	143-148
Capital Assets:	
Definition .....	150
Capital Assets Used in the Operation of Governmental Funds:	
Schedule of Funding Sources .....	151
By Functions and Activities .....	152
Schedule of Changes by Functions and Activities .....	153
<b>STATISTICAL SECTION</b>	
Net Assets by Component .....	155
Changes in Net Assets .....	156-157
Fund Balances, Governmental Funds .....	158
Changes in Fund Balances, Governmental Funds .....	160-161
Assessed and Estimated Value of Taxable Property .....	162
Direct and overlapping Property Tax Rate .....	163
Principal Property Taxpayers .....	164
Property Tax Levies and Collections .....	165
Ratios of Outstanding Debt by Type .....	166
Direct and Overlapping Governmental Activities Debt .....	167
Legal Debt Margin .....	168
Demographic and Economic Statistics .....	169
Principal Employers .....	170
Government Employment Information .....	171
Capital Asset and Infrastructure Statistics by Function/Program .....	172
Operating Indicators by Function/Program .....	173

December 1, 2006

Honorable Mayor,  
Council Members,  
Citizens of Elk Grove, California:

The Comprehensive Annual Financial Report (CAFR) of the City of Elk Grove (City) for the fiscal year ended June 30, 2006, is hereby submitted in compliance with California Government Code. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Bartig, Basler, & Ray, LLP Certified Public Accountants has issued an unqualified (clean) opinion of the City of Elk Grove's financial statements for the fiscal year ended June 30, 2006. The independent auditor's report is located in the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements the letter of transmittal and should be read together.

## **PROFILE OF THE GOVERNMENT**

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 and serve four-year terms. The five Council Members elect, by a vote of their peers, a Mayor and Mayor Pro Tempore 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, solid waste, transit, street construction and maintenance, and general administrative services. The City's CAFR includes all funds of the City and reports all activities considered to be a part of, controlled by, and dependent on the City. GASB Statement No. 14, *The Financial Reporting Entity* requires the disclosure of blended and discretely blended component units. In fiscal year 2005-06, the City added two blended component units: The City of Elk Grove Finance Authority and the City of Elk Grove Parking Authority. The Elk Grove Parking Authority did not have financial activity in the 2005-06 fiscal year. There were no discretely blended units.

The accounts of the City are organized on the basis of funds with each fund considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses, as appropriate. Government resources are allocated to and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. A complete explanation of each fund type is contained in Note 2 to the financial statements.

The budget is prepared by City staff under the direction of the City Manager. A public hearing is scheduled in either May or June. Final adoption is required by the end of the fiscal year. Transfers between funds, appropriation of reserves and appropriations of unassigned reserves, and interfund loans over \$500,000 requires City Council action. The City Manager has the authority to transfer between departments or within a fund, and for the appropriation of replacement reserves and interfund loans under \$500,000.

## **ECONOMIC CONDITION AND OUTLOOK**

In 1850, Elk Grove was established as a hotel and stagecoach stop. Located in the State of California (State), 15 miles south of historic Sutter's Fort in Sacramento, Elk Grove became a crossroad 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.

On March 7, 2000, voters passed Measure J to incorporate the communities of Sheldon, Elk Grove and parts of Laguna into the new City of Elk Grove. This was the third attempt to incorporate since 1986. The City of Elk Grove officially incorporated on July 1, 2000, with the newly elected City Council assuming management of the majority of the governmental aspects of living and doing business within the City.

The City has an area of approximately 42 square miles and 130,874 residents as of January 1, 2006, a population increase of 61% from the year of incorporation. At January 1, 2006, the city's growth rate increased 7.8% over the previous year, the highest in the state with populations over 100,000. The City is the second largest incorporated city within the Sacramento County which boasts a county-wide population of 1,385,607.

Job growth in the County has declined during recent months due to the slowdown in the construction and financial activities sectors but is higher than the national and state averages. The City issued 1,137 residential and 71 commercial construction permits during the fiscal year ended 2005-06, a marked reduction over the previous year. There are approximately 26,000 jobs in the City, the lowest number of available jobs per residents in the County at 21%; the City is strategically planning for business market growth for the future.

The City's aggressive economic development program will assist the City Council, City Manager and Department Heads to ensure the creation and maintenance of a strong and diverse local economic base. The program includes business retention, expansion and recruitment efforts, using development agreements and implementing a financing plan for needed infrastructure.

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

## **LONG-TERM FINANCIAL PLANNING**

The City has designated 90% of the fund balance for economic events and public safety services. Approximately 20% of current general fund expenditures have been set aside as designated fund balance for economic uncertainty or approximately 2.5 months of expenditures. The City generally will not obligate the general fund to secure long-term financing except when the marketability can be significantly enhanced. Feasibility analysis will be prepared for each long-term financing to assess debt service on current and future operations. The City policy is to seek investment grade ratings of (Baa/BBB or greater) on any direct debt and will request credit enhancements such as letter of credit or insurance when necessary for marketing purposes, availability, and cost-effectiveness.

## **MAJOR INITIATIVES**

The City began construction on a state of the art communications center for the newly created police department. The estimated cost of the new facility and equipment is \$2.7 million. The center went live on August 28, 2006.

The City's capital improvement budget over the next five years is estimated at \$284 million. The 2006-07 transportation capital plans include the construction of improvements and two interchanges on Highway 99.

The City has in development the Laguna Ridge master-plan community. The 1,900 acre community is a model for smart growth and innovative land use techniques. The goal is to create a community of first-class parks, trails, recreation and infrastructure.

## **DEPARTMENT FOCUS**

The City has placed a high priority on improving the quality of its crime and gang prevention efforts. The Police Department participates in the Community Watch, crime prevention and National Night-Out programs.

The Public Works Department is primarily responsible for managing the public's investment in municipal infrastructure and providing a healthy and safe environment for residents through qualified basic services. In addition, the Public Works Department maintains the street system which includes street maintenance, sidewalk repair, street striping, street sweeping, storm drain maintenance and the installation of all traffic signals and signs.

## **OTHER INFORMATION**

### ***Independent Audit***

State statutes require an annual audit of the City's accounts by an independent certified public accountant. The City of Elk Grove selected the accounting firm of Bartig, Basler, and Ray, LLP, Certified Public Accountants for the 2005-06 fiscal year.

### ***Awards***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The City of Elk Grove for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the fourth consecutive year that the government has achieved this prestigious award.

The California Society of Municipal Finance Officers (CSFMO) awarded the City the Certificate of Award for Outstanding Financial Reporting for the fiscal year ended June 30, 2005.

In order to be awarded, the government unit must publish an easily readable and efficiently organized comprehensive annual financial report in which the contents conforms to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

The CSFMO and GFOA awards are valid for a one year period. We believe our current comprehensive annual financial report continues to meet the certificate program's requirements but due to a single-program restriction placed by the CSFMO, the City will submit this report to the GFOA to determine its eligibility for the Certificate of Achievement for Excellence certificate for the fiscal year ended June 30, 2006.

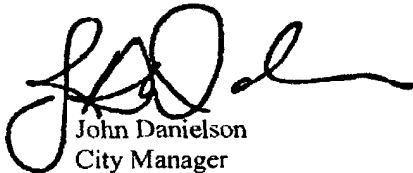
***Acknowledgements***

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Accounting Division. Each member of the division has our sincere appreciation for the contributions made in the preparation of this report.

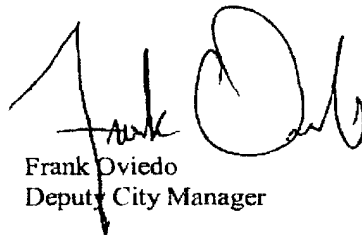
Appreciation is also expressed to the very knowledgeable and fine staff of Bartig, Basler, and Ray, LLP, Certified Public Accountants, who made this presentation possible.

I would like to thank the Mayor and members of the City Council and the Department Heads for their interest and support in planning and conducting the financial operations of the City in a responsible and prudent manner.

Respectfully submitted,



John Danielson  
City Manager



Frank Oviedo  
Deputy City Manager

*California Society of  
Municipal Finance Officers*

Certificate of Award

*Outstanding Financial Reporting 2004-05*

Presented to the

*City of Elk Grove*

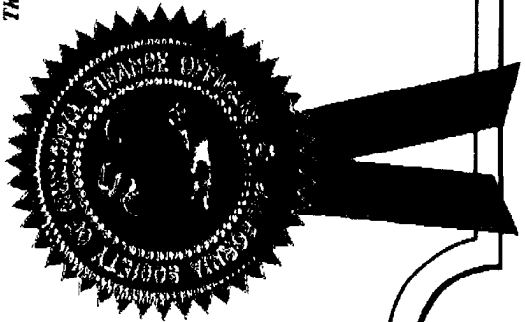
*This certificate is issued in recognition of meeting professional standards and criteria in reporting  
which reflect a high level of quality in the annual financial statements  
and in the underlying accounting system from which the reports were prepared.*

*February 24, 2006*

*William A. Stumpf*

Bill Thomas, Chair  
Professional & Technical Standards Committee

*Dedicated to Excellence in Municipal Financial Management*



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Elk Grove  
California

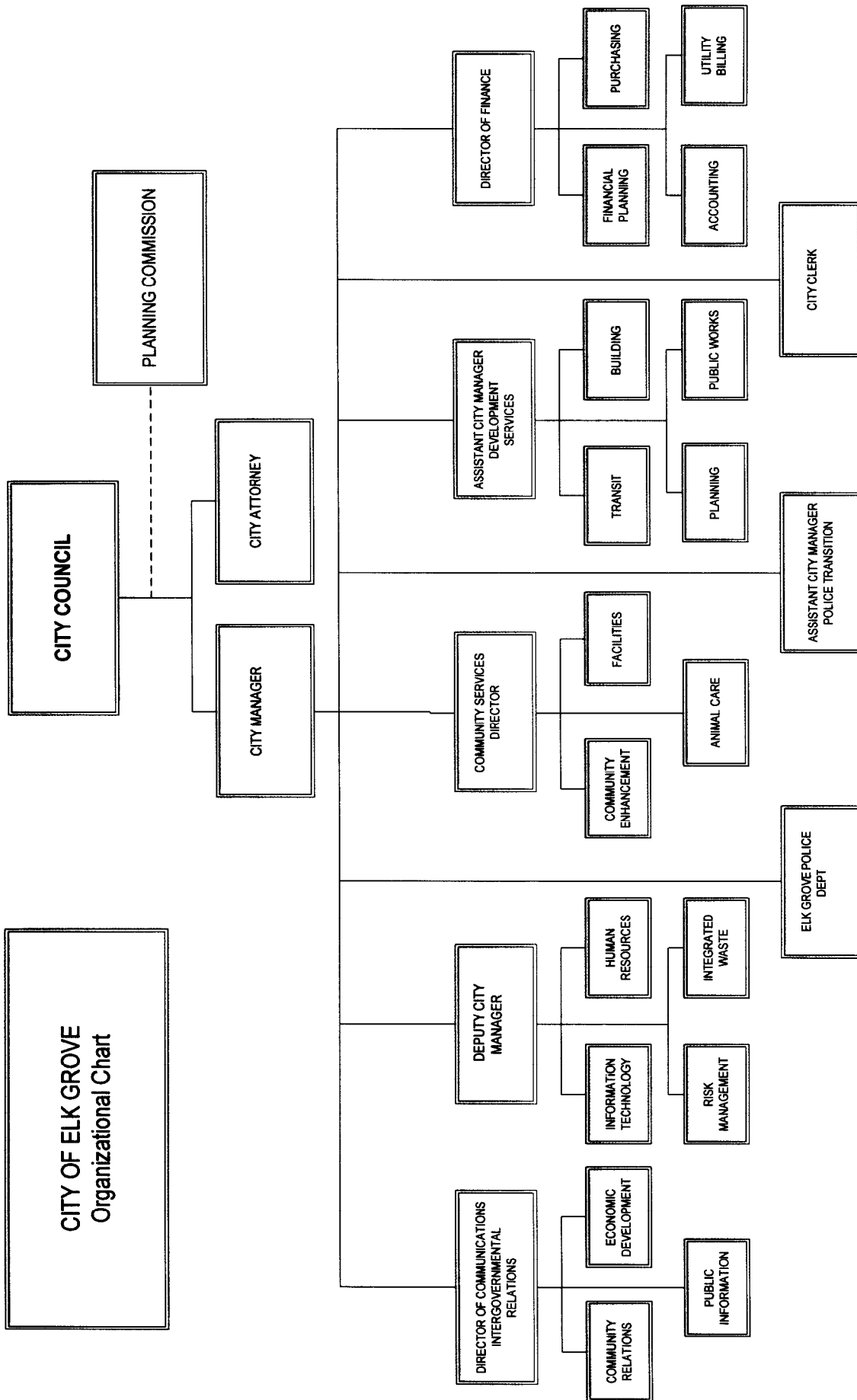
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



# CITY COUNCIL



From left to right: Michael Leary, Councilmember; Dan Briggs, Councilmember;  
James Cooper, Councilmember; Sophia Scherman, Mayor Pro-Tempore;  
Richard Soares, Mayor



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For Fiscal Year Ended June 30, 2006

## ADMINISTRATIVE PERSONNEL

John Danielson, City Manager  
Terry Fitzwater, Assistant City Manager  
Jim Estep, Assistant City Manager  
Frank Oviedo, Deputy City Manager  
Anthony Manzanetti, City Attorney  
Peggy Jackson, City Clerk  
Bob Simons, Police Chief



# LOCATION MAP



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For Fiscal Year Ended June 30, 2006

**FINANCIAL SECTION**







BARTIG, BASLER & RAY, LLP  
A GALLINA LLP COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

City Council  
City of Elk Grove  
Elk Grove, California

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 the City of Elk Grove, California (City), as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Elk Grove, California, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated November 17, 2006 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

City Council  
City of Elk Grove

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elk Grove, California's basic financial statements. The introductory section, combining and individual fund 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 nonmajor fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

BARTIG, BASLER & RAY, LLP

*Bartig Basler & Ray, LLP*

Roseville, California  
November 17, 2006

## Management's Discussion and Analysis (Continued)

### Management's Discussion and Analysis

This section of the City of Elk Grove's (City) Comprehensive Annual Financial Report presents a discussion and analysis of the City's financial performance during the year ended June 30, 2006. Please read it in conjunction with the City's basic financial statements following this section.

#### FINANCIAL HIGHLIGHTS

- City's assets exceeded liabilities at the close of the 2005-06 fiscal year by \$359 million (*net assets*). Of this amount, \$12 million (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors, and \$216 million is restricted for capital projects, debt service and legally segregated taxes, grants and fees, and \$130 million is invested in capital assets.
- As of June 30, 2006, the City governmental funds reported combined fund balances of \$234 million. Approximately 95% of the combined fund balances, \$222 million is available to meet the City's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved, designated for economic uncertainty fund balance for the general fund was \$13 million, or 20% of total general fund expenditures.
- Capital assets increased by \$96 million in comparison with the prior year due to the increase in capital street improvements and facilities and equipment for the new police department, the increase is also reflected in the investment for capital assets, net of related debt.
- The City's total long-term debt increased by \$18 million in comparison with the prior year. The majority of the increase is due to the advance refunding of the Special Assessment Debt with Government Commitments in the current fiscal year.
- The Vehicle License Fee has been permanently reduced from 2% to .65% by the State of California, and while the backfill has been eliminated, it has been replaced with a like amount of property taxes for the City and the swap is supposed to be revenue neutral.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and, 3) **Notes** to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

**Government-wide Financial Statements** are designed to provide readers with a broad overview of the City finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all City 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 financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused annual and administrative leave).

## Management's Discussion and Analysis (Continued)

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public protection, public ways and facilities. The business-type activities of the City include Solid Waste, Drainage, Commercial Hauler, Utility Billing, and Transit.

**The government-wide financial statements can be found on pages 13-15 of this report.**

**Fund Financial Statements** are groupings of related accounts that are 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 finance-related legal compliance. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary 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 funds 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 City's near-term financing requirements. The City considers revenue to be available if they are collected within 60 days after the fiscal year end.

Because the focus of governmental funds 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 statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City currently maintains approximately 46 governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for all funds. Budgetary comparison statements have been provided as required supplementary information to demonstrate compliance with the budget.

**The governmental funds financial statements can be found on pages 16-22 of this report.**

**Proprietary funds** are maintained two ways. *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 the Transit, Solid Waste, Drainage, Commercial Hauler and Utility Billing. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its risk management, equipment and facilities improvement. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City's three internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the supplementary information section of this report.

**The proprietary funds financial statements can be found on pages 23-25 of this report.**

## Management's Discussion and Analysis (Continued)

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. **The fiduciary fund financial statement can be found on page 26 of this report.**

**Notes to the Basic Financial Statements** provide additional information that is essential to comprehend the data provided in the government-wide and fund financial statements. **The notes can be found on pages 27-63 of this report.**

**Required Supplementary Information** is presented on the City General Fund budgetary schedule. Infrastructure assets are depreciated. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. **The required supplementary information can be found on pages 61-63 of this report.**

The combining and individual fund statements and schedules information for non-major governmental funds, enterprise and internal service funds are presented immediately following the required supplementary information. **Combining and individual fund statements and schedules can be found on pages 65-148 of this report.**

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the net assets and changes in net assets of the City as a whole.

City of Elk Grove Net Assets

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 287,623,790	\$ 285,501,218	\$ 5,379,025	\$ 4,193,130	\$ 293,002,815	\$ 289,694,348
Capital assets	190,418,411	92,965,142	7,088,892	8,649,300	197,507,303	101,614,442
<b>Total Assets</b>	<b>478,042,201</b>	<b>378,466,360</b>	<b>12,467,917</b>	<b>12,842,430</b>	<b>490,510,118</b>	<b>391,308,790</b>
Current and other liabilities	22,355,653	19,502,644	1,861,668	3,229,603	24,217,321	22,732,247
Long-term liabilities	107,683,206	86,712,745	22,856	16,883	107,706,062	86,729,628
<b>Total Liabilities</b>	<b>130,038,859</b>	<b>106,215,389</b>	<b>1,884,524</b>	<b>3,246,486</b>	<b>131,923,383</b>	<b>109,461,875</b>
Net Assets						
Invested in capital assets, net of related debt	123,389,901	42,674,599	7,088,892	8,649,300	130,478,793	51,323,899
Restricted net assets	215,946,392	183,153,470	-	-	215,946,392	183,153,470
Unrestricted net assets	8,667,050	46,422,902	3,494,501	946,644	12,161,551	47,369,546
<b>Total Net Assets</b>	<b>\$ 348,003,343</b>	<b>\$ 272,250,971</b>	<b>\$ 10,583,393</b>	<b>\$ 9,595,944</b>	<b>\$ 358,586,736</b>	<b>\$ 281,846,915</b>

The City's governmental net assets totaled \$348 million as of June 30, 2006, an increase of \$76 million over fiscal year ended 2005. This increase is the change in net assets reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. The City's net assets as of June 30, 2006, comprised the following:

- Cash and investments comprised \$193 million in the city treasury and \$42 million of restricted cash with fiscal agents. Substantially all of these amounts were held in relatively short term investments in governmental securities, as detailed in Note 4 to the financial statements.
- Receivables comprised \$18 million of current receivables and long term receivables of \$16 million which are over one year or longer time periods. Long term loans receivables increased \$5 million from prior year. The low to moderate housing loans have varying repayment terms and interest rates.
- Net capital assets of \$190 million, which does not include the City's entire infrastructure, but does include all other City assets. The City has not fully implemented GASB Statement No. 34 capital assets requirement as it relates to infrastructure as of the June 2006 year end. The City has until fiscal year end 2007 after converting to GASB 34 to include all historical infrastructure costs.

## Management's Discussion and Analysis (Continued)

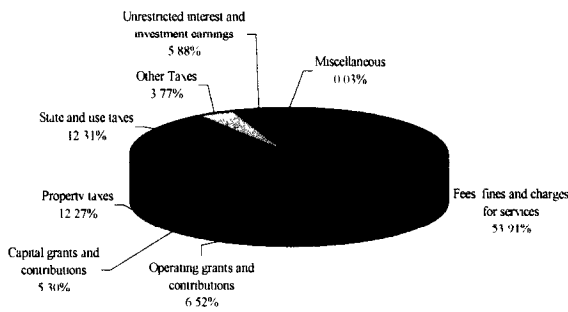
- Current liabilities, includes accounts payable, claims, deferred revenue and other amounts due currently totaling \$22 million.
- Net assets invested in capital assets net of related debt of \$123 million, representing the City's investment in infrastructure and other capital assets used in Governmental activities, net of amounts borrowed to finance that investment.
- Restricted net assets totaling \$216 million, which may be used only to construct specified capital projects, debt service, or for community development projects.
- Unrestricted net assets are part of net assets that can be used to finance day to day operations without constraints established by debt covenants or other legal requirements or restrictions. The City had nearly \$9 million of unrestricted net assets as of June 30, 2006. While these assets are technically unrestricted, most of these assets are designated for a specific use.

The following table indicates the changes in net assets:

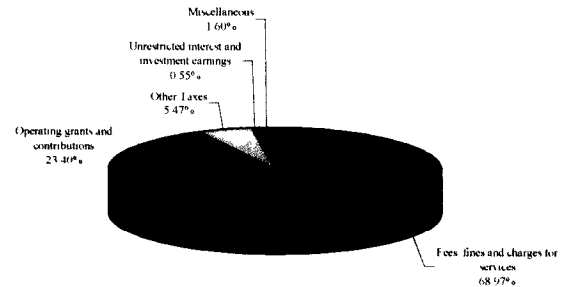
	<b>Revenues Classified by Source</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<i>Revenues</i>						
<i>Program revenues</i>						
Fees, fines and charges for services	\$ 86,056,710	\$ 94,365,800	\$ 13,961,208	\$ 11,933,002	\$ 100,017,918	\$ 106,298,802
Operating grants and contributions	10,402,299	16,024,912	4,736,993	3,756,265	15,139,292	19,781,177
Capital grants and contributions	8,464,651	9,488,331	-	-	8,464,651	9,488,331
	<u>104,923,660</u>	<u>119,879,043</u>	<u>18,698,201</u>	<u>15,689,267</u>	<u>123,621,861</u>	<u>135,568,310</u>
<i>General Revenues</i>						
Property taxes	19,593,204	7,940,509	-	-	19,593,204	7,940,509
State and use taxes	19,655,388	17,035,296	-	-	19,655,388	17,035,296
Other Taxes	6,015,340	6,257,417	1,107,964	1,029,391	7,123,304	7,286,808
Unrestricted interest and investment earnings	9,392,520	5,414,239	111,380	79,500	9,503,900	5,493,739
Miscellaneous	54,926	249,582	373,442	87,295	378,368	336,877
	<u>54,711,378</u>	<u>36,897,043</u>	<u>1,542,786</u>	<u>1,196,186</u>	<u>56,254,164</u>	<u>38,093,229</u>
<b>Total Revenues</b>	<b><u>159,635,038</u></b>	<b><u>156,776,086</u></b>	<b><u>20,240,987</u></b>	<b><u>16,885,453</u></b>	<b><u>179,876,025</u></b>	<b><u>173,661,539</u></b>
<i>Expenses</i>						
General government	18,315,206	13,496,813	-	-	18,315,206	13,496,813
Public safety	27,230,326	16,987,764	-	-	27,230,326	16,987,764
Public ways and facilities	22,784,887	13,404,331	-	-	22,784,887	13,404,331
Community development	10,440,157	11,871,849	-	-	10,440,157	11,871,849
Interest on long-term debt	5,320,090	5,274,181	-	-	5,320,090	5,274,181
Solid Waste	-	-	8,343,208	7,415,412	8,343,208	7,415,412
Transit	-	-	7,280,343	4,623,670	7,280,343	4,623,670
Commercial Hauling	-	-	64,376	2,568,625	64,376	2,568,625
Drainage	-	-	2,789,758	20,174	2,789,758	20,174
Utility Billing	-	-	567,853	623,696	567,853	623,696
<b>Total Expenses</b>	<b><u>84,090,666</u></b>	<b><u>61,034,938</u></b>	<b><u>19,045,538</u></b>	<b><u>15,251,577</u></b>	<b><u>103,136,204</u></b>	<b><u>76,286,515</u></b>
<b>Excess (deficiency) before transfers</b>	<b><u>75,544,372</u></b>	<b><u>95,741,148</u></b>	<b><u>1,195,449</u></b>	<b><u>1,633,876</u></b>	<b><u>76,739,821</u></b>	<b><u>97,375,024</u></b>
Transfers	208,000	(7,412,702)	(208,000)	7,412,702	-	-
Change in Net Assets	75,752,372	88,328,446	987,449	9,046,578	76,739,821	97,375,024
Net assets July 1, 2005	272,250,971	183,922,525	9,595,944	549,366	281,846,915	184,471,891
<b>Net assets June 30, 2006</b>	<b><u>\$ 348,003,343</u></b>	<b><u>\$ 272,250,971</u></b>	<b><u>\$ 10,583,393</u></b>	<b><u>\$ 9,595,944</u></b>	<b><u>\$ 358,586,736</u></b>	<b><u>\$ 281,846,915</u></b>

# Management's Discussion and Analysis (Continued)

**Revenue by Source - Governmental Activities**



**Revenue by Source - Business-type Activities**



As the table above shows, \$105 million, or 66% of the City's fiscal year 2006 revenue are derived from program revenues and \$55 million or 34% from general revenues such as taxes and interest. Charges are down \$8 million due to the decrease in the construction and related fees and charges.

Program revenues are composed of fees, fines and charges for service of \$86 million that include permit revenues, fees and charges used to fund expenses incurred in providing services and \$11 million of operating grants and contributions which include gas tax revenues, housing and police grants.

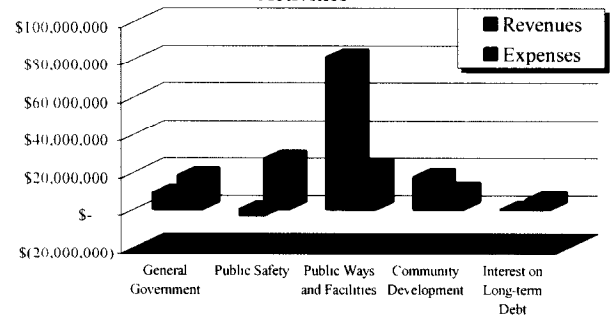
General revenues are not allocable to programs, but are used to pay for the net costs of governmental programs.

**Program Revenue and Expense - Government Activities**

For the Fiscal Year Ended June 30, 2006

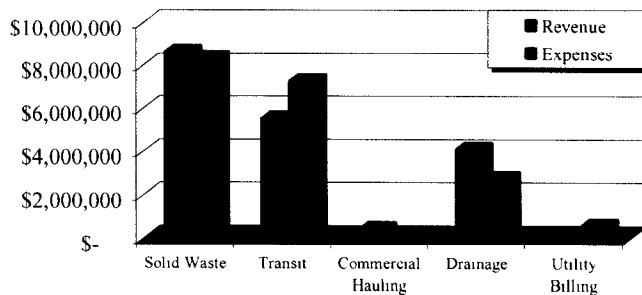
	Revenue	Expense
General Government	\$ 9,101,726	\$ 18,315,206
Public Safety	(3,216,380)	27,230,326
Public Ways and Facilities	81,413,621	22,784,887
Community Development	17,624,693	10,440,157
Interest on Long-term Debt	-	5,320,090
	<u>\$ 104,923,660</u>	<u>\$ 84,090,666</u>

**Program Revenue and Expenses - Government Activities**



On a functional level, governmental revenues are down 8% this year due to the decrease in the construction industry and related fees. The only increase in program revenue was for public safety due to the city collecting fees for police and animal services but related changes in net assets decreased due to start up costs as police and animal services were transitioned from the County of Sacramento to the City.

**Program Revenue and Expense - Business-type Activities**



**Program Revenue and Expense - Business-type Activities**

For the Fiscal Year Ended June 30, 2006

	Revenue	Expense
Solid Waste	\$ 8,617,948	\$ 8,343,208
Transit	5,543,751	7,280,343
Commercial Hauling	413,341	64,376
Drainage	4,123,161	2,789,758
Utility Billing	-	567,853
	<u>\$ 18,698,201</u>	<u>\$ 19,045,538</u>

## Management's Discussion and Analysis (Continued)

The 2005-06 fiscal year was the first full year for the City transit services. Citywide transit services increased 78% over the same prior year 3<sup>rd</sup> quarter period. Bus routes and buses were added to accommodate ridership. The City has won several awards for the program including the Helen Putnam Award for Excellence for the high quality and level of service.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Four major and the general fund were included in the city's governmental fund statements in the 2005-06 fiscal year. An analysis of significant balances and transactions are as follows:

**General Fund –** General fund revenues have shifted during the current fiscal year. Overall, revenues increased seven percent and intergovernmental revenues have decreased 88% due to reclassification of revenues to taxes for in-lieu revenues. Licenses and permits decreased by 37% due to the decline in construction activities. The majority of the increase in expenditures was due to the transfer of County to City police departments and the associated start up costs.

**Affordable Housing Fund –** The City imposes a fee on residential development to ensure adequate low income housing in the City. Loans are granted and repaid with varied interest rates and prepayment time. During the 2005-06 fiscal year, new loans were issued in the amount of \$5.4 million.

**Federal Capital Grants Fund –** Fund established to record federal expenditures and revenues for the federal capital grants. Federal expenditures increased \$3.1 million over the prior fiscal year for infrastructure construction in the City. Intergovernmental revenues doubled to \$2.8 million due to reimbursements received during the fiscal year or shortly thereafter. Receivables and deferred revenue have also increased due to timing of the expenditures and subsequent receipt of reimbursements to the City.

**Road Fee Funds –** The City imposes a citywide fee on development to fund center lanes and medians of major roadway, intersections, interchanges and bridges. Cash and investments decreased during the fiscal year due to the slowdown of the construction industry and the increase of capital infrastructure expenditures. Fees decreased \$10 million while expenditures increased \$33 million mostly due to Highway 99 interchanges.

**Laguna Area CFD Fund –** Established for the acquisition and development of 2,440 acres of public facilities. The majority of this fund's activity was from the receipt of intergovernmental revenues of \$11 million from the County of Sacramento to help fund the Sheldon/Highway 99 interchange program.

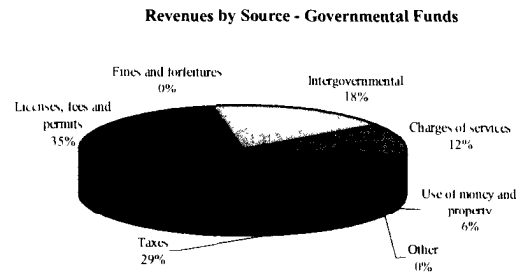
### ***Business-type Activities***

**Proprietary funds.** The City's proprietary enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail.

## Management's Discussion and Analysis (Continued)

The following table presents the amount of governmental revenues from various sources:

<b>Revenues Classified by Source Governmental Funds For the Fiscal Years Ended June 30</b>			
Revenues by Source	2006	2005	% Change
Taxes	\$ 45,491,237	\$ 31,233,222	46%
Licenses, fees and permits	54,668,145	74,376,964	-26%
Fines and forfeitures	534,493	726,561	-26%
Intergovernmental	28,976,105	19,378,050	50%
Charges of services	19,348,571	18,546,450	4%
Use of money and property	8,996,580	5,241,105	72%
Other	86,034	255,582	-66%
<b>Total Revenues</b>	<b>\$ 158,101,165</b>	<b>\$ 149,757,934</b>	<b>6%</b>



Overall governmental revenues increased 6% from the 2004-05 fiscal year.

Taxes increased 46% in the 2005-06 fiscal year due to an increase in property taxes, sales taxes, and in-lieu taxes reclassification from intergovernmental revenue.

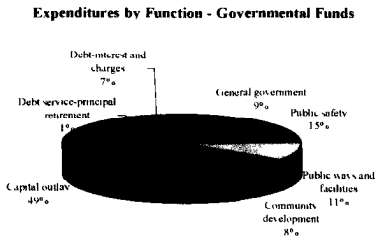
Licenses, fees and permits decreased due to the slowdown of construction and related fees.

Intergovernmental revenues increased 50% due to the increase in reimbursable expenses and subsequent collection.

Use of money and property increased due to the average amount of funds invested in higher interest bearing accounts, the collection of rents for property and the interest received for the deposits held with the State of California condemnation funds.

The following table presents governmental expenditures by function:

<b>Expenditures by Function Governmental Funds For the Fiscal Years Ended June 30</b>			
Expenditures by Function	2006	2005	% Change
General government	\$ 18,561,527	\$ 13,188,417	41%
Public safety	29,020,955	18,358,857	58%
Public ways and facilities	21,091,519	12,784,116	65%
Community development	15,850,918	13,498,885	17%
Capital outlay	97,536,677	39,567,728	147%
Debt service-principal retirement	1,788,273	1,280,973	40%
Debt-interest and charges	13,021,476	5,323,293	145%
<b>Total Expenditures</b>	<b>\$ 196,871,345</b>	<b>\$ 104,002,269</b>	<b>89%</b>



Due to the inclusion of a new building operating lease, public safety and animal care departments, both the general governmental and public safety expenditures increased.

Public ways and facilities costs increased 65% due to the increase in street repairs and maintenance administration, and the inclusion of street light maintenance services that were transferred from the County of Sacramento to the City.

Capital outlay increased 147% due to the increase in capital improvements activity. Debt interest and charges increased 14.5% due to the advance refunding of assessment debt and associated costs.

## Management's Discussion and Analysis (Continued)

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Capital Assets at End of Year					
	Governmental		Business-type		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 45,446,685	\$ 10,552,753	\$ -	\$ -	\$ 45,446,685	\$ 10,552,753
Construction in progress	50,961,314	33,527,328	4,976	-	50,966,290	33,527,328
Infrastructure	79,690,738	35,834,965	-	-	79,690,738	35,834,965
Building and improvements	15,739,024	14,039,220	-	-	15,739,024	14,039,220
Equipment	2,951,828	1,245,708	9,706,010	9,164,318	12,657,838	10,410,026
Accumulated depreciation	(4,371,178)	(2,234,832)	(2,622,094)	(515,018)	(6,993,272)	(2,749,850)
<b>Total</b>	<b>\$ 190,418,411</b>	<b>\$ 92,965,142</b>	<b>\$ 7,088,892</b>	<b>\$ 8,649,300</b>	<b>\$ 197,507,303</b>	<b>\$ 101,614,442</b>

The City's investment in capital assets for its governmental type activities as of June 30, 2006, totaled \$190 million, (net of accumulated depreciation). The investment in capital assets includes land, building and improvements, equipment and construction in progress. The total increase in the City's investment in capital assets for the current year was over \$100 million which was mainly infrastructure costs. See Note 7 to the Financial Statements located on page 42.

Major capital asset events during the current fiscal year include:

1. The City built an estimated \$96 million of streets and sidewalks.
2. The City purchased \$1.8 million of equipment, the majority for the newly formed police department.

#### Debt Administration

The following schedule shows the changes in long-term debt for the year.

##### Long-Term Debt

Governmental Activities	Governmental Activities		Business-type Activities		Total		Increase (Decrease) % Change
	2006	2005	2006	2005	2006	2005	
Special assessment debt, net	\$ 101,278,275	\$ 80,396,534	\$ -	\$ -	\$ 101,278,275	\$ 80,396,534	26%
Transition costs payable	-	1,421,223	-	-	-	1,421,223	-100%
Capital leases payable	7,286,571	7,783,730	-	-	7,286,571	7,783,730	-6%
Compensated absences	1,792,458	411,829	30,474	19,638	1,822,932	431,467	322%
Claims payable	2,802,883	1,721,383	-	-	2,802,883	1,721,383	63%
<b>Total Governmental Activity</b>	<b>\$ 113,160,187</b>	<b>\$ 91,734,699</b>	<b>\$ 30,474</b>	<b>\$ 19,638</b>	<b>\$ 113,190,661</b>	<b>\$ 91,754,337</b>	<b>23%</b>

The City's total debt increased by \$18 million during the year ending June 30, 2006, due to debt refunding, increase in city claims, and the police department hiring package granting one year's of annual leave.

Additional information on the City's long-term debt can be found in Note 9 and Note 10 located on pages 45-49 of this report and compensated leave description in Note 2, page 35-36.

#### Budget

At mid-fiscal year 2005-06, the City had a mid-year budget review and adjustments were made at that time. The general fund total expenditure budget increased by \$9.8 million for the 2005-06 fiscal year end primarily due to the increase of public safety expenditures.

## **Management's Discussion and Analysis (Continued)**

### **Economic Factors and Next Year's Budget and Rates**

- Overall the City of Elk Grove is in sound financial state. The City enjoys stable and manageable growth above both the State and National standards. The Sacramento County unemployment rate was at 4.9% as of June 2006, below the statewide unemployment rate of 5.4%.
- The property tax growth remains solid with anticipated growth of 23% in the fiscal year 2006-2007. However this is not a major revenue source for the City due to the revenue neutrality agreement with the County of Sacramento. See Note 18 to the Financial Statements on page 60.
- Sales tax revenue is expected to grow at 10% to \$20.5 million due to an increase in population and new businesses expanding in Elk Grove.
- Motor Vehicle In-Lieu Fees are projected to increase to \$11 million and increase of \$1.7 million from the 2005-06 fiscal year due to the annual growth percentage in the City's assessed values.

All of these factors were considered in preparing the City budget for the 2006-07 fiscal year. During the fiscal year the general fund balance increased \$45,000.

### **Request for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Administrative Services Director  
8401 Laguna Palms Way  
Elk Grove, CA 95758.  
(916)683-7111

Or you may visit our website at [www.elkgrovecity.org](http://www.elkgrovecity.org) for contact information.

**THIS PAGE LEFT BLANK INTENTIONALLY**

**CITY OF ELK GROVE**

Statement of Net Assets  
June 30, 2006

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
<b><u>ASSETS</u></b>			
Cash and investments	\$ 193,196,696	\$ 4,653,119	\$ 197,849,815
Cash with fiscal agent	41,536,336	-	41,536,336
Imprest cash	2,750	-	2,750
Accounts receivable	3,466,584	1,122,244	4,588,828
Taxes receivable	3,828,814	-	3,828,814
Interest receivable	540,864	8,909	549,773
Prepays and other assets	2,944,845	455,987	3,400,832
Deposits	12,894,600	-	12,894,600
Due from other government agencies	10,277,271	1,646,018	11,923,289
Long-term loans receivable	13,325,434	-	13,325,434
Long-term receivable	3,102,344	-	3,102,344
Internal balances	2,507,252	(2,507,252)	-
Capital Assets:			
Nondepreciable	96,408,000	4,976	96,412,976
Depreciable, net	94,010,411	7,083,916	101,094,327
<b>Total Assets</b>	<b>\$ 478,042,201</b>	<b>\$ 12,467,917</b>	<b>\$ 490,510,118</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 14,099,065	\$ 1,652,726	\$ 15,751,791
Accrued salaries and benefits	748,662	16,562	765,224
Due to other government agencies	60,994	-	60,994
Interest payable	1,527,127	-	1,527,127
Deposits	236,701	184,761	421,462
Unearned revenue	206,122	-	206,122
Long-Term Liabilities:			
Portion due or payable within one year:			
Special assessment debt with governmental commitment	1,595,000	-	1,595,000
Compensated absences	499,314	7,619	506,933
Capital leases payable	579,784	-	579,784
Claims payable	2,802,883	-	2,802,883
Portion due or payable after one year:			
Special assessment debt with governmental commitment	99,683,275	-	99,683,275
Compensated absences	1,293,144	22,856	1,316,000
Capital leases payable	6,706,787	-	6,706,787
<b>Total Liabilities</b>	<b>130,038,858</b>	<b>1,884,524</b>	<b>131,923,382</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	123,389,901	7,088,892	130,478,793
Restricted for:			
Legally segregated taxes, grants and fees	36,643,345	-	36,643,345
Debt service	10,893,813	-	10,893,813
Capital projects	168,409,234	-	168,409,234
Unrestricted	8,667,050	3,494,501	12,161,551
<b>Total Net Assets</b>	<b>348,003,343</b>	<b>10,583,393</b>	<b>358,586,736</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 478,042,201</b>	<b>\$ 12,467,917</b>	<b>\$ 490,510,118</b>

# CITY OF ELK GROVE

## Statement of Activities June 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 18,315,206	\$ 1,332,990	\$ 999,993	\$ -
Public Safety	27,230,326	1,494,654	2,057,709	-
Public ways and facilities	22,784,887	66,149,015	6,799,955	8,464,651
Community development	10,440,157	17,080,051	544,642	-
Debt Service:				
Interest	5,320,090	-	-	-
Total Governmental Activities	84,090,666	86,056,710	10,402,299	8,464,651
<b>Business-Type Activities:</b>				
Solid Waste	8,343,208	8,617,948	-	-
Transit	7,306,902	891,518	4,652,233	-
Commercial Hauling	64,376	413,341	-	-
Drainage	2,789,758	4,038,401	84,760	-
Utility Billing	567,853	-	-	-
Total Business-Type Activities:	19,072,097	13,961,208	4,736,993	-
Total Primary Government	\$ 103,162,763	\$ 100,017,918	\$ 15,139,292	\$ 8,464,651

**General Revenues:**

  Taxes:

    Property taxes

    Sales and use tax

    In-lieu sales tax

    Other

  Unrestricted interest and investment earnings

  Miscellaneous

  Transfers

Total General Revenues and Transfers

Change in Net Assets

Net assets - July 1, 2005

Net assets - June 30, 2006

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (15,982,223)		\$ (15,982,223)
(23,677,963)		(23,677,963)
58,628,734		58,628,734
7,184,536		7,184,536
<u>(5,320,090)</u>		<u>(5,320,090)</u>
<u>20,832,994</u>		<u>20,832,994</u>
-	\$ 274,740	274,740
-	(1,763,151)	(1,763,151)
-	348,965	348,965
-	1,333,403	1,333,403
<u>-</u>	<u>(567,853)</u>	<u>(567,853)</u>
<u>-</u>	<u>(373,896)</u>	<u>(373,896)</u>
<u>20,832,994</u>	<u>(373,896)</u>	<u>20,459,098</u>
19,593,204	-	19,593,204
15,277,041	-	15,277,041
4,378,347	-	4,378,347
6,015,340	1,107,964	7,123,304
9,392,520	137,939	9,530,459
54,926	323,442	378,368
<u>208,000</u>	<u>(208,000)</u>	<u>-</u>
<u>54,919,378</u>	<u>1,361,345</u>	<u>56,280,723</u>
75,752,372	987,449	76,739,821
<u>272,250,971</u>	<u>9,595,944</u>	<u>281,846,915</u>
<u>\$ 348,003,343</u>	<u>\$ 10,583,393</u>	<u>\$ 358,586,736</u>

**CITY OF ELK GROVE**

Governmental Funds  
Balance Sheet  
June 30, 2006

	General Fund	Affordable Housing Fund	Federal Capital Grants Fund	Road Fees Funds
<b><u>ASSETS</u></b>				
Cash and investments	\$ 9,451,349	\$ 32,445,638	\$ -	\$ 75,862,657
Cash with fiscal agent	-	-	-	-
Imprest cash	2,750	-	-	-
Accounts receivable	3,128,873	-	-	158,269
Taxes receivable	3,828,814	-	-	-
Interest receivable	23,288	60,537	-	312,386
Prepays and other assets	193,260	3,000	-	-
Deposits	-	-	-	12,886,900
Due from other government agencies	1,774,010	-	3,577,249	-
Due from other funds	7,356,218	-	-	-
Advances to other funds	200,419	-	-	6,057,580
Long-term loans receivable	-	12,625,434	-	-
Long-term receivable	-	-	-	2,553,359
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 25,958,981	\$ 45,134,609	\$ 3,577,249	\$ 97,831,151
	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 4,564,044	\$ 63,690	\$ 120,952	\$ 3,573,896
Accrued salaries and benefits	745,833	-	-	-
Due to other governmental agencies	-	-	-	-
Due to other funds	-	-	3,212,711	-
Compensated absences	269,972	-	-	-
Retention payable	-	-	243,157	568,069
Deposits	99,851	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
Deferred revenue	1,771,325	12,625,434	2,107,565	2,553,359
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	7,451,025	12,689,124	5,684,385	6,695,324
	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>FUND BALANCES</u></b>				
Reserved for:				
Encumbrances	885,429	-	-	-
Imprest cash	2,750	-	-	-
Advances	200,419	-	-	6,057,580
Prepays	193,260	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	(2,107,136)	85,078,247
Unreserved, reported in:				
General fund:				
Designated	16,794,326	-	-	-
Undesignated	431,772	-	-	-
Special revenue funds	-	32,445,485	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	18,507,956	32,445,485	(2,107,136)	91,135,827
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 25,958,981	\$ 45,134,609	\$ 3,577,249	\$ 97,831,151
	<hr/>	<hr/>	<hr/>	<hr/>

Laguna Area CFD Fund	Other Governmental Funds	Total
\$ 12,252,346	\$ 51,407,863	\$ 181,419,853
-	41,536,336	41,536,336
-	-	2,750
-	177,008	3,464,150
-	-	3,828,814
23,174	99,253	518,638
-	-	196,260
-	7,700	12,894,600
440,235	4,485,777	10,277,271
-	-	7,356,218
-	-	6,257,999
-	700,000	13,325,434
-	548,985	3,102,344
<u>\$ 12,715,755</u>	<u>\$ 98,962,922</u>	<u>\$ 284,180,667</u>
\$ 940,411	\$ 2,876,933	\$ 12,139,926
-	-	745,833
-	60,994	60,994
-	2,710,439	5,923,150
-	-	269,972
54,830	896,660	1,762,716
-	136,850	236,701
-	5,183,815	5,183,815
-	206,122	206,122
-	4,112,105	23,169,788
<u>995,241</u>	<u>16,183,918</u>	<u>49,699,017</u>
-	27,302	912,731
-	-	2,750
-	-	6,257,999
-	-	193,260
-	10,893,813	10,893,813
11,720,514	67,660,029	162,351,654
-	-	16,794,326
-	-	431,772
-	4,197,860	36,643,345
<u>11,720,514</u>	<u>82,779,004</u>	<u>234,481,650</u>
<u>\$ 12,715,755</u>	<u>\$ 98,962,922</u>	<u>\$ 284,180,667</u>

## CITY OF ELK GROVE

Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets - Governmental Activities  
June 30, 2006

Fund Balance - total governmental funds (page 21)	\$ 234,481,650
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	190,418,411
Other long term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	23,169,787
Interest on long-term debt is recognized as it accrues, regardless of when its due	(1,527,127)
Internal service funds are used by the City to charge the cost of risk management, future facilities, and fleet services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:	8,832,017
Cost of issuance on bonds are not recognized as current year expenditures and are deferred ( amount shown in net of amortized costs)	2,711,188
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable ( net of unamortized discount)	(101,278,275)
Capital leases payable	(7,286,571)
Compensated absences	(1,517,737)
Net Assets of governmental activities (page 13)	<u>\$ 348,003,343</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

**CITY OF ELK GROVE**

Governmental Funds  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Year Ended June 30, 2006

	General Fund	Affordable Housing Fund	Federal Capital Grants Fund	Road Fees Funds
<b><u>REVENUES</u></b>				
Taxes	\$ 45,491,237	\$ -	\$ -	\$ -
Licenses, fees and permits	3,814,802	4,424,128	-	19,337,364
Intergovernmental	1,024,675	-	2,762,984	129,046
Fines and forfeitures	534,493	-	-	-
Charges for services	9,571,626	-	-	216,664
Investment Earnings	495,022	1,106,882	724	3,516,419
Other revenue	85,034	1,000	-	-
Total Revenues	<u>61,016,889</u>	<u>5,532,010</u>	<u>2,763,708</u>	<u>23,199,493</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General government	18,561,527	-	-	-
Public safety	27,793,432	-	-	-
Public ways and facilities	7,298,974	-	-	2,672,574
Community development	9,522,884	5,723,271	-	-
Capital outlay	-	-	3,322,222	33,515,294
Debt Service:				
Principal	94,562	-	-	-
Interest	314,716	-	-	-
Advance refunding escrow	-	-	-	-
Bond issuance costs	-	-	-	-
Total Expenditures	<u>63,586,095</u>	<u>5,723,271</u>	<u>3,322,222</u>	<u>36,187,868</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,569,206)</u>	<u>(191,261)</u>	<u>(558,514)</u>	<u>(12,988,375)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Bonds issued	-	-	-	-
Premiums on bonds sold	-	-	-	-
Payments to refunded bond escrow	-	-	-	-
Transfers in	2,121,905	-	-	-
Transfers out	(3,051,671)	-	-	-
Capital leases	83,454	-	-	-
Total Other Financing Sources (Uses)	<u>(846,312)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	(3,415,518)	(191,261)	(558,514)	(12,988,375)
Fund Balances, Beginning	<u>21,923,474</u>	<u>32,636,746</u>	<u>(1,548,622)</u>	<u>104,124,202</u>
Fund Balances, Ending	<u>\$ 18,507,956</u>	<u>\$ 32,445,485</u>	<u>\$ (2,107,136)</u>	<u>\$ 91,135,827</u>

Laguna Area CFD Fund	Other Governmental Funds	Total
\$ -	\$ -	\$ 45,491,237
4,122,844	22,969,007	54,668,145
11,459,500	13,599,900	28,976,105
-	-	534,493
-	9,560,281	19,348,571
120,749	3,756,784	8,996,580
-	-	86,034
<u>15,703,093</u>	<u>49,885,972</u>	<u>158,101,165</u>
-	-	18,561,527
67	1,227,456	29,020,955
-	11,119,971	21,091,519
-	604,763	15,850,918
4,168,175	56,530,986	97,536,677
-	1,693,711	1,788,273
-	4,942,873	5,257,589
-	4,965,241	4,965,241
-	2,798,646	2,798,646
<u>4,168,242</u>	<u>83,883,647</u>	<u>196,871,345</u>
<u>11,534,851</u>	<u>(33,997,675)</u>	<u>(38,770,180)</u>
-	106,775,000	106,775,000
-	1,662,328	1,662,328
-	(80,105,000)	(80,105,000)
-	25,212,612	27,334,517
-	(22,413,463)	(25,465,134)
-	-	83,454
<u>-</u>	<u>31,131,477</u>	<u>30,285,165</u>
11,534,851	(2,866,198)	(8,485,015)
<u>185,663</u>	<u>85,645,202</u>	<u>242,966,665</u>
<u>\$ 11,720,514</u>	<u>\$ 82,779,004</u>	<u>\$ 234,481,650</u>

**CITY OF ELK GROVE**

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Government-Wide Statement of Activities - Governmental Activities  
For the Year Ended June 30, 2006

Net change to fund balance - total governmental funds (page 21)		\$ (8,485,015)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for general capital assets, infrastructure, and other related		
Capital assets adjustments	\$ 99,683,793	
Less: current year depreciation	<u>(2,230,524)</u>	97,453,269
<p>Governmental fund revenues deferred at year end due to unavailability, and therefore, deferred under the modified accrual method of accounting, were recognized as revenue on the full accrual method of accounting.</p>		
		6,588,662
<p>Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Issuance of special assessment debt with government commitment	(108,437,328)	
Payment to refunded escrow agent	85,070,241	
Inception of new capital leases	(83,454)	
Principal payments on special assessment debt	1,210,000	
Principal payments on capital leases	580,613	
Payment of transition costs	<u>1,421,223</u>	(20,238,705)
<p>Bond issuance costs are expenditures in the governmental funds but deferred and amortized over the life of the bonds.</p>		
		2,798,646
<p>Some expenses reported in the statement of activities don not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Amortization of bond premium, discount, deferred refunding and issuance costs	(270,754)	
Accrued interest on debt	208,638	
Change in compensated absences	<u>(1,204,276)</u>	(1,266,392)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.</p>		
		<u>(1,098,093)</u>
Change in net assets of governmental activities (page 15)		<u><u>\$ 75,752,372</u></u>

**CITY OF ELK GROVE**

Proprietary Funds  
Statement of Fund Net Assets  
June 30, 2006

	Business-Type Activities			Total	Governmental
	Solid Waste Fund	Transit Fund	Other Enterprise Funds		Internal Service Funds
<b><u>ASSETS</u></b>					
Current Assets:					
Cash and investments	\$ 384,458	\$ -	\$ 4,268,661	\$ 4,653,119	\$ 11,776,843
Accounts receivable	719,926	10,917	391,401	1,122,244	2,434
Interest receivable	613	-	8,296	8,909	22,226
Due from other government agencies	-	1,566,807	79,211	1,646,018	-
Due from other funds	-	-	317,035	317,035	-
Prepays	-	435,224	20,763	455,987	37,397
Total Current Assets	<u>1,104,997</u>	<u>2,012,948</u>	<u>5,085,367</u>	<u>8,203,312</u>	<u>11,838,900</u>
Noncurrent Assets:					
Capital Assets, nondepreciable	-	3,076	1,900	4,976	-
Capital Assets, depreciable, net	-	6,998,930	84,986	7,083,916	-
Total Assets	<u>\$ 1,104,997</u>	<u>\$ 9,014,954</u>	<u>\$ 5,172,253</u>	<u>\$ 15,292,204</u>	<u>\$ 11,838,900</u>
<b><u>LIABILITIES</u></b>					
Current Liabilities:					
Accounts payable	\$ 729,499	\$ 567,949	\$ 355,278	\$ 1,652,726	\$ 196,423
Payroll liabilities	4,816	4,403	7,343	16,562	2,829
Due to other funds	-	1,750,103	-	1,750,103	-
Customer deposits	184,761	-	-	184,761	-
Compensated absences	4,278	1,391	1,950	7,619	1,187
Claims payable	-	-	-	-	2,802,883
Total Current Liabilities	<u>923,354</u>	<u>2,323,846</u>	<u>364,571</u>	<u>3,611,771</u>	<u>3,003,322</u>
Noncurrent Liabilities:					
Advances from other funds	200,419	873,765	-	1,074,184	-
Compensated absences	12,834	4,173	5,849	22,856	3,561
Total Noncurrent Liabilities	<u>213,253</u>	<u>877,938</u>	<u>5,849</u>	<u>1,097,040</u>	<u>3,561</u>
Total Liabilities	<u>1,136,607</u>	<u>3,201,784</u>	<u>370,420</u>	<u>4,708,811</u>	<u>3,006,883</u>
<b><u>NET ASSETS</u></b>					
Invested in capital assets, net of related debt	-	7,002,006	86,886	7,088,892	-
Unrestricted	(31,610)	(1,188,836)	4,714,947	3,494,501	8,832,017
Total Net Assets	<u>(31,610)</u>	<u>5,813,170</u>	<u>4,801,833</u>	<u>10,583,393</u>	<u>8,832,017</u>
Total Liabilities and Net Assets	<u>\$ 1,104,997</u>	<u>\$ 9,014,954</u>	<u>\$ 5,172,253</u>	<u>\$ 15,292,204</u>	<u>\$ 11,838,900</u>

# CITY OF ELK GROVE

## Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Assets For the Year Ended June 30, 2006

	Business-Type Activities			Total	Governmental
	Solid Waste Fund	Transit Fund	Other Enterprise Funds		Internal Service Funds
<b><u>OPERATING REVENUES</u></b>					
Charges for services	\$ 8,617,948	\$ 891,518	\$ 4,451,742	\$ 13,961,208	\$ 2,326,760
Other revenue	35,296	31,000	-	66,296	-
Total Operating Revenues	<u>8,653,244</u>	<u>922,518</u>	<u>4,451,742</u>	<u>14,027,504</u>	<u>2,326,760</u>
<b><u>OPERATING EXPENSES</u></b>					
Salaries and benefits	275,662	131,219	252,186	659,067	138,942
Services and supplies	8,049,981	4,288,609	501,340	12,839,930	99,387
Maintenance	-	704,688	2,634,150	3,338,838	-
Other expenses	8,992	8,260	25,134	42,386	1,066
Claims expense	-	-	-	-	1,923,361
Depreciation	-	2,098,965	8,113	2,107,078	-
Total Operating Expenses	<u>8,334,635</u>	<u>7,231,741</u>	<u>3,420,923</u>	<u>18,987,299</u>	<u>2,162,756</u>
Operating Income (Loss)	<u>318,609</u>	<u>(6,309,223)</u>	<u>1,030,819</u>	<u>(4,959,795)</u>	<u>164,004</u>
Non-Operating Revenues (Expenses)					
Taxes	-	-	1,107,964	1,107,964	-
Intergovernmental	-	4,652,233	84,760	4,736,993	-
Penalties and fees	182,085	-	75,061	257,146	-
Interest income	9,489	-	128,450	137,939	399,286
Interest expense	(8,573)	(75,161)	(1,064)	(84,798)	-
Total Non-Operating Revenues (Expenses)	<u>183,001</u>	<u>4,577,072</u>	<u>1,395,171</u>	<u>6,155,244</u>	<u>399,286</u>
Income Before Transfers In (Out)	<u>501,610</u>	<u>(1,732,151)</u>	<u>2,425,990</u>	<u>1,195,449</u>	<u>563,290</u>
Transfers in	275,000	-	567,853	842,853	1,134,575
Transfers out	(397,497)	-	(653,356)	(1,050,853)	(2,795,958)
Net Transfers In (Out)	<u>(122,497)</u>	<u>-</u>	<u>(85,503)</u>	<u>(208,000)</u>	<u>(1,661,383)</u>
Change in Net Assets	379,113	(1,732,151)	2,340,487	987,449	(1,098,093)
Net Assets, Beginning	<u>(410,723)</u>	<u>7,545,321</u>	<u>2,461,346</u>	<u>9,595,944</u>	<u>9,930,110</u>
Net Assets, Ending	<u>\$ (31,610)</u>	<u>\$ 5,813,170</u>	<u>\$ 4,801,833</u>	<u>\$ 10,583,393</u>	<u>\$ 8,832,017</u>

**CITY OF ELK GROVE**

Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2006

	Business-Type Activities			Governmental	
	Solid Waste Fund	Transit Fund	Other Enterprise Funds	Internal Service Funds	
			Total		
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>					
Cash receipts from customers/ other funds	\$ 8,468,743	\$ 916,718	\$ 4,307,902	\$ 13,693,363	\$ 2,380,968
Cash paid to suppliers for good and services	(7,982,237)	(6,505,720)	(3,191,916)	(17,679,873)	(1,138,887)
Cash paid to employees for services	(269,212)	(126,439)	(244,067)	(639,718)	(132,195)
Net Cash Provided (Used) by Operating Activities	217,294	(5,715,441)	871,919	(4,626,228)	1,109,886
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>					
Intergovernmental revenue	182,085	5,110,741	1,113,513	6,406,339	-
Other income	-	-	75,061	75,061	-
Operating transfers	(122,497)	-	(85,503)	(208,000)	(1,661,383)
Interfund loans - proceeds and collections	(143,266)	1,135,769	(317,035)	675,468	-
Interest Payments	(8,573)	(75,735)	(1,064)	(85,372)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(92,251)	6,170,775	784,972	6,863,496	(1,661,383)
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>					
Acquisition of capital assets	-	(455,334)	(91,335)	(546,669)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(455,334)	(91,335)	(546,669)	-
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Interest received	8,912	-	123,594	132,506	387,257
Net Cash Provided by Investing Activities	8,912	-	123,594	132,506	387,257
Net Increase (Decrease) in Cash and Cash Equivalents	133,955	-	1,689,150	1,823,105	(164,240)
Cash and Cash Equivalents, Beginning of Year	250,503	-	2,579,511	2,830,014	11,941,083
Cash and Cash Equivalents, End of Year	\$ 384,458	\$ -	\$ 4,268,661	\$ 4,653,119	\$ 11,776,843
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>					
Operating income (loss)	\$ 318,609	\$ (6,309,223)	\$ 1,030,819	\$ (4,959,795)	\$ 164,004
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	-	2,098,965	8,113	2,107,078	-
Changes in assets and liabilities (Increase) decrease in:					
(Increase) decrease in:					
Receivables	(240,614)	(5,800)	(143,840)	(390,254)	54,208
Prepays	-	(531)	(20,763)	(21,294)	(37,397)
Increase (decrease) in:					
Accounts payable	76,736	(1,503,632)	(10,529)	(1,437,425)	(159,176)
Accrued salaries	2,666	3,282	5,263	11,211	1,999
Claims payable	-	-	-	-	1,081,500
Deposits	56,113	-	-	56,113	-
Compensated absences	3,784	1,498	2,856	8,138	4,748
Net Cash Provided (Used) by Operating Activities	\$ 217,294	\$ (5,715,441)	\$ 871,919	\$ (4,626,228)	\$ 1,109,886

# CITY OF ELK GROVE

## Notes to Financial Statements June 30, 2006

### Note 1: **The Financial Reporting Entity**

The City of Elk Grove (City), California was incorporated in July 2000. The City operates under the Council-Manager form of government and provides the following services: public safety, highways and streets, public improvements, planning and zoning and general administration.

The financial statements presented herein include all of the funds relevant to the operations of the City. The City's fiscal year begins July 1 and ends on June 30.

The accounting methods and procedures adopted by the City of Elk Grove conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units, although legally separate entities are, in substance, part of government's operations. Blended component units are an extension of the City and so data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City.

The City's reporting entity includes the following blended component units:

#### ***Parking Authority of the City of Elk Grove***

The Parking Authority of the City of Elk Grove was formed on July 13, 2005. The primary purpose of the Authority is to ensure that parking facilities developed and operated within the City of Elk Grove are of the highest quality. The City Council acts as the governing board of the Parking Authority in concurrent session. The Mayor serves as chairperson of the Board. The Authority is a separate and legal entity, distinct from the City itself. The Authority provides services entirely for the benefit of the City and the governing body consists solely of members of the City Council. The Authority is treated as a blended component unit. The Parking Authority had no financial activity during the current fiscal year and is therefore not reflected in the City's financial statements.

#### ***Elk Grove Finance Authority***

On July 13, 2005, under Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, the City of Elk Grove authorized the formation of a joint powers authority with the Parking Authority of the City of Elk Grove to be known as the Elk Grove Finance Authority. The primary purpose of the Authority is to facilitate the financing of public improvements, as well as other facilities and improvements which will be funded through the issuance of tax exempt bonds. The City Council acts as the governing board of the Elk Grove Finance Authority in concurrent session. The Mayor serves as Board chairperson.

# CITY OF ELK GROVE

## Notes to Financial Statements June 30, 2006

### Note 1: **The Financial Reporting Entity** (continued)

The Authority is a separate and legal entity, distinct from the City itself. The Authority provides services entirely for the benefit of the City and the governing body consists solely of members of the City Council. The Authority is treated as a blended component unit. The Authority's financial data is presented as a debt service fund type. Separate financial statements for the Authority may be obtained from the City of Elk Grove's Accounting Division.

The City had no discretely presented component units as of June 30, 2006.

### Note 2: **Summary of Significant Accounting Policies**

#### A. **Basis of Presentation**

##### *Government-Wide Financial Statements*

The statement of net assets and statement of activities display information about the primary government and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City and between the City and its discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

##### *Fund Financial Statements*

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

# CITY OF ELK GROVE

Notes to Financial Statements  
June 30, 2006

Note 2: **Summary of Significant Accounting Policies** (continued)

A. **Basis of Presentation** (continued)

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public safety, public ways and facilities, and community development services.
- The *Affordable Housing Fund* was established to account for impact fees imposed on new development for affordable housing and administration.
- *Federal Capital Grants Fund* – Established to account for money received from the federal government to fund capital projects.
- The *Road Fee Funds* were established to account for developer fees paid to maintain and establish city roads.
- *Laguna Area CFD Fund* – Established to fund the acquisition and construction of certain public facilities in connection with the development of the land within the district which consists of approximately 2,440 acres.

The City reports the following major enterprise funds:

- The *Solid Waste Fund* was established to account for the operation and maintenance of the City's solid waste program which plans, coordinates, promotes and implements citywide solid waste reduction, recycling, composting, and public education activities.

# CITY OF ELK GROVE

## Notes to Financial Statements June 30, 2006

### Note 2: Summary of Significant Accounting Policies (continued)

#### A. **Basis of Presentation** (continued)

- The *Transit Fund* was established to account for the transit allocation of TDA funding which is used for public transportation planning, public transportation services, and community transit purposes.

The City reports the following additional fund types:

- *Internal Service Funds* account for the City's equipment facilities and other services provided to other departments or other governments, and self-insurance programs – workers' compensation and general liability on a cost-estimate basis.
- The *Agency Funds* account for assets held by the City as an agent for various local governments and other entities.

#### B. **Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. The fiduciary fund financial statements have no measurement focus.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within 60 days after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

# CITY OF ELK GROVE

## Notes to Financial Statements June 30, 2006

### Note 2: **Summary of Significant Accounting Policies** (continued)

#### **B. Basis of Accounting** (continued)

For its business-type activities and enterprise funds, the City has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes Generally Accepted Accounting Principles (GAAP) for governmental units.

#### **C. Property Tax**

The County of Sacramento 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 payment 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 property taxes are not a lien against real property. These taxes are due on March 1, and become delinquent, if unpaid on August 31.

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 allows counties to distribute secured real property and assessment and supplemental property

# CITY OF ELK GROVE

## Notes to Financial Statements June 30, 2006

### Note 2: **Summary of Significant Accounting Policies** (continued)

#### C. **Property Tax** (continued)

taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments, penalties and interest during a fiscal year will revert to the County. The Teeter Plan payment, which includes 95% of the outstanding accumulated delinquency, is included in property tax revenue retained by the 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.

#### D. **Cash and Investments**

Cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments in the state investment pool are stated at cost which approximates their estimated fair value. Other investments are stated at cost which approximates their fair value with accrued interest shown under a separate caption on the balance sheet.

#### E. **Receivables**

Receivables consist mostly of developer fees, property taxes, sales taxes and grants. No amount has been provided as an allowance for doubtful accounts because in the opinion of management all material amounts are fully collectible.

#### F. **Prepays**

Certain payments made to vendors reflect costs applicable to future accounting periods and are reported as prepaids in both the government-wide and fund financial statements. Prepaid items as reported in the financial statements are offset by a reservation of fund balance for noncurrent assets in governmental funds to indicate that they do not constitute resources available for appropriation.

#### G. **Deposits**

The City places condemnation deposits with the State of California for eminent domain proceedings for land acquisition for city facilities and roadways. The deposits are held at the discretion of the land owner. Interest on the deposits is paid directly to the City and prefers to receive the deposits and pay the land owner directly.

#### H. **Capital Assets**

Capital assets (including infrastructure) are recorded at historical or estimated cost. Contributed capital assets are valued at their estimated fair market value on the date

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 2: **Summary of Significant Accounting Policies** (continued)

**H. Capital Assets** (continued)

contributed. Capital assets include public domain (infrastructure) consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control.

The City's policy is to capitalize all capital assets (excluding infrastructure) with a cost of \$5,000 or more and with an estimated useful life of three years or more. The City's infrastructure with a cost of \$50,000 or more and with an estimated useful life of twenty or more years will be capitalized. The straight-line method of depreciation is used for capital assets and infrastructure.

Maintenance and repairs are charged to expense as incurred. Significant renewals or betterments are capitalized and depreciated over their estimated useful lives. Costs incurred for major improvements or construction of capital assets are carried in construction in progress until the project is completed at which time cost related to the project are capitalized.

The estimated useful lives are as follows:

Infrastructure (except for the maintained pavement subsystem)	20 to 50 years
Buildings and improvements	20 to 50 years
Equipment	3 to 15 years

The City has five networks of infrastructure assets – roads, water/sewer, lighting, drainage, and flood control.

**I. Compensated Absences**

The City's annual leave policy allows for accrual as follows:

<u>Years of Service</u>	<u>Annual Accrual</u>	<u>Maximum Accrual</u>
1 through 4	176 hours	352 hours
5 through 9	192 hours	384 hours
10 through 14	208 hours	416 hours
15 through 19	224 hours	448 hours
20 or more	240 hours	480 hours

Annual leave includes vacation and sick leave. City employees have vested interests in the amount of annual leave accrued and are paid upon termination. Annually, an employee may elect to be paid out a maximum of 80 hours of unused annual leave or at the option of the City Manager. Payouts are contingent on the following criteria:

# CITY OF ELK GROVE

## Notes to Financial Statements June 30, 2006

### Note 2: **Summary of Significant Accounting Policies** (continued)

#### I. **Compensated Absences** (continued)

- The employee used at least 40 hours during the previous year; and,
- The employee will have a minimum balance of 80 annual leave hours after the payment.

All annual leave is accrued when incurred in the government-wide and proprietary fund financial statements.

The City offers to their exempt employee either 40 or 80 administrative leave hours depending on their level of management. Administrative leave is recorded on July 1<sup>st</sup> and is prorated for new employees starting after July 1<sup>st</sup>. The accrued time is carried over each year with no maximum limit. Employees have the option of a 50% cash out of their administrative leave balance semi-annually in November and January.

At June 30, 2006, the City accrued a compensated liability in the general fund for employee terminations or leave buyouts for the fiscal year ended June 30, 2006.

During the 2005-06 fiscal year, the City allocated 40 hours of annual leave to all existing employees on December 31, 2005, due to a change in the payroll cycle. City employees had the option to use the allocated leave in the 1<sup>st</sup> pay period in February.

The City hired 170 police and police administrative staff in the 2005-06 fiscal year. Part of the hiring incentive was to grant new employees one year of annual leave based on their previous employment service date. Total annual leave granted during the fiscal year was 27,204 hours at a cost of \$857,265.

In accordance with the provisions of the GASB No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

#### J. **Interfund Balances**

Interfund transactions are reflected as loans, provided services, reimbursements or transfers. Loans are reported as receivable and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/due from other funds" (current portion) or "advances to/from other funds" (noncurrent portion). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, are reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources. Advances are

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 2: **Summary of Significant Accounting Policies** (continued)

**J. Interfund Balances** (continued)

amortized over the life of the loan or available cash. Interest is calculated based on the City's pooled interest rate. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

**K. Use of Estimates**

The preparation of financial statements in conformity with GAAP 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 or revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3: **Restatement of Fund Equity/Net Assets**

Fund balances in the CFD 2002-1 Debt Service Fund of \$5,875,322 and the CFD 2003-1 Debt Service Fund of \$3,430,110 were consolidated with the Elk Grove Financing Authority in the 2005-06 fiscal year. Total amount of consolidation was \$9,305,432.

Note 4: **Cash and Investments**

The City's deposit and investment balances as of June 30, 2006, consist of the following:

	Pooled Cash and Investments	Restricted and Held with Third Parties	Total Cash and Investments
Cash on hand	\$ 2,750	\$ -	\$ 2,750
Deposits	7,872,541	20,561,158	28,433,699
Investments	208,166,377	20,975,178	229,141,555
Total Cash and Investments	\$ 216,041,668	\$ 41,536,336	\$ 257,578,004

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 4: **Cash and Investments** (continued)

Total cash and investments were classified and reported on the City's financial statements as follows:

	<u>Pooled Cash and Investments</u>	<u>Restricted and Held with Third Parties</u>	<u>Total Cash and Investments</u>
Governmental activities	\$ 193,199,446	\$ 41,536,336	\$ 234,735,782
Business-type activities	4,653,119	-	4,653,119
Fiduciary funds	18,189,103	-	18,189,103
Total Cash and Investments	<u>\$ 216,041,668</u>	<u>\$ 41,536,336</u>	<u>\$ 257,578,004</u>

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 California Government Code requires that a financial institution secure the City's cash deposits by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of pledged securities in the collateral pool must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

At June 30, 2006, the recorded amount of the City's deposits was \$28,433,699 and the bank balance was \$32,678,706. The entire bank balance was covered by Federal Depository Insurance Corporation (FDIC) or the multiple financial institution collateral pool that insures public deposits.

**Investments**

The City invests monies both by individual fund and through pooling of monies. The pooling of monies, referred to as an internal investment pool, is theoretically invested on the whole and not as a combination of monies from each fund belonging to the pool. In this manner, the City's Treasurer is able to invest the monies at a higher interest rate for a longer period of time. Interest revenue is apportioned monthly to each fund in the pool based on the average cash balance of the fund for the month. The City investment pool is not registered with the Securities and Exchange Commission as an investment company.

At June 30, 2006, the difference between the carrying and fair values of investments was not material. Therefore, an adjustment to fair value was not required for GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Fair values were obtained from the custodial statements which were based upon quoted market prices.

# CITY OF ELK GROVE

## Notes to Financial Statements June 30, 2006

Note 4: **Cash and Investments** (continued)

*Investments Authorized by the California Government Code and the City's Investment Policy*

The table below identifies the investment types that are authorized for the City by the California Government Code or the City's investment policy, where more restrictive.

The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	15%
Commercial Paper	180 days	15%	10%
Negotiable Certificates of Deposit	5 years	30%	15%
Repurchase Agreements	90 days	None	15%
		20% of base	
Reverse Repurchase Agreements	92 days	value	15%
Medium Term Notes	5 years	30%	15%
Mutual Funds/Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	15%
Time Deposits	5 years	25%	15%

*Investments Authorized by Debt Agreements*

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Obligations	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 4: **Cash and Investments** (continued)

*Disclosures Relating to 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. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio, as well as limiting the weighted average maturity to three and one-half years.

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in years)</u>
<b>Investments in Investment Pool:</b>			
Federal Home Loan Banks	\$ 88,292,928	\$ 86,603,011	1.65
Federal Farm Credit Banks	10,999,917	10,890,670	0.93
Federal Home Loan Mortgages	14,403,763	14,092,392	2.09
Federal National Mortgages	51,471,317	50,221,835	2.26
Corporate Medium Term Notes	5,512,980	5,264,043	3.04
California Local Agency Investment Fund	37,485,472	37,485,472	0.50
Total Carrying and Total Fair Values	208,166,377	204,557,423	
Portfolio Weighted Average Maturity			1.62
<b>Investments outside Investment Pool:</b>			
California Local Agency Investment Fund	10,708,075	10,708,075	0.51
Investment Agreement	10,267,103	10,267,103	6.12
Total Carrying and Total Fair Values	20,975,178	20,975,178	
Portfolio Weighted Average Maturity			3.26
Total Investments	\$ 229,141,555	\$ 225,532,601	

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 4: **Cash and Investments** (continued)

*Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations*

The City's investments (including investments held by bond trustees) include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information previously provided):

<u>Highly Sensitive Investments</u>	<u>Fair Value</u>
Investment in asset backed securities. These securities are based on cash flows for payments on underlying loans. Therefore, they are sensitive to prepayments by borrowers, which may result from a decline in interest rates.	\$ 150,917,238

*Disclosures Relating to 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, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>S&amp;P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
<b>Investments in Investment Pool:</b>						
Federal Home Loan Banks	\$ 88,292,928	\$ 86,603,011	N/A	AAA	Aaa	38.40%
Federal Farm Credit Banks	10,999,917	10,890,670	N/A	AAA	Aaa	4.83%
Federal Home Loan Mortgages	14,403,763	14,092,392	AA	AAA	Aaa	6.25%
Federal National Mortgages	51,471,317	50,221,835	AA	AAA	Aaa	22.27%
Corporate Medium Term Note	212,980.00	200,076.00	A	AA-	Aa3	0.09%
Corporate Medium Term Note	300,000.00	298,767.00	A	A	A2	0.13%
Corporate Medium Term Note	1,000,000.00	962,560.00	A	AA-	A1	0.43%
Corporate Medium Term Note	1,000,000.00	944,980.00	A	A	A2	0.42%
Corporate Medium Term Note	1,000,000.00	959,050.00	A	A	A2	0.43%
Corporate Medium Term Note	1,000,000.00	949,930.00	A	AAA	Aaa	0.42%
Corporate Medium Term Note	1,000,000.00	948,680.00	A	AA	Aa2	0.42%
California Local Agency Investment Fund	37,485,472	37,485,472	N/A	N/A	N/A	16.62%
<b>Investments outside Investment Pool:</b>						
California Local Agency Investment Fund	10,708,075	10,708,075	N/A	N/A	N/A	4.75%
Investment Agreement	10,267,103	10,267,103	N/A	AA	Aa3	4.55%
Total Investments	<u>\$ 229,141,555</u>	<u>\$ 225,532,601</u>				<u>100%</u>

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 4: **Cash and Investments** (continued)

*Concentrations of Credit Risk*

The California Government Code and the investment policy of the City contain limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Fair Value</u>
Federal Home Loan Banks	Federal Agencies	\$ 86,603,011
Federal National Mortgages	Federal Agencies	50,221,835

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2006, the City's investment pool and specific investments had no securities exposed to custodial credit risk and there was no securities lending.

*Investment in California Local Agency Investment Fund*

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. 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.

Note 5: **Accounts Receivable**

The accounts receivable components are located in the financial statements. Liens were placed on property for delinquent solid waste services in the amount of \$266,579. The liens were placed on the tax rolls at the end of 2006.

Note 6: **Deposits**

At June 30, 2006, condemnation deposits in the amount of \$12,894,600 were held with the State of California (State). Deposits are held with the State in good faith for eminent domain proceedings for public improvements. Deposits are withdrawn when the offer is either accepted or when rescinded. Interest paid to the City on the deposits for the 2005-06 fiscal year totaled \$482,566.

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

**Note 7: Capital Assets**

Capital asset activity for the year ended June 30, 2006, was as follows:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2006</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$10,552,753	\$34,893,932	\$ -	\$ -	\$ 45,446,685
Construction in progress	<u>33,527,328</u>	<u>38,440,927</u>	<u>-</u>	<u>(21,006,940)</u>	<u>50,961,315</u>
Total Capital assets, not being depreciated	<u>44,080,081</u>	<u>73,334,859</u>	<u>-</u>	<u>(21,006,940)</u>	<u>96,408,000</u>
Capital assets, being depreciated:					
Infrastructure	35,834,965	22,848,832	-	21,006,940	79,690,737
Building and improvements	14,039,220	1,699,804	-	-	15,739,024
Equipment	<u>1,245,708</u>	<u>1,834,927</u>	<u>(128,807)</u>	<u>-</u>	<u>2,951,828</u>
Total capital assets, being depreciated	<u>51,119,893</u>	<u>26,383,563</u>	<u>(128,807)</u>	<u>21,006,940</u>	<u>98,381,589</u>
Less accumulated depreciation for:					
Infrastructure	(893,867)	(1,693,364)	-	-	(2,587,231)
Buildings and improvements	(777,492)	(239,404)	-	-	(1,016,896)
Equipment	<u>(563,473)</u>	<u>(297,756)</u>	<u>94,178</u>	<u>-</u>	<u>(767,051)</u>
Total Accumulated depreciation	<u>(2,234,832)</u>	<u>(2,230,524)</u>	<u>94,178</u>	<u>-</u>	<u>(4,371,178)</u>
Total capital assets, being depreciated, net	<u>48,885,061</u>	<u>24,153,039</u>	<u>(34,629)</u>	<u>21,006,940</u>	<u>94,010,411</u>
Government activities capital assets, net	<u>\$92,965,142</u>	<u>\$97,487,898</u>	<u>\$(34,629)</u>	<u>\$ -</u>	<u>\$ 190,418,411</u>
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Construction in progress	\$ -	\$ 4,976	\$ -	\$ -	\$ 4,976
Capital assets, being depreciated for:					
Equipment	9,164,318	541,692	-	-	9,706,010
Less accumulated depreciation for:					
Equipment	<u>(515,018)</u>	<u>(2,107,078)</u>	<u>2 *</u>	<u>-</u>	<u>(2,622,094)</u>
Total capital assets, being depreciated, net	<u>8,649,300</u>	<u>(1,565,386)</u>	<u>2</u>	<u>-</u>	<u>7,083,916</u>
Business-type activities capital asset, net	<u>\$ 8,649,300</u>	<u>\$ (1,560,410)</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 7,088,892</u>

\* Rounding

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	\$ 346,957
Public safety	130,210
Public ways & facilities	1,693,364
Community development	<u>59,993</u>
Total depreciation expense - governmental activities	<u>\$ 2,230,524</u>
Business-type activities:	
Transit	\$ 2,098,965
Drainage	<u>8,113</u>
Total depreciation expense - business-type activities	<u>\$ 2,107,078</u>

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 8: **Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenues considered unavailable to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2006, the various components of deferred revenue in the governmental funds were as follows:

	<u>Unavailable</u>
Government Activities	
General Fund:	
Intergovernmental receivables	\$ 1,771,325
Affordable Housing Fund	
Developer fee receivables	12,625,434
Federal Capital Grants:	
Intergovernmental receivables	2,107,565
Road Fees:	
Developer fee receivables	2,553,359
Other Governmental Funds:	
Intergovernmental receivables	2,697,524
Developer fee receivables	1,248,985
Other receivables and advances	<u>165,596</u>
	<u>\$ 23,169,788</u>

The City recorded unearned revenue of \$206,122 in the Special Revenue Measure A Maintenance Fund at June 30, 2006, for monies received but not yet earned. Deposits are shown in the Enterprise Solid Waste Fund for money received in excess of billing in the amount of \$184,761.

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 9: **Long-Term Debt**

The following is a summary of long-term debt transactions of the City of Elk Grove for the fiscal year ended June 30, 2006:

	<u>Balance at 7/1/2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance at 6/30/2006</u>	<u>Amount Due Within One year</u>
<b>Governmental Activities:</b>						
<b>Bonds Payable</b>						
Special assessment debt with governmental commitment	\$ 81,315,000	\$ 106,775,000	\$ (81,315,000)	\$ -	\$ 106,775,000	\$ 1,595,000
Less: deferred amounts						
Issuance premium	-	1,662,328	(51,948)	-	1,610,380	-
Issuance discounts	(918,466)	-	918,466	-	-	-
Refunding	-	(7,342,349)	235,244	-	(7,107,105)	-
Total Bonds Payable	80,396,534	101,094,979	(80,213,238)	-	101,278,275	1,595,000
Transition costs payable	1,421,223	-	(1,421,223)	-	-	
Compensated absences	411,829	2,227,690	(847,061)	-	1,792,458	499,314
Capital leases payable	7,783,730	83,454	(577,888)	(2,725)	7,286,571	579,784
Claims payable	1,721,383	1,219,743	(138,243)	-	2,802,883	2,802,883
<b>Totals</b>	<b>\$ 91,734,699</b>	<b>\$ 104,625,866</b>	<b>\$ (83,197,653)</b>	<b>\$ (2,725)</b>	<b>\$ 113,160,187</b>	<b>\$ 5,476,981</b>
<b>Business-type activities:</b>						
Compensated absences	\$ 19,638	\$ 42,039	\$ (33,901)	\$ 2,699	\$ 30,475	\$ 7,619

As of June 30, 2006, annual debt service requirements of governmental activities to maturity are as follows:

**Governmental Activities**  
**Special Assessment Debt with**  
**Governmental Commitment**

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,595,000	\$ 4,732,272
2008	1,755,000	4,856,253
2009	1,805,000	4,797,656
2010	1,870,000	4,724,816
2011	1,950,000	4,634,914
2012-2016	11,310,000	21,583,670
2017-2021	14,220,000	18,647,505
2022-2026	17,755,000	14,986,442
2027-2031	22,490,000	10,176,689
2032-2036	28,190,000	4,330,725
2037	3,835,000	92,575
<b>Total</b>	<b>\$ 106,775,000</b>	<b>\$ 93,563,517</b>

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 9: **Long-Term Debt** (continued)

Individual issues of bonds at June 30, 2006, are as follows:

**Governmental Activities**

<u>Special Assessment with Governmental Commitment</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at 6/30/2006</u>
E. Franklin Community Facilities District No. 2002-1, Series 2005 and Poppy Ridge Community Facilities District No. 2003-1, Series 2005	2036	3.0 - 5.0%	\$1,595,000 - \$6,160,000	\$ 90,875,000	\$ 90,875,000
Poppy Ridge Community Facilities District No. 2003-1, Series 2006	2037	3.6 - 5.0%	\$195,000 - \$2,890,000	15,900,000	15,900,000
				<u>\$ 106,775,000</u>	<u>\$ 106,775,000</u>

The City's General obligation debt consists of capital leases for city hall and the police facility buildings which are liquidated by the debt service fund and funded by a combination of impact fees and general fund transfers.

Special Assessment District bonds, issued for the purpose of financing public facilities within the Community Facilities Districts are liquidated by the Elk Grove Finance Authority and CFD debt service funds and are funded by special district taxes, levied and collected from property within each district.

**Current Year Refunding**

During the year ended June 30, 2006, the City utilized the proceeds of the Elk Grove Finance Authority Special Tax Revenue Bonds issued September 8, 2005, in the amount of \$90,875,000 with interest rates of 3.0% to 5.0% to advance refund \$80,105,000 of outstanding Special Assessment bonds with interest rates ranging from 1.8% to 6.0%. The net carrying amount of \$77,727,892 consisting of the \$80,105,000 of outstanding principal, less \$1,145,642 in unamortized issuance costs and \$918,466 in unamortized discounts. The reacquisition price of the debt placed into escrow was \$85,070,241. A deferred amount of the refunding of \$7,342,349 is amortized over the life of the refunded debt due to the shorter repayment period.

The principal bonds, combined with \$5.9 million in reserve funds from the 2002-1 East Franklin CFD Series 2002A and 2003 bonds and the 2003-1 Poppy Ridge CFD Series 2003 bonds paid \$85,070,241 into an irrevocable escrow account to provide for all future debt

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 9: **Long-Term Debt** (continued)

service payments on the 2002-1 East Franklin CFD bonds Series 2002A and 2003 and 2003-1 Poppy Ridge CFD Series 2003 bond debt and as a result they are considered to be defeased.

The Bonds also provided \$6,829,626 to the 2002-1 East Franklin CFD Series 2005 and \$4,339,182 to the 2003-1 Poppy Ridge CDF Series 2005 for acquisition and issue costs and funded reserves of \$3,608,245 and \$2,093,955 respectively. This advance refunding was undertaken to reduce total debt service payments over the next 31 years by \$9,233,703 and resulted in an economic gain of \$4,654,249.

*Elk Grove Finance Authority*

On May 9, 2006, the Elk Grove Finance Authority issued \$15,900,000 of Special Tax Revenue Bonds, Series 2006 to assist the City of Elk Grove in the financing of certain improvements of benefit to the property within its Community Facilities District 2003-1 (Poppy Ridge CFD). The bonds have interest rates between 3.6% and 5.0% and mature beginning September 1, 2007 through September 1, 2022.

Proceeds of the Bonds were used by the Authority to purchase the 2006 Local Obligations, which are a single series of bonds for the Poppy Ridge CFD. Payments on the Local Obligations are secured by special property taxes included on the regular county tax bills levied against property owners within the Poppy Ridge CFD.

Note 10: **Leases**

**Capital Leases Payable**

The City has entered into Capital lease agreements under which the related buildings and equipment may become the property of the City when all terms of the lease agreements are met.

<u>Governmental Fund Activities</u>	<u>Interest Rate</u>	<u>Present Value of Remaining Payments as of June 30, 2006</u>
City hall building	5.90%	\$ 3,088,435
Police facility administration building	5.90%	4,077,202
Other leases	2.84%-14.76%	120,934
		<u>\$ 7,286,571</u>

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 10: **Leases** (continued)

**Capital Leases Payable** (continued)

The cost of buildings and equipment under capital leases are as follows:

City hall building	\$4,150,000
Police facility administration building	5,000,000
Other equipment	363,900
Less: Accumulated depreciation	<u>(1,127,331)</u>
Carrying value at June 30, 2006	<u><u>\$8,386,569</u></u>

As of June 30, 2006, future minimum lease payments under capital leases were as follows:

<b>Year Ending June 30:</b>	
2007	\$ 998,274
2008	967,334
2009	941,800
2010	926,571
2011	926,570
2012-2016	4,528,146
2017-2018	<u>507,744</u>
Total Future Minimum Lease Payments	9,796,439
Less: Interest	<u>(2,509,868)</u>
Present Value of Minimum Lease Payments	<u><u>\$7,286,571</u></u>

# CITY OF ELK GROVE

## Notes to Financial Statements June 30, 2006

### Note 10: Leases (continued)

#### Operating Leases

The City is committed under various noncancelable operating leases, primarily for office equipment. Future minimum operating lease commitments are as follows:

<b>Year Ending June 30:</b>	
2007	\$ 134,172
2008	118,927
2009	<u>62,567</u>
Total	<u>\$ 315,666</u>

Rent and operating lease expenditures were \$140,406 for the year ended June 30, 2006.

### Note 11: Net Assets/Fund Balances

#### **Net Assets**

The government-wide activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the City, not restricted for any project or other purpose.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

# CITY OF ELK GROVE

## Notes to Financial Statements June 30, 2006

### Note 11: Net Assets/Fund Balances (continued)

#### **Fund Balances**

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. As of June 30, 2006, reservations of fund balance are described below:

The various designations are established by actions of the City Council and management and can be increased, reduced or eliminated by similar actions.

The term “reserved” is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The City’s management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

The City has “reserved” fund balances as follows:

- *Reserved for encumbrances* – The City recognizes outstanding purchase orders at year-end.
- *Reserved for imprest cash* – unavailable for appropriation because the City maintains various levels of revolving funds for daily operations.
- *Reserved for loans receivable and advances* – represents loans and advances that are long-term in nature.
- *Reserved for capital projects* – represents resources set aside for capital projects of the City.
- *Reserved for debt service* – to reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest. These funds are not available for general operations.

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 11: **Net Assets/Fund Balances** (continued)

**Fund Balances** (continued)

As of June 30, 2006, fund balance designations were reported in the following funds:

**General Fund:**

<i>Economic uncertainty</i> - to be used to pay the cost of providing City services during poor economic times or in times when the cost of services rises dramatically.	\$ 12,994,326
<i>Emergency</i> - To deal with catastrophic events that require City service responses in excess of budgeted resources.	500,000
<i>Police Service Payments</i> - To finance the cost of police service for the upcoming year.	1,500,000
<i>Public Safety</i> - To pay for the cost of the City's share of anticipated grant funds.	1,650,000
<i>Innovation</i> - funding sources for new ideas and innovative changes.	<u>150,000</u>
Total Designations	<u><u>\$ 16,794,326</u></u>

Note 12: **Interfund Transactions**

Interfund balances and transfers as of June 30, 2006, consisted of the following:

**Due From/To Other Funds:**

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Nonmajor Governmental Funds	\$ 5,606,115
	Transit Fund	1,750,103
Drainage Fund (Nonmajor Enterprise)	Nonmajor Governmental Funds	<u>317,035</u>
		<u><u>\$ 7,673,253</u></u>

During the year, various funds borrowed cash to cover their operating cash deficits. These amounts will be repaid in the following fiscal year.

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 12: **Interfund Transactions** (continued)

**Advances From/To Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 200,419
Road Fee Fund	Other Governmental Funds	5,183,815
Road Fee Fund	Transit Fund	<u>873,765</u>
		<u>\$ 6,257,999</u>

Advances are made to cover the cost of capital improvements costs where funding will be made available in future years. Advances are repaid from one to seven years depending on available cash. Interest is calculated at the City's pooled cash rate which ranged from 3.01 to 3.81% in the 2005-06 fiscal year.

**Transfers From/To Other Funds:**

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Improvement Fund	\$ 1,225,503	City Capital Projects
	Other Governmental Funds	155	Reclassify Costs
	Other Governmental Funds	691,438	Debt Service
	Internal Service Fund	<u>1,134,575</u>	Cost of Future Construction
		<u>3,051,671</u>	
Other Governmental Funds	General Fund	722,905	Police Funding
	Other Governmental Funds	<u>21,719</u>	Reclassify Costs
		<u>744,624</u>	
Other Governmental Funds	General Fund	1,191,000	Police Funding
	Other Governmental Funds	409,128	Reclassify Costs
	Other Governmental Funds	<u>311,946</u>	Debt Service
		<u>1,912,074</u>	
Other Governmental Funds	Other Governmental Funds	<u>19,756,765</u>	Bond Funding Allocation
Solid Waste Fund	Other Enterprise Funds	<u>397,497</u>	Cost Recovery
Other Enterprise Funds	General Fund	208,000	Administrative charge for Public Works
	Other Enterprise Funds	<u>445,356</u>	Cost recovery
		<u>653,356</u>	
Internal Service Funds	Other Governmental Funds	<u>2,795,958</u>	City Capital Projects
		<u>\$ 29,311,945</u>	

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 13: **Excess Expenditures Over Appropriations**

For the year ended June 30, 2006, the following budgetary units had expenditures that exceeded appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Over</u>
General:			
General Government	\$ 17,351,857	\$ 18,561,527	\$ (1,209,670)
Debt Service	225,605	409,278	(183,673)
Special Revenue:			
Vehicle Abatement Fund	25,000	85,937	(60,937)
CEGP Code Enforcement Fund	17,000	21,106	(4,106)
CA Law Enforcement Equip Fund	160,467	271,962	(111,495)
Gas Tax Fund	1,905,000	3,361,995	(1,456,995)
Measure A Maintenance Fund	2,336,250	2,997,568	(661,318)
Traffic Congestion Relief Fund	-	3,100	(3,100)
Swainson's Hawk Habitat Fund	15,639,816	18,150,387	(2,510,571)
Maintenance Services District Fund	125,000	133,152	(8,152)
Street Lighting Maintenance Dist Fund	380,120	535,899	(155,779)
Laguna Ridge Fund	100,000	101,867	(1,867)
Capital Projects:			
Capital Improvements Fund	5,431,870	6,895,130	(1,463,260)
Debt Service			
Financing Authority Fund	5,683,873	13,227,877	(7,544,004)

Note 14: **Deficit Fund Balances/Net Assets**

As of June 30, 2006, the following funds had deficit fund balances/net assets. The deficits occurred because expenditures exceeded revenues. Future funding will reduce the deficits.

<u>Fund</u>	<u>Deficit</u>	
Special Revenue:		
Vehicle Abatement Fund	\$ 25,708	Result of timing difference between expenditures and the receipt of reimbursement revenues.
CEGP Code Enforcement Fund	606	Result of timing difference between expenditures and the receipt of reimbursement revenues.
OTS Grants Fund	146,361	Result of timing difference between expenditures and the receipt of Grant funding.
Measure A Maintenance fund	826,188	Result of timing difference between expenditures and receipt of Measure A Maintenance funding.
Swainson's Hawk Habitat Fund	2,738,325	Result of purchase of vineyards for habitat, will clear with receipt of future mitigation fee revenue.
Community Development Block Grant	34,219	Result of timing difference between expenditures and the receipt of Grant funding.
Maintenance Services CFD Fund	48,511	Result of District formation expenditures, will clear with receipt of future direct levy revenue.
Laguna Ridge Fund	165,596	Result of District formation expenditures, will clear with future development fee revenues.

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 14: **Deficit Fund Balances/Net Assets** (continued)

<u>Fund</u>	<u>Deficit</u>	
Capital Projects:		
Federal capital Grants Fund	\$ 2,107,136	Result of timing difference between expenditures and the receipt of Grant funding.
State Grants Fund	9,230	Result of timing difference between expenditures and the receipt of Grant funding.
Measure A Construction Fund	1,679,596	Result of timing difference between expenditures and receipt of Measure A Maintenance funding.
Capital Improvement Fund	1,840,908	The deficit in this fund will be eliminated by a transfer from the Facilities Internal Service fund.
Laguna Ridge CFD 2005-1 Fund	1,205	Result of district formation expenditures, will clear with future development fee revenues.
Laguna West CFD Fund	344,761	Result of district improvement expenditures, will clear with future development fee revenues.
Lakeside CFD Fund	119,949	Result of district improvement expenditures, will clear with future development fee revenues.
Enterprise:		
Solid Waste Fund	\$ 31,610	Carryover deficit to be repaid with future revenues

Note 15: **Cost Sharing Defined Benefit Pension Plan**

**A. Plan Description**

On October 16, 2001, the City began contributing to the California Public Employee Retirement System (CalPERS), an agent multiple-employer public employment retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS require cities with less than 100 active members in the plan to participate in the risk pool. Copies of CalPERS annual financial report may be obtained from their Executive Office – 400 Q Street, Room 1820, Lincoln Plaza East, Sacramento, CA. 95814.

**B. Fund Policy**

Active plan members in the CalPERS plans are required to contribute 8% of their annual covered salary. The City is required to contribute at an actuarially determined rate. The rate for the fiscal year 2005-06 was 12.380% for non-safety and 16.235% for safety employees of the annual covered payroll. The contribution requirements of the plan members are established by State statutes and the employer contribution rate is established and may be amended by CalPERS. The City contributes the 8% to the plan on behalf of the employee. Total employer contribution rate was 20.38% for non-safety and 24.235% for safety employees. Total paid to CalPERS was \$1,454,268, \$900,113 as the City's employer requirement and \$554,155 as an employee benefit.

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 15: **Cost Sharing Defined Benefit Pension Plan** (continued)

**B. Fund Policy** (continued)

Annual Pension Cost

For the fiscal year 2005-06, the City of Elk Grove's annual pension cost and the City's contribution was \$900,113. The required contribution for the fiscal year 2005-06 was determined as part of the actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay.

The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expense); (b) projected salary increases that vary by duration of service and no cost-of-living adjustment. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of the City's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of the investment gains and/or losses. The City's excess assets are being amortized as a level percentage of projected payroll on a closed basis.

<u>Annual Percentage Year Ended</u>	Three Year Trend Information <sup>(1)</sup>			<u>Annual Pension Obligation</u>
	<u>Net Pension Cost (APC)</u>	<u>Fiscal of APC Contributed</u>		
6/30/2004	\$ 294,133	100%	-	
6/30/2005	365,218	100%	-	
6/30/2006	900,113	100%	-	

Note 16: **Deferred Compensation Plan**

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Sections 457 and 414(h). Under these plans, participants are not taxed on the deferred portion of their compensation until distributed; distributions may be made only at termination, retirement, death or in an emergency as defined by the plan. The City will match to 6% of the covered payroll to the employee as a benefit under Internal Revenue Code Section 401A. In the 2005-06 fiscal year, the City's matching contribution was \$401,312.

The laws governing deferred compensation plan assets are held in a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under this plan are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

# CITY OF ELK GROVE

Notes to Financial Statements  
June 30, 2006

## Note 17: **Risk Management**

### A. **Coverage**

City employees are covered under a medical and prescriptions policy with coverage limited to \$2,000,000 in aggregate. The City offers a "cafeteria plan," which includes a monthly health contribution that an employee may apply toward premiums for medical, dental, vision, and life insurance. Subject to certain restrictions, employees may put any unused funds in a deferred compensation plan or the City will allow such funds to be designated as salary.

The City has a workers' compensation insurance policy through State Compensation Insurance Fund which provides benefits as scheduled by statute and provides employer liability limits to \$1,000,000. The City pays for the premium for all employees.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City reports all insurance in the risk management internal service fund. The City participates in a joint venture under a Joint Powers Agreement (JPA) with the Public Agency Risk Sharing Authority of California (PARSAC). Established in 1986, PARSAC is to provide an independent managed self-insurance program for member cities. The purpose of PARSAC is to spread the adverse effect of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its costs.

PARSAC provides up to \$1 million liability coverage in excess of the City's self-insured retention of \$10,000. PARSAC also provides property and crime bond insurance on a group purchase basis.

PARSAC is governed by a Board consisting of a representative from each member agency. The board controls the operations, including the selection of management and approval of the operating budget, independent of any influence by the member agencies beyond their representation of the Board. Each member agency pay a contribution commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation.

During the year, the City paid \$206,951 for the Liability program, \$7,790 for the Property program and \$1,127 for the Crime Bond Program.

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 17: **Risk Management** (continued)

A. **Coverage** (continued)

PARSAC's condensed financial information as of June 30, 2006, is as follows:

Total Assets	\$ 23,824,578
Total Liabilities	<u>12,232,731</u>
Net Assets	<u>\$ 36,057,309</u>
Total Revenue	\$ 9,498,096
Total Expenses	<u>8,410,853</u>
Net Income	<u>\$ 17,908,949</u>

Member agencies share of fiscal year end balances has not been calculated.

The City's deductibles and maximum coverage follows:

Coverage:

	<u>Deductible</u>	<u>PARSAC</u>	<u>Excess</u>
General liability	\$ 25,000	\$ 1,000,000	\$ 14,000,000
Property damage	5,000	-	750,000,000
Automobile liability	10,000	1,000,000	14,000,000
Fidelity	2,500	1,000,000	9,000,000

The City contributes its pro-rata share of anticipated losses to a pool administered by PARSAC and is responsible for actual losses in excess on a pro-rata share. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro-rata share of the excess. The City has had no settlements, which exceeded insurance coverage in the last three fiscal years.

Complete financial information for PARSAC is available at the following address:

Public Agency Risk Sharing Authority of California  
1525 Response Road  
Sacramento, CA 95815

For most of the fiscal year, during the Police department's transition, by contract with the County of Sacramento (County) for police services, the City was responsible to reimburse the County for any cost that they might have for claims arising out of liability, workers' compensation, or damage to police vehicles. Since the County carries a \$2,000,000 self-insured retention (SIR) for liability and workers' compensation, the City

**CITY OF ELK GROVE**

Notes to Financial Statements  
June 30, 2006

Note 17: **Risk Management** (continued)

A. **Coverage** (continued)

purchased two insurance policies through California State Association of Counties of California Excess Insurance Authority (CSAC) to reduce exposure. A liability policy carries a \$10,000 self-insured retention per claim and a workers' compensation policy carries a \$125,000 self-insured retention per claim. The City paid insurance premiums of \$427,298 to CSAC in the 2005-06 fiscal year.

Once a police related claim closes, the City must reimburse the County for the uninsured portion of all liability, workers' compensation, and damage to police vehicles. No claims were paid to the County of Sacramento in the 2005-06 fiscal year.

Changes in the reported liability resulted from the following:

Liability at June 30, 2004	\$ 1,276,285
Claims and changes in estimates	1,241,185
Claim payments	<u>(796,087)</u>
Liability at June 30, 2005	1,721,383
Claims and changes in estimates	1,219,743
Claim payments	<u>(138,243)</u>
Liability at June 30, 2006	<u>\$ 2,802,883</u>

B. **Liability for Uninsured Claims**

The City provides for the uninsured portion of claims and judgments in the Insurance Internal Service Fund. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

Note 18: **Commitments**

**Construction Commitment**

The City has signed agreements to construction various capital improvements subsequent to June 30, 2006. The balances owed on the existing construction commitments were \$11 million at June 30, 2006. The City also contracts out its public works department for project management on the construction agreements. The City pays the contractor based on hourly rates ranging from \$25 to \$117 per hour.

## CITY OF ELK GROVE

### Notes to Financial Statements June 30, 2006

Note 18: **Commitments** (continued)

As part of the revenue neutrality agreement, the City paid to the County \$6,768,743 during the fiscal year ended June 30, 2006.

Note 19: **Contingent Liabilities**

Litigation

The City has various pending claims and lawsuits the outcome of which is not determinable at the time of these financial statements. In the opinion of the legal council, there is no pending litigation, other than what is disclosed, which is likely to have a material adverse effect on the financial position of the City.

The City is a plaintiff in several eminent domain cases related to property acquisitions for various projects. No liability has been accrued on the City's financial statements because of the uncertainty of the outcome of these cases. Most cases are expected to go to trial in the near future.

Note 20: **Subsequent Events**

*Courthouse Renovation*

On July 26, 2006, the City council adopted a resolution authorizing the city manager to execute the purchase the courthouse building located at 8978 Elk Grove Boulevard with the intention that the City use the property for housing sponsored community programs. The council also authorized an amendment to the 2006-2007 budget allowing for an additional \$160,000 for leasehold improvements.

*Library Acquisition*

On September 13, 2006, the City council adopted a resolution authorizing the city manager to execute the purchase of property located at 8900 Elk Grove Boulevard for a 13,785 square foot building, for use as a public library. The council also authorized an amendment to the 2006-2007 budget allowing \$3,800,000 to accomplish the purchase and ready the building for use.

*Dispatch Center and State of the Art Equipment*

On August 28, 2006, the City Police Department opened its new Communications Center for police dispatching calls for service within the City; total cost of construction was \$2.7 million.

*Eminent Domain*

The City will begin construction on two overpasses from highway 99. The construction will require land purchases under eminent domain proceedings.

## CITY OF ELK GROVE

### Notes to Financial Statements June 30, 2006

#### Note 21: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. Three of the new standards, GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section, an amendment of NCGA Statement 1*, GASB Statement No. 45, *Accounting and Financial Reporting by Employers of Post employment Benefits Other than Pensions (OPEB)*, and GASB Statement No. 47 *Accounting for termination Benefits* may have a significant impact on the City's financial reporting process.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB No. 45 will be effective for the fiscal year ending June 30, 2008.

GASB Statement No. 47 provides guidance on how employers should account for benefits associated with either voluntary or involuntary terminations. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2005. The City does not have any reporting requirements under GASB Statement No. 47 at this time.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For Fiscal Year Ended June 30, 2006

**REQUIRED SUPPLEMENTARY  
INFORMATION**



**CITY OF ELK GROVE**

Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 13,910,000	\$ 19,025,000	\$ 21,204,595	\$ 2,179,595
Sales and use	18,600,000	18,714,000	19,882,694	1,168,694
Utility users' tax	2,730,000	3,025,000	2,837,630	(187,370)
Franchises	620,000	655,000	703,256	48,256
Transient occupancy	735,000	820,000	863,062	43,062
Licenses, fees and permits	4,659,000	4,748,000	3,814,802	(933,198)
Intergovernmental	920,000	1,095,000	1,024,675	(70,325)
Fines and forfeitures	409,000	409,000	534,493	125,493
Charges for services	10,690,000	10,989,000	9,571,626	(1,417,374)
Investment Earnings	300,000	300,000	495,022	195,022
Other	42,000	42,000	85,034	43,034
Total Revenues	<u>53,615,000</u>	<u>59,822,000</u>	<u>61,016,889</u>	<u>1,194,889</u>
<b>EXPENDITURES</b>				
Current				
General Government.				
City Council	364,227	486,227	483,248	2,979
City Manager	2,357,049	2,524,649	2,475,461	49,188
City Attorney	1,036,516	1,376,516	1,378,815	(2,299)
City Clerk	368,588	368,588	356,826	11,762
Finance	1,225,145	1,425,145	1,283,227	141,918
Human Resources	683,680	688,680	683,203	5,477
Information Technology	833,859	1,091,859	1,038,666	53,193
Facilities	956,803	1,156,803	1,501,081	(344,278)
Other - Unclassified	2,196,390	2,536,390	2,592,257	(55,867)
Revenue Neutrality	3,995,000	5,697,000	6,768,743	(1,071,743)
Total General Government	<u>14,017,257</u>	<u>17,351,857</u>	<u>18,561,527</u>	<u>(1,209,670)</u>
Public Safety:				
Animal Control	361,833	564,833	618,997	(54,164)
Law Enforcement	23,445,688	28,642,570	27,174,435	1,468,135
Total Public Safety	<u>23,807,521</u>	<u>29,207,403</u>	<u>27,793,432</u>	<u>1,413,971</u>
Community Development				
Administration	466,602	556,602	578,715	(22,113)
Planning and Environmental	3,429,500	4,089,500	4,215,515	(126,015)
Community Services	513,348	734,348	636,797	97,551
Building and Safety	4,280,418	4,280,418	3,548,572	731,846
Community Grants	329,270	329,270	304,739	24,531
Economic Development	232,177	282,177	238,546	43,631
Total Community Development	<u>9,251,315</u>	<u>10,272,315</u>	<u>9,522,884</u>	<u>749,431</u>
Public Ways and Facilities	<u>7,840,132</u>	<u>7,875,132</u>	<u>7,298,974</u>	<u>576,158</u>
Debt Service				
Principal	-	-	94,562	(94,562)
Interest	225,605	225,605	314,716	(89,111)
Total Debt Service	<u>225,605</u>	<u>225,605</u>	<u>409,278</u>	<u>(183,673)</u>
Total Expenditures	<u>55,141,830</u>	<u>64,932,312</u>	<u>63,586,095</u>	<u>1,346,217</u>
Excess of revenues over expenditures				
Over (Under) Expenditures	<u>(1,526,830)</u>	<u>(5,110,312)</u>	<u>(2,569,206)</u>	<u>2,541,106</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,391,000	2,121,905	730,905
Transfers out	(1,826,013)	(2,792,783)	(3,051,671)	(258,888)
Capital leases	-	-	83,454	83,454
Total Other Financing Sources (Uses)	<u>(1,826,013)</u>	<u>(1,401,783)</u>	<u>(846,312)</u>	<u>555,471</u>
<b>Net Change in Fund Balances</b>	<b>(3,352,843)</b>	<b>(6,512,095)</b>	<b>(3,415,518)</b>	<b>3,096,577</b>
Fund Balance, Beginning of Year	<u>21,923,474</u>	<u>21,923,474</u>	<u>21,923,474</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 18,570,631</u>	<u>\$ 15,411,379</u>	<u>\$ 18,507,956</u>	<u>\$ 3,096,577</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Affordable Housing Fund  
 For the Fiscal Year Ended June 30, 2006

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$ 9,515,650	\$ 7,230,000	\$ 4,424,128	\$ (2,805,872)
Use of money and property	-	500,000	1,106,882	606,882
Other revenue	-	-	1,000	1,000
Total Revenues	<u>9,515,650</u>	<u>7,730,000</u>	<u>5,532,010</u>	<u>(2,197,990)</u>
<b>Expenditures:</b>				
Current:				
Community development	<u>15,506,944</u>	<u>15,506,944</u>	<u>5,723,271</u>	<u>9,783,673</u>
Total Expenditures	<u>15,506,944</u>	<u>15,506,944</u>	<u>5,723,271</u>	<u>9,783,673</u>
<b>Net Change in Fund Balances</b>	(5,991,294)	(7,776,944)	(191,261)	7,585,683
Fund Balances, Beginning	<u>32,636,746</u>	<u>32,636,746</u>	<u>32,636,746</u>	<u>-</u>
Fund Balances, Ending	<u><u>\$26,645,452</u></u>	<u><u>\$ 24,859,802</u></u>	<u><u>\$ 32,445,485</u></u>	<u><u>\$ 7,585,683</u></u>

## CITY OF ELK GROVE

### Note to Required Supplementary Information For the Year Ended June 30, 2006

#### **BUDGETS AND BUDGETARY ACCOUNTING**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a minute order.
4. Budget adjustments from reserves and between funds are approved by the City Council and budget transfers within fund or department are approved by City Manager. Expenditures may not legally exceed budgeted appropriations at the department level for the General Fund and the Fund level for all other funds without the City Council's approval.
5. Budgets are adopted for the General Fund, Special Revenue Funds and Capital Project Funds.
6. Formal budgetary integration is employed as a management control device during the year in all funds except Agency Funds.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds, except capital projects reported in the Capital Project Funds, which are budgeted on a project length basis.

The following fund did not have an adopted budget in the 2005-06 fiscal year:

Special Revenue  
State COPS Grant Fund

**THIS PAGE LEFT BLANK INTENTIONALLY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For Fiscal Year Ended June 30, 2006

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND  
SCHEDULES**





## CITY OF ELK GROVE

### Combining Balance Sheet Nonmajor Governmental Funds June 30, 2006

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
<b><u>ASSETS</u></b>				
Cash and investments	\$ 9,678,457	\$ 38,084,162	\$ 3,645,244	\$ 51,407,863
Cash with fiscal agent	-	34,554,657	6,981,679	41,536,336
Accounts receivable	177,008	-	-	177,008
Interest receivable	17,611	76,998	4,644	99,253
Deposits	7,700	-	-	7,700
Due from other government agencies	2,350,215	1,872,711	262,851	4,485,777
Loans receivable	700,000	-	-	700,000
Long-term receivable	140,802	408,183	-	548,985
	<u>\$ 13,071,793</u>	<u>\$ 74,996,711</u>	<u>\$ 10,894,418</u>	<u>\$ 98,962,922</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 1,425,444	\$ 1,450,884	\$ 605	\$ 2,876,933
Due to other government agencies	5,552	55,442	-	60,994
Due to other funds	479,120	2,231,319	-	2,710,439
Retention payable	17,085	879,575	-	896,660
Deposits payable	136,850	-	-	136,850
Advances from other funds	4,763,706	420,109	-	5,183,815
Unearned revenue	206,122	-	-	206,122
Deferred revenue	1,833,049	2,279,056	-	4,112,105
	<u>8,866,928</u>	<u>7,316,385</u>	<u>605</u>	<u>16,183,918</u>
<b><u>FUND BALANCES</u></b>				
Reserved for:				
Capital projects	-	67,660,029	-	67,660,029
Debt service	-	-	10,893,813	10,893,813
Encumbrances	7,005	20,297	-	27,302
Unreserved, reported in:				
Special revenue funds	4,197,860	-	-	4,197,860
	<u>4,204,865</u>	<u>67,680,326</u>	<u>10,893,813</u>	<u>82,779,004</u>
Total Liabilities and Fund Balances	<u>\$ 13,071,793</u>	<u>\$ 74,996,711</u>	<u>\$ 10,894,418</u>	<u>\$ 98,962,922</u>

**CITY OF ELK GROVE**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2006

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
<b>Revenues:</b>				
Licenses, fees and permits	\$12,836,916	\$ 10,132,091	\$ -	\$ 22,969,007
Intergovernmental	8,890,933	4,708,967	-	13,599,900
Charges for services	1,723,724	1,965,537	5,871,020	9,560,281
Use of money and property	989,305	2,471,886	295,593	3,756,784
Total Revenues	<u>24,440,878</u>	<u>19,278,481</u>	<u>6,166,613</u>	<u>49,885,972</u>
<b>Expenditures:</b>				
Current:				
Public safety	1,227,456	-	-	1,227,456
Public ways and facilities	6,789,446	4,330,525	-	11,119,971
Community development	604,763	-	-	604,763
Capital outlay	18,665,148	37,865,838	-	56,530,986
Debt Service:				
Refunding bond issue costs	-	-	2,798,646	2,798,646
Advance escrow funding	-	-	4,965,241	4,965,241
Principal	-	-	1,693,711	1,693,711
Interest	141,848	104,175	4,696,850	4,942,873
Total Expenditures	<u>27,428,661</u>	<u>42,300,538</u>	<u>14,154,448</u>	<u>83,883,647</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,987,783)</u>	<u>(23,022,057)</u>	<u>(7,987,835)</u>	<u>(33,997,675)</u>
<b>Other Financing Sources (Uses):</b>				
Bonds issued	-	-	106,775,000	106,775,000
Premiums on bonds sold	-	-	1,662,328	1,662,328
Payments to refunded bond escrow	-	-	(80,105,000)	(80,105,000)
Transfers in	21,874	24,190,085	1,000,653	25,212,612
Transfers out	(744,624)	(1,912,074)	(19,756,765)	(22,413,463)
Total Other Financing Sources (Uses)	<u>(722,750)</u>	<u>22,278,011</u>	<u>9,576,216</u>	<u>31,131,477</u>
<b>Net Change in Fund Balances</b>	<b>(3,710,533)</b>	<b>(744,046)</b>	<b>1,588,381</b>	<b>(2,866,198)</b>
Fund Balances, Beginning of Year	<u>7,915,398</u>	<u>68,424,372</u>	<u>9,305,432</u>	<u>85,645,202</u>
Fund Balances, End of Year	<u>\$ 4,204,865</u>	<u>\$ 67,680,326</u>	<u>\$ 10,893,813</u>	<u>\$ 82,779,004</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

# SPECIAL REVENUE FUNDS

## DEFINITION

---

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. Special Revenue Funds include:

### Nonmajor Special Revenue Funds

**Recycling Grant Fund** – Established to account for funds provided by the recycling division of the State Department of Conservation. Funds were made available through the 1986 California Beverage Container Recycling and Litter Reduction Act for beverage container recycling and litter abatement programs. Grants are funded by the California Refund Value (CRV) beverage container fees.

**Used Oil Grant Fund** – Established to account for funds received from the California Integrated Waste Management Board to comply with waste diversion. Funds are used to educate the public on oil recycling.

**Vehicle Abatement Fund** – Established to account for funds received from this Sacramento Abandoned Vehicle Service Authority to assist with the removal of abandoned vehicles from streets, parking lots, fields, and private parcels.

**CEGp Code Enforcement Fund** – Established to account for funds received to supplement and complement local code enforcement and compliance activities.

**COPS Universal Grant Fund** – Established to account for funds received for the Universal Hiring program which provides for the salaries and approved fringe benefits for three years for sworn entry level, lateral-transfers or rehired officers. Only entry-level salary and fringe benefits are allowable cost under the grant. Overtime, training (other than salary and benefits paid during training), weapons, communication equipment, uniforms, vehicle and indirect costs are not allowable costs.

**EGPD Narcs/Gang Fund** – Established to account for 15% of asset seizure funds to be used for efforts to combat narcotics and gangs within the City.

**State Asset Seizure Fund** – Established to account for the funds received from the State for the equitable transfer of forfeited property and cash in which the City directly participates in the law enforcement efforts leading to the seizure and forfeiture of the property.

**OTS Grants Fund** – Established to account for grants provided by the Office of Traffic Safety (OTS) which include a mini-grant to be utilized to increase the level of seat belt enforcement hours; to conduct DUI enforcement crackdowns on drinking drivers in Sacramento County and education activities for the public concerning the problems associated with drinking and driving; and funding provided by the OTS to combat the increasing collision rates.

**Local Police Grants Fund** – Established to account for funds from local businesses and organization given for police programs.

**California Law Enforcement Equipment Fund** – Established to account for grants used to supplement equipment needs of the Police Department.

**State COPS Grant Fund** – Established to account for the State’s program, Citizen’ Option for Public Safety (COPS), which provides grants to eligible frontline law enforcement agencies. To be eligible for allocation under the COPS program, the City must submit an expenditure report annually to the Controller as required by current law and fully expend the allocation within 24 months of receipt. The intended purpose of this fund is to hire sworn peace officers.

**Gas Tax Fund** – Established to account for Gas Tax Street Maintenance funding which provides a variety of transportation infrastructure maintenance services including implementation of the City’s Pavement Management Program, construction of capital projects, and coordination with other entities as needed. Financing is provided by the City’s share of State gasoline taxes, and is restricted to street expenditures.

**Measure A Maintenance Fund** – Established to account for the Measure A Transportation Expenditure Agreement funding spent on street maintenance.

**Traffic Congestion Relief Fund** – Established to account for the receipt and use of funds from the State of California for Traffic Congestion relief.

**Agriculture Preservation Fund** – Established to account for the fee imposed upon the development in the East Franklin Specific Plan area and in other parts of the City. The fee revenue is used to provide and preserve agricultural land.

**Swainson’s Hawk Habitat Fund** – Established to account for the mitigation fee which is used to purchase land and/or easements to offset the loss of Swainson’s hawk habitat.

**Tree Mitigation Fund** – Established to account for the fee which is to be used for preservation of oak trees.

**VLIHTF (Very Low Income Housing Trust Fund)** – Established to account for the Citywide fee which is imposed upon non-residential development to increase and improve the supply of housing units affordable to households of very low income.

**Street Trench Cut Fee Fund** – Established to account for funding for the associated cost of cutting pavement and the future maintenance of roadways.

**Community Development Block Grant Fund** – Established to account for funds received and disbursed under the U.S. Department of Housing and Urban Development Community Development Block Grant.

**Police Services CFD Funds** – Established to account for the CFD 2003-1 and CFD 2003-2. Funds are used to pay for a portion of the costs associated with providing police protection services in the City.

**Maintenance Services CFD Fund** – Established to account for CFD 2006-1. Funds are used to provide Maintenance Services citywide.

**Street Maintenance District Funds** – Established to account for the multi-zonal assessment district which funds a portion of street maintenance costs in development areas in the City.

**Street Lighting Maintenance District Funds** – Established to account for street lighting.

**Laguna Ridge Fund** – Established to account for revenue and expenditures directly related to the Laguna Ridge project.

## CITY OF ELK GROVE

### Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2006

	Recycling Grant Fund	Used Oil Grant Fund	Vehicle Abatement Fund	CEGP Code Enforcement Fund	COPS Universal Grant Fund
<b><u>ASSETS</u></b>					
Cash and investments	\$ 13,177	\$ 2,037	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-
Interest receivable	26	(13)	(20)	-	-
Deposits	-	-	-	-	-
Due from other government agencies	-	-	25,708	3,414	120,000
Loans receivable	-	-	-	-	-
Long-term receivable	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 13,203</u>	<u>\$ 2,024</u>	<u>\$ 25,688</u>	<u>\$ 3,414</u>	<u>\$ 120,000</u>
<b><u>LIABILITIES</u></b>					
Accounts payable	\$ 5,014	\$ 409	\$ -	\$ 606	\$ -
Due to other funds	-	-	25,688	3,414	120,000
Due to other government agencies	-	-	-	-	-
Retention payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Deposits	-	-	-	-	-
Deferred revenue	-	-	25,708	-	-
Advance from other fund	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>5,014</u>	<u>409</u>	<u>51,396</u>	<u>4,020</u>	<u>120,000</u>
<b><u>FUND BALANCES</u></b>					
Reserves:					
Encumbrances	43	6,396	-	566	-
Unreserved:					
Undesignated	<u>8,146</u>	<u>(4,781)</u>	<u>(25,708)</u>	<u>(1,172)</u>	<u>-</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>8,189</u>	<u>1,615</u>	<u>(25,708)</u>	<u>(606)</u>	<u>-</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 13,203</u>	<u>\$ 2,024</u>	<u>\$ 25,688</u>	<u>\$ 3,414</u>	<u>\$ 120,000</u>

EGPD Narcs/ Gang Fund	State Asset Seizure Fund	OTS Grants Fund	Local Police Grants Fund	CA Law Enforcement Equipment Fund	State COPS Grant Fund	Gas Tax Fund	Measure A Maintenance Fund
\$ -	\$ 86,209	\$ -	\$ -	\$ 10,287	\$ -	\$ 258,772	\$ 206,115
-	-	-	-	-	-	-	-
-	-	-	-	340	-	500	-
-	-	-	-	-	-	7,700	-
-	-	146,361	-	-	-	223,119	620,067
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 86,209</u>	<u>\$ 146,361</u>	<u>\$ -</u>	<u>\$ 10,627</u>	<u>\$ -</u>	<u>\$ 490,091</u>	<u>\$ 826,182</u>
\$ -	\$ -	\$ 31,924	\$ -	\$ -	\$ -	\$ 223,805	\$ 826,182
-	-	114,437	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	17,085	-
-	-	-	-	-	-	-	206,122
-	-	-	-	-	-	-	-
-	-	146,361	-	-	-	-	620,066
-	-	-	-	-	-	-	-
-	-	292,722	-	-	-	240,890	1,652,370
-	-	-	-	-	-	-	-
-	86,209	(146,361)	-	10,627	-	249,201	(826,188)
-	86,209	(146,361)	-	10,627	-	249,201	(826,188)
<u>\$ -</u>	<u>\$ 86,209</u>	<u>\$ 146,361</u>	<u>\$ -</u>	<u>\$ 10,627</u>	<u>\$ -</u>	<u>\$ 490,091</u>	<u>\$ 826,182</u>

continued

**CITY OF ELK GROVE**

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2006

	<u>Traffic Congestion Relief Fund</u>	<u>Agricultural Preservation Fund</u>	<u>Swainson's Hawk Habitat Fund</u>	<u>Tree Mitigation Fund</u>	<u>VLIHTF Fee Fund</u>
<b><u>ASSETS</u></b>					
Cash and investments	\$ 409,167	\$ 2,198,905	\$ 2,040,875	\$ 569,344	\$ 2,760,758
Accounts receivable	-	-	-	-	-
Interest receivable	704	4,139	4,051	1,080	5,040
Deposits	-	-	-	-	-
Due from other government agencies	1,101,584	-	-	-	-
Loans receivable	-	-	-	-	700,000
Long-term receivable	-	-	-	-	140,802
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,511,455</u>	<u>\$ 2,203,044</u>	<u>\$ 2,044,926</u>	<u>\$ 570,424</u>	<u>\$ 3,606,600</u>
<b><u>LIABILITIES</u></b>					
Accounts payable	\$ -	\$ -	\$ 19,545	\$ 1,068	\$ -
Due to other funds	-	-	-	-	-
Due to other government agencies	-	-	-	-	-
Retention payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Deposits	-	-	-	115,000	-
Deferred revenue	-	-	-	-	840,802
Advance from other fund	-	-	4,763,706	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>-</u>	<u>4,783,251</u>	<u>116,068</u>	<u>840,802</u>
<b><u>FUND BALANCES</u></b>					
Reserves:					
Encumbrances	-	-	-	-	-
Unreserved:					
Undesignated	<u>1,511,455</u>	<u>2,203,044</u>	<u>(2,738,325)</u>	<u>454,356</u>	<u>2,765,798</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>1,511,455</u>	<u>2,203,044</u>	<u>(2,738,325)</u>	<u>454,356</u>	<u>2,765,798</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 1,511,455</u>	<u>\$ 2,203,044</u>	<u>\$ 2,044,926</u>	<u>\$ 570,424</u>	<u>\$ 3,606,600</u>

Street Trench Cut Fee Fund	Community Development Block Grant Fund	Police Services CFD Funds	Maintenance Services CFD Fund	Street Maintenance District Funds	Street Lighting Maintenance District Funds	Laguna Ridge Fund	Total
\$217,915	\$ -	\$125,548	\$ -	\$ 500,966	\$ 278,382	\$ -	\$ 9,678,457
11,412	-	-	-	-	-	165,596	177,008
411	-	599	(59)	709	104	-	17,611
-	-	-	-	-	-	-	7,700
-	66,457	25,490	-	18,015	-	-	2,350,215
-	-	-	-	-	-	-	700,000
-	-	-	-	-	-	-	140,802
<u>\$229,738</u>	<u>\$ 66,457</u>	<u>\$151,637</u>	<u>\$ (59)</u>	<u>\$ 519,690</u>	<u>\$ 278,486</u>	<u>\$165,596</u>	<u>\$13,071,793</u>
\$ 3,230	\$ 29,836	\$ 3,370	\$ 9,072	\$ 12,717	\$ 238,499	\$ 20,167	\$ 1,425,444
-	30,772	-	39,380	-	-	145,429	479,120
-	5,552	-	-	-	-	-	5,552
-	-	-	-	-	-	-	17,085
-	-	-	-	-	-	-	206,122
-	-	-	-	-	21,850	-	136,850
-	34,516	-	-	-	-	165,596	1,833,049
-	-	-	-	-	-	-	4,763,706
<u>3,230</u>	<u>100,676</u>	<u>3,370</u>	<u>48,452</u>	<u>12,717</u>	<u>260,349</u>	<u>331,192</u>	<u>8,866,928</u>
-	-	-	-	-	-	-	7,005
<u>226,508</u>	<u>(34,219)</u>	<u>148,267</u>	<u>(48,511)</u>	<u>506,973</u>	<u>18,137</u>	<u>(165,596)</u>	<u>4,197,860</u>
<u>226,508</u>	<u>(34,219)</u>	<u>148,267</u>	<u>(48,511)</u>	<u>506,973</u>	<u>18,137</u>	<u>(165,596)</u>	<u>4,204,865</u>
<u>\$229,738</u>	<u>\$ 66,457</u>	<u>\$151,637</u>	<u>\$ (59)</u>	<u>\$ 519,690</u>	<u>\$ 278,486</u>	<u>\$165,596</u>	<u>\$13,071,793</u>

**CITY OF ELK GROVE**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006

	Recycling Grant Fund	Used Oil Grant Fund	Vehicle Abatement Fund	CEGP Code Enforcement Fund	COPS Universal Grant Fund
<b>Revenues:</b>					
Licenses, fees and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	29,822	13,753	76,063	20,500	545,625
Charges for services	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Use of money and property	722	53	234	-	-
Total Revenues	<u>30,544</u>	<u>13,806</u>	<u>76,297</u>	<u>20,500</u>	<u>545,625</u>
<b>Expenditures:</b>					
Current:					
Public safety	-	-	85,937	21,106	545,625
Public ways and facilities	-	-	-	-	-
Community development	21,860	25,504	-	-	-
Capital outlay	*	-	-	-	-
Debt Service					
Interest	-	-	-	-	-
Total Expenditures	<u>21,860</u>	<u>25,504</u>	<u>85,937</u>	<u>21,106</u>	<u>545,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,684</u>	<u>(11,698)</u>	<u>(9,640)</u>	<u>(606)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	8,684	(11,698)	(9,640)	(606)	-
Fund Balances, Beginning of Year	<u>(495)</u>	<u>13,313</u>	<u>(16,068)</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 8,189</u>	<u>\$ 1,615</u>	<u>\$ (25,708)</u>	<u>\$ (606)</u>	<u>\$ -</u>

EGPD Narcs/ Gang Fund	State Asset Seizure Fund	OTS Grants Fund	Local Police Grants Fund	CA Law Enforcement Equipment Fund	State COPS Grant Fund	Gas Tax Fund	Measure A Maintenance Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	41,581	272,520	-	175,467	10,248	2,336,491	3,348,138
-	-	-	-	-	-	-	-
-	-	-	3,349	-	-	-	-
167	-	-	(26)	6,761	155	17,654	-
<u>167</u>	<u>41,581</u>	<u>272,520</u>	<u>3,323</u>	<u>182,228</u>	<u>10,403</u>	<u>2,354,145</u>	<u>3,348,138</u>
-	14,960	259,526	3,184	271,962	-	-	-
-	-	-	-	-	-	2,733,199	2,997,568
-	-	-	-	-	-	-	-
-	-	-	-	-	-	628,796	-
-	-	-	-	-	-	-	-
-	<u>14,960</u>	<u>259,526</u>	<u>3,184</u>	<u>271,962</u>	<u>-</u>	<u>3,361,995</u>	<u>2,997,568</u>
167	26,621	12,994	139	(89,734)	10,403	(1,007,850)	350,570
-	-	155	-	-	-	-	-
(5,608)	-	-	-	-	(14,983)	(111,000)	(69,314)
<u>(5,608)</u>	<u>-</u>	<u>155</u>	<u>-</u>	<u>-</u>	<u>(14,983)</u>	<u>(111,000)</u>	<u>(69,314)</u>
(5,441)	26,621	13,149	139	(89,734)	(4,580)	(1,118,850)	281,256
5,441	59,588	(159,510)	(139)	100,361	4,580	1,368,051	(1,107,444)
<u>\$ -</u>	<u>\$ 86,209</u>	<u>\$ (146,361)</u>	<u>\$ -</u>	<u>\$ 10,627</u>	<u>\$ -</u>	<u>\$ 249,201</u>	<u>\$ (826,188)</u>

continued

**CITY OF ELK GROVE**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006

	Traffic Congestion Relief Fund	Agricultural Preservation Fund	Swainson's Hawk Habitat Fund	Tree Mitigation Fund	VLIHTF Fee Fund
<b>Revenues:</b>					
Licenses, fees and permits	\$ -	\$ 45,975	\$ 11,830,691	\$ 121,000	\$ 552,710
Intergovernmental	1,473,658	-	-	-	-
Charges for services	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Use of money and property	40,897	72,177	680,701	18,836	125,694
<b>Total Revenues</b>	<u>1,514,555</u>	<u>118,152</u>	<u>12,511,392</u>	<u>139,836</u>	<u>678,404</u>
<b>Expenditures:</b>					
Current:					
Public safety	-	-	-	-	-
Public ways and facilities	3,100	-	-	-	-
Community development	-	-	287,417	76,130	2,659
Capital outlay	-	-	17,721,122	-	-
Debt Service					
Interest	-	-	141,848	-	-
<b>Total Expenditures</b>	<u>3,100</u>	<u>-</u>	<u>18,150,387</u>	<u>76,130</u>	<u>2,659</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,511,455</u>	<u>118,152</u>	<u>(5,638,995)</u>	<u>63,706</u>	<u>675,745</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	21,719	-	-
Transfers out	-	(10,364)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(10,364)</u>	<u>21,719</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	1,511,455	107,788	(5,617,276)	63,706	675,745
Fund Balances, Beginning of Year	<u>-</u>	<u>2,095,256</u>	<u>2,878,951</u>	<u>390,650</u>	<u>2,090,053</u>
Fund Balances, End of Year	<u><u>\$1,511,455</u></u>	<u><u>\$ 2,203,044</u></u>	<u><u>\$ (2,738,325)</u></u>	<u><u>\$ 454,356</u></u>	<u><u>\$ 2,765,798</u></u>

Street Trench Cut Fees Fund	Community Development Block Grants Fund	Police Services CFD Funds	Maintenance Services CFD Fund	Street Maintenance District Funds	Street Lighting Maintenance District Funds	Laguna Ridge Fund	Total
\$ 134,751	\$ -	\$ -	\$ 85,052	\$ 66,737	\$ -	\$ -	\$ 12,836,916
-	501,067	46,000	-	-	-	-	8,890,933
-	-	592,152	-	431,024	595,000	105,548	1,723,724
-	-	-	-	-	-	-	3,349
6,979	-	5,580	(411)	8,335	1,448	-	985,956
<u>141,730</u>	<u>501,067</u>	<u>643,732</u>	<u>84,641</u>	<u>506,096</u>	<u>596,448</u>	<u>105,548</u>	<u>24,440,878</u>
-	-	25,156	-	-	-	-	1,227,456
165,720	-	-	133,152	118,941	535,899	101,867	6,789,446
-	191,193	-	-	-	-	-	604,763
-	315,230	-	-	-	-	-	18,665,148
-	-	-	-	-	-	-	141,848
<u>165,720</u>	<u>506,423</u>	<u>25,156</u>	<u>133,152</u>	<u>118,941</u>	<u>535,899</u>	<u>101,867</u>	<u>27,428,661</u>
<u>(23,990)</u>	<u>(5,356)</u>	<u>618,576</u>	<u>(48,511)</u>	<u>387,155</u>	<u>60,549</u>	<u>3,681</u>	<u>(2,987,783)</u>
-	-	-	-	-	-	-	21,874
-	-	(522,000)	-	(11,355)	-	-	(744,624)
-	-	(522,000)	-	(11,355)	-	-	(722,750)
(23,990)	(5,356)	96,576	(48,511)	375,800	60,549	3,681	(3,710,533)
<u>250,498</u>	<u>(28,863)</u>	<u>51,691</u>	<u>-</u>	<u>131,173</u>	<u>(42,412)</u>	<u>(169,277)</u>	<u>7,915,398</u>
<u>\$ 226,508</u>	<u>\$ (34,219)</u>	<u>\$ 148,267</u>	<u>\$ (48,511)</u>	<u>\$ 506,973</u>	<u>\$ 18,137</u>	<u>\$ (165,596)</u>	<u>\$ 4,204,865</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Recycling Grant Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 29,822	\$ 29,822	\$ 29,822	\$ -
Use of money and property	-	-	722	722
Total Revenues	<u>29,822</u>	<u>29,822</u>	<u>30,544</u>	<u>722</u>
<b>Expenditures:</b>				
Current:				
Community development	29,822	29,822	21,860	7,962
Total Expenditures	<u>29,822</u>	<u>29,822</u>	<u>21,860</u>	<u>7,962</u>
<b>Net Change in Fund Balances</b>	-	-	8,684	8,684
Fund Balances, Beginning	<u>(495)</u>	<u>(495)</u>	<u>(495)</u>	<u>-</u>
Fund Balances, Ending	<u>\$ (495)</u>	<u>\$ (495)</u>	<u>\$ 8,189</u>	<u>\$ 8,684</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
Budgetary Comparison Schedule  
Used Oil Fund

For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 38,900	\$ 38,900	\$ 13,753	\$ (25,147)
Use of money and property	-	-	53	53
<b>Total Revenues</b>	<u>38,900</u>	<u>38,900</u>	<u>13,806</u>	<u>(25,094)</u>
<b>Expenditures:</b>				
Current:				
Community development	32,980	32,980	25,504	7,476
<b>Total Expenditures</b>	<u>32,980</u>	<u>32,980</u>	<u>25,504</u>	<u>7,476</u>
<b>Net Change in Fund Balances</b>	5,920	5,920	(11,698)	(17,618)
Fund Balances, Beginning	<u>13,313</u>	<u>13,313</u>	<u>13,313</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 19,233</u>	<u>\$ 19,233</u>	<u>\$ 1,615</u>	<u>\$ (17,618)</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Vehicle Abatement Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 45,000	\$ 35,000	\$ 76,063	\$ 41,063
Use of money and property	-	-	234	234
<b>Total Revenues</b>	<u>45,000</u>	<u>35,000</u>	<u>76,297</u>	<u>41,297</u>
<b>Expenditures:</b>				
Current:				
Public safety	25,000	25,000	85,937	(60,937)
<b>Total Expenditures</b>	<u>25,000</u>	<u>25,000</u>	<u>85,937</u>	<u>(60,937)</u>
<b>Net Change in Fund Balances</b>	20,000	10,000	(9,640)	(19,640)
Fund Balances, Beginning	<u>(16,068)</u>	<u>(16,068)</u>	<u>(16,068)</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 3,932</u>	<u>\$ (6,068)</u>	<u>\$ (25,708)</u>	<u>\$ (19,640)</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 CEGP Code Enforcement Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 17,000	\$ 20,500	\$ 3,500
Total Revenues	<u>-</u>	<u>17,000</u>	<u>20,500</u>	<u>3,500</u>
<b>Expenditures:</b>				
Current:				
Public safety	-	17,000	21,106	(4,106)
Total Expenditures	<u>-</u>	<u>17,000</u>	<u>21,106</u>	<u>(4,106)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	-	-	(606)	(606)
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (606)</u>	<u>\$ (606)</u>

**CITY OF ELK GROVE**

Special Revenue Fund

Budgetary Comparison Schedule  
COPS Universal Grant Fund  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 950,000	\$ 950,000	\$ 545,625	\$ (404,375)
Total Revenues	<u>950,000</u>	<u>950,000</u>	<u>545,625</u>	<u>(404,375)</u>
<b>Expenditures:</b>				
Current:				
Public safety	950,000	950,000	545,625	404,375
Total Expenditures	<u>950,000</u>	<u>950,000</u>	<u>545,625</u>	<u>404,375</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 EGPD Narc/Gang Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ 175	\$ 167	\$ (8)
Total Revenues	<u>-</u>	<u>175</u>	<u>167</u>	<u>(8)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	175	167	(8)
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(5,608)	(5,608)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(5,608)</u>	<u>(5,608)</u>
<b>Net Change in Fund Balances</b>	-	175	(5,441)	(5,616)
Fund Balances, Beginning	<u>5,441</u>	<u>5,441</u>	<u>5,441</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 5,441</u>	<u>\$ 5,616</u>	<u>\$ -</u>	<u>\$ (5,616)</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 State Asset Seizure Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 25,428	\$ 41,581	\$ 16,153
Total Revenues	-	25,428	41,581	16,153
<b>Expenditures:</b>				
Current:				
Public safety	-	25,400	14,960	10,440
Total Expenditures	-	25,400	14,960	10,440
<b>Net Change in Fund Balances</b>	-	28	26,621	26,593
Fund Balances, Beginning	59,588	59,588	59,588	-
Fund Balances, Ending	\$ 59,588	\$ 59,616	\$ 86,209	\$ 26,593

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 OTS Grants Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 182,842	\$ 272,500	\$ 272,520	\$ 20
Total Revenues	<u>182,842</u>	<u>272,500</u>	<u>272,520</u>	<u>20</u>
<b>Expenditures:</b>				
Current:				
Public safety	182,842	272,500	259,526	12,974
Total Expenditures	<u>182,842</u>	<u>272,500</u>	<u>259,526</u>	<u>12,974</u>
<b>Other Financing Sources:</b>				
Transfers in	-	-	155	155
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>155</u>	<u>155</u>
<b>Net Change in Fund Balances</b>	-	-	13,149	13,149
Fund Balances, Beginning	<u>(159,510)</u>	<u>(159,510)</u>	<u>(159,510)</u>	<u>-</u>
Fund Balances, Ending	<u>\$ (159,510)</u>	<u>\$ (159,510)</u>	<u>\$ (146,361)</u>	<u>\$ 13,149</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Local Police Grants Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Current:				
Contributions and donations	\$ -	\$ 4,000	\$ 3,349	\$ (651)
Use of money and property	-	-	(26)	(26)
Total Expenditures	-	4,000	3,323	(677)
<b>Expenditures:</b>				
Current:				
Public safety	13,872	4,000	3,184	816
Total Expenditures	13,872	4,000	3,184	816
<b>Net Change in Fund Balances</b>	(13,872)	-	139	139
Fund Balances, Beginning	(139)	(139)	(139)	-
Fund Balances, Ending	<u>\$ (14,011)</u>	<u>\$ (139)</u>	<u>\$ -</u>	<u>\$ 139</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 CA Law Enforcement Equipment Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 160,000	\$ 175,467	\$ 175,467	\$ -
Use of money and property	-	-	6,761	6,761
<b>Total Revenues</b>	<u>160,000</u>	<u>175,467</u>	<u>182,228</u>	<u>6,761</u>
<b>Expenditures:</b>				
Current:				
Public safety	138,500	138,500	271,962	(133,462)
Capital expenditures	6,500	21,967	-	21,967
<b>Total Expenditures</b>	<u>145,000</u>	<u>160,467</u>	<u>271,962</u>	<u>(111,495)</u>
<b>Net Change in Fund Balances</b>	15,000	15,000	(89,734)	(104,734)
Fund Balances, Beginning	<u>100,361</u>	<u>100,361</u>	<u>100,361</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 115,361</u>	<u>\$ 115,361</u>	<u>\$ 10,627</u>	<u>\$ (104,734)</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 State COPS Grant Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 10,248	\$ 10,248
Use of money and property	-	-	155	155
Total Revenues	-	-	10,403	10,403
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(14,983)	(14,983)
Total Other Financing Sources (Uses)	-	-	(14,983)	(14,983)
<b>Net Change in Fund Balances</b>	-	-	(4,580)	(4,580)
Fund Balances, Beginning	4,580	4,580	4,580	-
Fund Balances, Ending	\$ 4,580	\$ 4,580	\$ -	\$ (4,580)

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Gas Tax Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$2,301,000	\$ 2,301,000	\$ 2,336,491	\$ 35,491
Use of money and property	10,000	10,000	17,654	7,654
Total Revenues	<u>2,311,000</u>	<u>2,311,000</u>	<u>2,354,145</u>	<u>43,145</u>
<b>Expenditures:</b>				
Current:				
Public way and facilities	875,000	875,000	2,733,199	(1,858,199)
Capital outlay		1,030,000	628,796	401,204
Total Expenditures	<u>875,000</u>	<u>1,905,000</u>	<u>3,361,995</u>	<u>(1,456,995)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,436,000</u>	<u>406,000</u>	<u>(1,007,850)</u>	<u>(1,413,850)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(2,411,000)</u>	<u>(2,411,000)</u>	<u>(111,000)</u>	<u>2,300,000</u>
Total Other Financing Sources (Uses)	<u>(2,411,000)</u>	<u>(2,411,000)</u>	<u>(111,000)</u>	<u>2,300,000</u>
<b>Net Change in Fund Balances</b>	<u>(975,000)</u>	<u>(2,005,000)</u>	<u>(1,118,850)</u>	<u>886,150</u>
Fund Balances, Beginning	<u>1,368,051</u>	<u>1,368,051</u>	<u>1,368,051</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 393,051</u>	<u>\$ (636,949)</u>	<u>\$ 249,201</u>	<u>\$ 886,150</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Measure A Maintenance Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$2,514,301	\$ 2,514,301	\$ 3,348,138	\$ 833,837
Total Revenues	<u>2,514,301</u>	<u>2,514,301</u>	<u>3,348,138</u>	<u>833,837</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities	2,146,250	2,336,250	2,997,568	(661,318)
Total Expenditures	<u>2,146,250</u>	<u>2,336,250</u>	<u>2,997,568</u>	<u>(661,318)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>368,051</u>	<u>178,051</u>	<u>350,570</u>	<u>172,519</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(69,314)</u>	<u>(69,314)</u>	<u>(69,314)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(69,314)</u>	<u>(69,314)</u>	<u>(69,314)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	298,737	108,737	281,256	172,519
Fund Balances, Beginning	<u>(1,107,444)</u>	<u>(1,107,444)</u>	<u>(1,107,444)</u>	<u>-</u>
Fund Balances, Ending	<u>\$ (808,707)</u>	<u>\$ (998,707)</u>	<u>\$ (826,188)</u>	<u>\$ 172,519</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Traffic Congestion Relief Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 800,000	\$ 1,473,658	\$ 673,658
Use of money and property	-	-	40,897	40,897
Total Revenues	-	800,000	1,514,555	714,555
<b>Expenditures:</b>				
Current:				
Public ways and facilities	-	-	3,100	(3,100)
Total Expenditures	-	-	3,100	(3,100)
<b>Net Change in Fund Balances</b>	-	800,000	1,511,455	711,455
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	\$ -	\$ 800,000	\$ 1,511,455	\$ 711,455

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Agricultural Preservation Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$ 30,000	\$ 30,000	\$ 45,975	\$ 15,975
Use of money and property	-	30,000	72,177	42,177
Total Revenues	<u>30,000</u>	<u>60,000</u>	<u>118,152</u>	<u>58,152</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(1,010,000)	(1,010,000)	(10,364)	999,636
Total Other Financing Sources (Uses)	<u>(1,010,000)</u>	<u>(1,010,000)</u>	<u>(10,364)</u>	<u>999,636</u>
<b>Net Change in Fund Balances</b>	(980,000)	(950,000)	107,788	1,057,788
Fund Balances, Beginning	<u>2,095,256</u>	<u>2,095,256</u>	<u>2,095,256</u>	<u>-</u>
Fund Balances, Ending	<u>\$1,115,256</u>	<u>\$ 1,145,256</u>	<u>\$ 2,203,044</u>	<u>\$ 1,057,788</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Swainson's Hawk Habitat Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$2,748,750	\$12,000,000	\$ 11,830,691	\$ (169,309)
Use of money and property	-	500,000	680,701	180,701
<b>Total Revenues</b>	<u>2,748,750</u>	<u>12,500,000</u>	<u>12,511,392</u>	<u>11,392</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Community development	73,000	139,816	287,417	(147,601)
Capital expenditures	2,000,000	15,500,000	17,721,122	(2,221,122)
Debt Service				
Interest	-	-	141,848	(141,848)
<b>Total Expenditures</b>	<u>2,073,000</u>	<u>15,639,816</u>	<u>18,150,387</u>	<u>(2,510,571)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>675,750</u>	<u>(3,139,816)</u>	<u>(5,638,995)</u>	<u>(2,499,179)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	21,719	21,719
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>21,719</u>	<u>21,719</u>
<b>Net Change in Fund Balances</b>	<u>675,750</u>	<u>(3,139,816)</u>	<u>(5,617,276)</u>	<u>(2,477,460)</u>
Fund Balances, Beginning	<u>2,878,951</u>	<u>2,878,951</u>	<u>2,878,951</u>	<u>-</u>
Fund Balances, Ending	<u>\$3,554,701</u>	<u>\$ (260,865)</u>	<u>\$ (2,738,325)</u>	<u>\$ (2,477,460)</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Tree Mitigation Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$ 50,000	\$ 50,000	\$ 121,000	\$ 71,000
Use of money and property	-	-	18,836	18,836
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>139,836</u>	<u>89,836</u>
<b>Expenditures:</b>				
Current:				
Community development	155,000	155,000	76,130	78,870
Total Expenditures	<u>155,000</u>	<u>155,000</u>	<u>76,130</u>	<u>78,870</u>
<b>Net Change in Fund Balances</b>	(105,000)	(105,000)	63,706	168,706
Fund Balances, Beginning	<u>390,650</u>	<u>390,650</u>	<u>390,650</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 285,650</u>	<u>\$ 285,650</u>	<u>\$ 454,356</u>	<u>\$ 168,706</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 VLIHTF Fee Fund

For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$ 500,000	\$ 500,000	\$ 552,710	\$ 52,710
Use of money and property	-	-	125,694	125,694
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>678,404</u>	<u>178,404</u>
<b>Expenditures:</b>				
Current:				
Community development	2,001,400	2,001,400	2,659	1,998,741
Total Expenditures	<u>2,001,400</u>	<u>2,001,400</u>	<u>2,659</u>	<u>1,998,741</u>
<b>Net Change in Fund Balances</b>	(1,501,400)	(1,501,400)	675,745	2,177,145
Fund Balances, Beginning	<u>2,090,053</u>	<u>2,090,053</u>	<u>2,090,053</u>	-
Fund Balances, Ending	<u>\$ 588,653</u>	<u>\$ 588,653</u>	<u>\$ 2,765,798</u>	<u>\$ 2,177,145</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Street Trench Cut Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses, fees and permits	\$ 300,000	\$ 300,000	\$ 134,751	\$ (165,249)
Use of money and property	-	-	6,979	6,979
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>141,730</u>	<u>(158,270)</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities	300,000	300,000	165,720	134,280
Total Expenditures	<u>300,000</u>	<u>300,000</u>	<u>165,720</u>	<u>134,280</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(23,990)	(23,990)
Fund Balances, Beginning	<u>250,498</u>	<u>250,498</u>	<u>250,498</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 250,498</u>	<u>\$ 250,498</u>	<u>\$ 226,508</u>	<u>\$ (23,990)</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Community Development Block Grants Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 65,000	\$ 580,000	\$ 501,067	\$ (78,933)
Total Revenues	<u>65,000</u>	<u>580,000</u>	<u>501,067</u>	<u>(78,933)</u>
<b>Expenditures:</b>				
Current:				
Community development	65,000	580,000	191,193	388,807
Capital expenditures	-	-	315,230	(315,230)
Total Expenditures	<u>65,000</u>	<u>580,000</u>	<u>506,423</u>	<u>73,577</u>
<b>Net Change in Fund Balances</b>	-	-	(5,356)	(5,356)
Fund Balances, Beginning	<u>(28,863)</u>	<u>(28,863)</u>	<u>(28,863)</u>	<u>-</u>
Fund Balances, Ending	<u>\$ (28,863)</u>	<u>\$ (28,863)</u>	<u>\$ (34,219)</u>	<u>\$ (5,356)</u>

**CITY OF ELK GROVE**

Budgetary Comparison Schedule  
Police Services CFD Funds  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 46,000	\$ (4,000)
Charges for services	587,787	587,787	592,152	4,365
Use of money and property	-	-	5,580	5,580
Total Revenues	<u>637,787</u>	<u>637,787</u>	<u>643,732</u>	<u>5,945</u>
<b>Expenditures:</b>				
Current:				
Public safety	<u>150,000</u>	<u>150,000</u>	<u>25,156</u>	<u>124,844</u>
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>25,156</u>	<u>124,844</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>487,787</u>	<u>487,787</u>	<u>618,576</u>	<u>130,789</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(462,000)</u>	<u>(462,000)</u>	<u>(522,000)</u>	<u>(60,000)</u>
Total Other Financing Sources (Uses)	<u>(462,000)</u>	<u>(462,000)</u>	<u>(522,000)</u>	<u>(60,000)</u>
<b>Net Change in Fund Balances</b>	25,787	25,787	96,576	70,789
Fund Balances, Beginning	<u>51,691</u>	<u>51,691</u>	<u>51,691</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 77,478</u>	<u>\$ 77,478</u>	<u>\$ 148,267</u>	<u>\$ 70,789</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Maintenance Services CFD Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses, fees and permits	\$ -	\$ 125,000	\$ 85,052	\$ (39,948)
Use of money and property			(411)	(411)
Total Revenues	<u>-</u>	<u>125,000</u>	<u>84,641</u>	<u>(40,359)</u>
<b>Expenditures:</b>				
Current:				
Public way and facilities	-	125,000	133,152	(8,152)
Total Expenditures	<u>-</u>	<u>125,000</u>	<u>133,152</u>	<u>(8,152)</u>
<b>Net Change in Fund Balances</b>	-	-	(48,511)	(48,511)
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (48,511)</u>	<u>\$ (48,511)</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Street Maintenance District Funds  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$ 37,100	\$ 60,300	\$ 66,737	\$ 6,437
Intergovernmental	454,340	454,340	-	(454,340)
Charges for services	-	-	431,024	431,024
Use of money and property	-	4,000	8,335	4,335
<b>Total Revenues</b>	<u>491,440</u>	<u>518,640</u>	<u>506,096</u>	<u>(12,544)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public way and facilities	111,480	140,700	118,941	21,759
<b>Total Expenditures</b>	<u>111,480</u>	<u>140,700</u>	<u>118,941</u>	<u>21,759</u>
<b>Excess (Deficiency) of Revenues</b>				
Over (Under) Expenditures	<u>379,960</u>	<u>377,940</u>	<u>387,155</u>	<u>9,215</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(11,355)	(11,355)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(11,355)</u>	<u>(11,355)</u>
<b>Net Change in Fund Balances</b>	<b>379,960</b>	<b>377,940</b>	<b>375,800</b>	<b>(2,140)</b>
Fund Balances, Beginning	<u>131,173</u>	<u>131,173</u>	<u>131,173</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 511,133</u>	<u>\$ 509,113</u>	<u>\$ 506,973</u>	<u>\$ (2,140)</u>

**CITY OF ELK GROVE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 Street Lighting Maintenance District Funds  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 349,120	\$ 380,120	\$ 595,000	\$ 214,880
Use of money and property	-	-	1,448	1,448
<b>Total Revenues</b>	<u>349,120</u>	<u>380,120</u>	<u>596,448</u>	<u>216,328</u>
<b>Expenditures:</b>				
Current:				
Public way and facilities	349,120	380,120	535,899	(155,779)
<b>Total Expenditures</b>	<u>349,120</u>	<u>380,120</u>	<u>535,899</u>	<u>(155,779)</u>
<b>Net Change in Fund Balances</b>	-	-	60,549	60,549
Fund Balances, Beginning	(42,412)	(42,412)	(42,412)	-
Fund Balances, Ending	<u>\$ (42,412)</u>	<u>\$ (42,412)</u>	<u>\$ 18,137</u>	<u>\$ 60,549</u>

# CAPITAL PROJECTS FUNDS

## DEFINITION

---

The Capital Projects Funds were established to account for financial resources for the acquisition or construction of major capital facilities.

### Major Capital Projects Funds

**Federal Capital Grants Fund** – Established to account for money received from the federal government to fund capital projects.

**Road Fee Funds** – Established to account for developer fees paid to maintain and establish city roads.

**Laguna Area CFD Fund** – Fund the acquisition and construction of certain public facilities required in connection with the development of the land within the district which consists of approximately 2,440 acres.

### Nonmajor Capital Projects Funds

**State Capital Grants Fund** – Established to account for money from the State of California to fund capital projects.

**Measure A Construction Fund** – Established to account for monies received under the Measure A Transportation Expenditure Agreement, approved by the voters in 1988, which pays for various transportation infrastructure projects.

**LTF (Local Transportation Fund) – Bikes & Pedestrian Fund** – Established to account for the bicycle/pedestrian allocation of TDA funding which is used for public transportation planning, public transportation services, and community transit purposes.

**Capital Improvement Fund** – Established to account for improvements and purchases of municipal buildings.

**Capital Facilities Fund** – Established to account for new developments' share of construction and acquisition of a civic center, policy facility, corporation yard, intelligent transportation system, library, railroad over crossing, but facilities, and rapid transit.

**Fee Districts Funds** – Established to account for developer impact fees.

**Laguna West Service Area Fund** – Established to account for fees that fund the ongoing operations and maintenance costs for specialized services related to drainage, roadways, and street sweeping the Laguna West area.

**Lakeside Service Area Fund** – Established to account for fees that fund the ongoing operations and maintenance costs for specialized services related to drainage, roadways, and street sweeping the Lakeside area.

**In Lieu Road Fee Fund** – Established to account for the monies received in lieu of developer built infrastructure.

**East Franklin CFD 2002-1 Fund** – Established to account for the costs of infrastructure within the boundaries of this finance district.

**Poppy Ridge CFD 2003-1 Fund** – Established to account for special taxes to fund the cost of infrastructure and a portion of police protection operational costs within the boundaries of this finance district.

**Laguna Ridge CFD 2005-1 Fund** – Established to account for the acquisition and construction of certain public facilities within the boundaries of this finance district.

**Laguna West CFD Fund** – Established to fund the acquisition and construction of certain public facilities within the boundaries of this finance district.

**Lakeside CFD Fund** – Established to fund the acquisition and construction of certain public facilities within the boundaries of this finance district.

---

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 Federal Grants Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 5,288,919	\$5,804,900	\$ 2,762,984	\$ (3,041,916)
Use of money and property	-	-	724	724
Total Revenues	<u>5,288,919</u>	<u>5,804,900</u>	<u>2,763,708</u>	<u>(3,041,192)</u>
<b>Expenditures:</b>				
Capital outlay	<u>4,281,400</u>	<u>5,804,900</u>	<u>3,322,222</u>	<u>2,482,678</u>
Total Expenditures	<u>4,281,400</u>	<u>5,804,900</u>	<u>3,322,222</u>	<u>2,482,678</u>
<b>Net Change in Fund Balances</b>	1,007,519	-	(558,514)	(558,514)
Fund Balances, Beginning	<u>(1,548,622)</u>	<u>(1,548,622)</u>	<u>(1,548,622)</u>	<u>-</u>
Fund Balances, Ending	<u>\$ (541,103)</u>	<u>\$ (1,548,622)</u>	<u>\$ (2,107,136)</u>	<u>\$ (558,514)</u>

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 Road Fees Funds  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$ 23,311,910	\$ 23,311,910	\$ 19,337,364	\$ (3,974,546)
Intergovernmental	-	-	129,046	129,046
Charges for services	-	-	216,664	216,664
Use of money and property	-	1,300,000	3,516,419	2,216,419
Total Revenues	<u>23,311,910</u>	<u>24,611,910</u>	<u>23,199,493</u>	<u>(1,412,417)</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities	-	-	2,672,574	(2,672,574)
Capital outlay	<u>51,885,100</u>	<u>70,187,680</u>	<u>33,515,294</u>	<u>36,672,386</u>
Total Expenditures	<u>51,885,100</u>	<u>70,187,680</u>	<u>36,187,868</u>	<u>33,999,812</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(28,573,190)</u>	<u>(45,575,770)</u>	<u>(12,988,375)</u>	<u>32,587,395</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(2,168,512)</u>	<u>(2,168,512)</u>	<u>-</u>	<u>2,168,512</u>
Total Other Financing Sources (Uses)	<u>(2,168,512)</u>	<u>(2,168,512)</u>	<u>-</u>	<u>2,168,512</u>
<b>Net Change in Fund Balances</b>	(30,741,702)	(47,744,282)	(12,988,375)	34,755,907
Fund Balances, Beginning	<u>104,124,202</u>	<u>104,124,202</u>	<u>104,124,202</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 73,382,500</u>	<u>\$ 56,379,920</u>	<u>\$ 91,135,827</u>	<u>\$ 34,755,907</u>

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 Laguna Area CFD Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses, fees and permits	\$ -	\$ -	\$ 4,122,844	\$ 4,122,844
Intergovernmental	-	-	11,459,500	11,459,500
Use of money and property	-	-	120,749	120,749
Total Revenues	<u>-</u>	<u>-</u>	<u>15,703,093</u>	<u>15,703,093</u>
<b>Expenditures:</b>				
Public ways and facilities	-	-	67	(67)
Capital outlay	<u>9,612,000</u>	<u>9,817,000</u>	<u>4,168,175</u>	<u>5,648,825</u>
Total Expenditures	<u>9,612,000</u>	<u>9,817,000</u>	<u>4,168,242</u>	<u>5,648,758</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,612,000)</u>	<u>(9,817,000)</u>	<u>11,534,851</u>	<u>21,351,851</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>10,071,951</u>	<u>10,071,951</u>	<u>-</u>	<u>(10,071,951)</u>
Total Other Financing Sources (Uses)	<u>10,071,951</u>	<u>10,071,951</u>	<u>-</u>	<u>(10,071,951)</u>
<b>Net Change in Fund Balances</b>	459,951	254,951	11,534,851	11,279,900
Fund Balances, Beginning	<u>185,663</u>	<u>185,663</u>	<u>185,663</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 645,614</u>	<u>\$ 440,614</u>	<u>\$ 11,720,514</u>	<u>\$ 11,279,900</u>

**CITY OF ELK GROVE**

Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2006

	State Grants Fund	Measure A Construction Fund	LTF Bikes & Ped Fund	Capital Improvement Fund
<b><u>ASSETS</u></b>				
Cash and investments	\$ -	\$ -	\$ 153,900	\$ -
Cash with fiscal agent	-	-	-	-
Interest receivable	-	-	346	-
Due from other government agencies	9,230	1,679,618	88,682	-
Long-term receivable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 9,230</u>	<u>\$ 1,679,618</u>	<u>\$ 242,928</u>	<u>\$ -</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 5,651	\$ 618,345	\$ 2,799	\$ 259,000
Due to other governments	-	55,442	-	-
Due to other funds	3,579	824,105	-	978,184
Retention payable	-	181,704	-	603,724
Advances from other funds	-	-	-	-
Deferred revenue	9,230	1,679,618	88,682	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>18,460</u>	<u>3,359,214</u>	<u>91,481</u>	<u>1,840,908</u>
<b><u>FUND BALANCES</u></b>				
Reserved for encumbrances	-	22	-	20,275
Reserved for capital projects	<u>(9,230)</u>	<u>(1,679,618)</u>	<u>151,447</u>	<u>(1,861,183)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>(9,230)</u>	<u>(1,679,596)</u>	<u>151,447</u>	<u>(1,840,908)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 9,230</u>	<u>\$ 1,679,618</u>	<u>\$ 242,928</u>	<u>\$ -</u>

Capital Facilities Funds	Fee Districts Funds	Laguna West Svc. Area Fund	Lakeside Svc. Area Fund	In Lieu Road Fee Fund	East Franklin CFD 2002-1 Fund	Poppy Ridge CFD 2003 Fund
\$ 20,235,003	\$ 12,403,098	\$ 495,723	\$ 107,351	\$ 2,745,971	\$ 609,962	\$ 1,332,986
-	-	-	-	-	19,825,843	14,728,814
44,026	24,121	946	203	6,077	733	1,155
-	-	1,838	-	-	-	-
339,295	68,888	-	-	-	-	-
<u>\$ 20,618,324</u>	<u>\$ 12,496,107</u>	<u>\$ 498,507</u>	<u>\$ 107,554</u>	<u>\$ 2,752,048</u>	<u>\$ 20,436,538</u>	<u>\$ 16,062,955</u>
\$ 4,970	279,611	\$ 1,196	\$ -	\$ 228,939	\$ 8,505	\$ 34,544
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	5	-	33,441	28,002	-
420,109	-	-	-	-	-	-
339,295	68,888	-	-	-	-	-
<u>764,374</u>	<u>348,499</u>	<u>1,201</u>	<u>-</u>	<u>262,380</u>	<u>36,507</u>	<u>34,544</u>
-	-	-	-	-	-	-
19,853,950	12,147,608	497,306	107,554	2,489,668	20,400,031	16,028,411
19,853,950	12,147,608	497,306	107,554	2,489,668	20,400,031	16,028,411
<u>\$ 20,618,324</u>	<u>\$ 12,496,107</u>	<u>\$ 498,507</u>	<u>\$ 107,554</u>	<u>\$ 2,752,048</u>	<u>\$ 20,436,538</u>	<u>\$ 16,062,955</u>

continued

**CITY OF ELK GROVE**

Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2006

	Laguna Ridge CFD 2005-1 Fund	Laguna West CFD Fund	Lakeside CFD Fund	Total
<b><u>ASSETS</u></b>				
Cash and investments	\$ 168	\$ -	\$ -	\$ 38,084,162
Cash with fiscal agent	-	-	-	34,554,657
Interest receivable	50	(440)	(219)	76,998
Due from other government agencies	-	93,343	-	1,872,711
Long-term receivable	-	-	-	408,183
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 218</u>	<u>\$ 92,903</u>	<u>\$ (219)</u>	<u>\$ 74,996,711</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 1,423	\$ 5,901	\$ -	\$ 1,450,884
Due to other governments	-	-	-	55,442
Due to other funds	-	305,721	119,730	2,231,319
Retention payable	-	32,699	-	879,575
Advances from other funds	-	-	-	420,109
Deferred revenue	-	93,343	-	2,279,056
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>1,423</u>	<u>437,664</u>	<u>119,730</u>	<u>7,316,385</u>
<b><u>FUND BALANCES</u></b>				
Reserved for encumbrances	-	-	-	20,297
Reserved for capital projects	<u>(1,205)</u>	<u>(344,761)</u>	<u>(119,949)</u>	<u>67,660,029</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>(1,205)</u>	<u>(344,761)</u>	<u>(119,949)</u>	<u>67,680,326</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 218</u>	<u>\$ 92,903</u>	<u>\$ (219)</u>	<u>\$ 74,996,711</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

**CITY OF ELK GROVE**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2006

	State Grants Fund	Measure A Construction Fund	LTF Bike & Pedestrians Fund	Capital Improvements Fund
<b>Revenues:</b>				
Licenses, fees and permits	\$ -	\$ 360	\$ -	\$ -
Intergovernmental	-	4,708,967	-	-
Charges for services	-	-	-	1,124,416
Use of money and property	-	-	6,235	(14,448)
	<u>-</u>	<u>-</u>	<u>6,235</u>	<u>(14,448)</u>
Total Revenues	<u>-</u>	<u>4,709,327</u>	<u>6,235</u>	<u>1,109,968</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities	-	1,242,307	2,400	654,191
Capital outlay	9,230	3,340,300	32,650	6,240,939
Debt Service:				
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>9,230</u>	<u>4,582,607</u>	<u>35,050</u>	<u>6,895,130</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,230)</u>	<u>126,720</u>	<u>(28,815)</u>	<u>(5,785,162)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	4,389,629
Transfers out	-	(368,168)	-	-
	<u>-</u>	<u>(368,168)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(368,168)</u>	<u>-</u>	<u>4,389,629</u>
<b>Net Change in Fund Balances</b>	(9,230)	(241,448)	(28,815)	(1,395,533)
Fund Balances, Beginning of Year	<u>-</u>	<u>(1,438,148)</u>	<u>180,262</u>	<u>(445,375)</u>
Fund Balances, End of Year	<u>\$ (9,230)</u>	<u>\$ (1,679,596)</u>	<u>\$ 151,447</u>	<u>\$ (1,840,908)</u>

Capital Facilities Funds	Fee Districts Funds	Laguna West Service Area Fund	Lakeside Service Area Fund	In Lieu Road Fee Fund	East Franklin CFD 2002-1 Fund	Poppy Ridge CFD 2003-1 Fund
\$ 5,784,749	\$ 2,124,329	\$ -	\$ 391	\$ 1,807,082	\$ -	\$ -
-	-	-	-	-	-	-
751,748	455,163	53,029	-	-	147,557	640,535
<u>6,536,497</u>	<u>2,579,492</u>	<u>16,680</u>	<u>3,645</u>	<u>107,556</u>	<u>780,764</u>	<u>372,860</u>
		<u>69,709</u>	<u>4,036</u>	<u>1,914,638</u>	<u>928,321</u>	<u>1,013,395</u>
199,339	639,437	61,832	-	340,203	502,543	573,277
319,806	3,121,068	-	-	1,220,354	4,481,572	18,513,191
<u>104,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>623,320</u>	<u>3,760,505</u>	<u>61,832</u>	<u>-</u>	<u>1,560,557</u>	<u>4,984,115</u>	<u>19,086,468</u>
<u>5,913,177</u>	<u>(1,181,013)</u>	<u>7,877</u>	<u>4,036</u>	<u>354,081</u>	<u>(4,055,794)</u>	<u>(18,073,073)</u>
-	-	39,843	401	-	3,224,111	16,536,101
<u>(1,426,133)</u>	<u>-</u>	<u>-</u>	<u>(39,843)</u>	<u>(401)</u>	<u>(51,623)</u>	<u>(25,906)</u>
<u>(1,426,133)</u>	<u>-</u>	<u>39,843</u>	<u>(39,442)</u>	<u>(401)</u>	<u>3,172,488</u>	<u>16,510,195</u>
4,487,044	(1,181,013)	47,720	(35,406)	353,680	(883,306)	(1,562,878)
<u>15,366,906</u>	<u>13,328,621</u>	<u>449,586</u>	<u>142,960</u>	<u>2,135,988</u>	<u>21,283,337</u>	<u>17,591,289</u>
<u>\$ 19,853,950</u>	<u>\$ 12,147,608</u>	<u>\$ 497,306</u>	<u>\$ 107,554</u>	<u>\$ 2,489,668</u>	<u>\$ 20,400,031</u>	<u>\$ 16,028,411</u>

continued

## CITY OF ELK GROVE

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds For the Fiscal Year Ended June 30, 2006

	Laguna Ridge CFD 2005-1 Fund	Laguna West CFD Fund	Lakeside CFD Fund	Total
<b>Revenues:</b>				
Licenses, fees and permits	\$ 125,000	\$ 290,000	\$ 180	\$ 10,132,091
Intergovernmental	-	-	-	4,708,967
Charges for services	-	-	-	1,965,537
Use of money and property	1,605	(6,744)	(3,178)	2,471,886
<b>Total Revenues</b>	<b>126,605</b>	<b>283,256</b>	<b>(2,998)</b>	<b>19,278,481</b>
<b>Expenditures:</b>				
Current:				
Public ways and facilities	114,996	-	-	4,330,525
Capital outlay	-	529,279	57,449	37,865,838
Debt Service:				
Interest	-	-	-	104,175
<b>Total Expenditures</b>	<b>114,996</b>	<b>529,279</b>	<b>57,449</b>	<b>42,300,538</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,609	(246,023)	(60,447)	(23,022,057)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	24,190,085
Transfers out	-	-	-	(1,912,074)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,278,011</b>
<b>Net Change in Fund Balances</b>	<b>11,609</b>	<b>(246,023)</b>	<b>(60,447)</b>	<b>(744,046)</b>
Fund Balances, Beginning of Year	(12,814)	(98,738)	(59,502)	68,424,372
Fund Balances, End of Year	<u>\$ (1,205)</u>	<u>\$ (344,761)</u>	<u>\$ (119,949)</u>	<u>\$ 67,680,326</u>

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 State Grants Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 792,000	\$ 792,000	\$ -	\$ (792,000)
Total Revenues	<u>792,000</u>	<u>792,000</u>	<u>-</u>	<u>(792,000)</u>
<b>Expenditures:</b>				
Capital outlay	792,000	792,000	9,230	782,770
Total Expenditures	<u>792,000</u>	<u>792,000</u>	<u>9,230</u>	<u>782,770</u>
<b>Net Change in Fund Balances</b>	-	-	(9,230)	(9,230)
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,230)</u>	<u>\$ (9,230)</u>

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 Measure A Construction Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$ -	\$ -	\$ 360	\$ 360
Intergovernmental	9,188,066	9,188,066	4,708,967	(4,479,099)
Total Revenues	<u>9,188,066</u>	<u>9,188,066</u>	<u>4,709,327</u>	<u>(4,478,739)</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities	2,017,000	2,017,000	1,242,307	774,693
Capital outlay	6,698,500	6,696,540	3,340,300	3,356,240
Total Expenditures	<u>8,715,500</u>	<u>8,713,540</u>	<u>4,582,607</u>	<u>4,130,933</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>472,566</u>	<u>474,526</u>	<u>126,720</u>	<u>(347,806)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(368,168)	(368,168)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(368,168)</u>	<u>(368,168)</u>
<b>Net Change in Fund Balances</b>	472,566	474,526	(241,448)	(715,974)
Fund Balances, Beginning	<u>(1,438,148)</u>	<u>(1,438,148)</u>	<u>(1,438,148)</u>	<u>-</u>
Fund Balances, Ending	<u>\$ (965,582)</u>	<u>\$ (963,622)</u>	<u>\$ (1,679,596)</u>	<u>\$ (715,974)</u>

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 LTF Bike & Pedestrians Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 89,000	\$ 89,000	\$ -	\$ (89,000)
Use of money and property	-	-	6,235	6,235
Total Revenues	<u>89,000</u>	<u>89,000</u>	<u>6,235</u>	<u>(82,765)</u>
<b>Expenditures:</b>				
Public ways and facilities	-	-	2,400	(2,400)
Capital outlay	60,000	77,500	32,650	44,850
Total Expenditures	<u>60,000</u>	<u>77,500</u>	<u>35,050</u>	<u>42,450</u>
<b>Net Change in Fund Balances</b>	29,000	11,500	(28,815)	(40,315)
Fund Balances, Beginning	<u>180,262</u>	<u>180,262</u>	<u>180,262</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 209,262</u>	<u>\$ 191,762</u>	<u>\$ 151,447</u>	<u>\$ (40,315)</u>

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 Capital Improvements Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ -	\$ -	\$ 1,124,416	\$ 1,124,416
Use of money and property	-	-	(14,448)	(14,448)
Total Revenues	-	-	1,109,968	1,109,968
<b>Expenditures:</b>				
Public ways and facilities	-	-	654,191	(654,191)
Capital outlay	-	5,431,870	6,240,939	(809,069)
Total Expenditures	-	5,431,870	6,895,130	(1,463,260)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(5,431,870)	(5,785,162)	(353,292)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	5,235,440	4,389,629	(845,811)
Total Other Financing Sources (Uses)	-	5,235,440	4,389,629	(845,811)
<b>Net Change in Fund Balances</b>	-	(196,430)	(1,395,533)	(1,199,103)
Fund Balances, Beginning	(445,375)	(445,375)	(445,375)	-
Fund Balances, Ending	\$ (445,375)	\$ (641,805)	\$ (1,840,908)	\$ (1,199,103)

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 Capital Facilities Funds  
 For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Licenses, fees and permits	\$ 9,715,137	\$ 8,735,000	\$ 5,784,749	\$ (2,950,251)
Use of money and property	-	-	751,748	751,748
Total Revenues	<u>9,715,137</u>	<u>8,735,000</u>	<u>6,536,497</u>	<u>(2,198,503)</u>
<b>Expenditures:</b>				
Public ways and facilities	240,000	240,000	199,339	40,661
Capital outlay	1,700,000	2,816,500	319,806	2,496,694
Debt service	4,625,000	4,625,000	104,175	4,520,825
Total Expenditures	<u>6,565,000</u>	<u>7,681,500</u>	<u>623,320</u>	<u>7,058,180</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,150,137</u>	<u>1,053,500</u>	<u>5,913,177</u>	<u>4,859,677</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(4,542,738)</u>	<u>(7,196,738)</u>	<u>(1,426,133)</u>	<u>5,770,605</u>
Total Other Financing Sources (Uses)	<u>(4,542,738)</u>	<u>(7,196,738)</u>	<u>(1,426,133)</u>	<u>5,770,605</u>
<b>Net Change in Fund Balances</b>	<u>(1,392,601)</u>	<u>(6,143,238)</u>	<u>4,487,044</u>	<u>10,630,282</u>
Fund Balances, Beginning	<u>15,366,906</u>	<u>15,366,906</u>	<u>15,366,906</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 13,974,305</u>	<u>\$ 9,223,668</u>	<u>\$ 19,853,950</u>	<u>\$ 10,630,282</u>

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 Fee Districts Funds  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$ 8,504,702	\$ 4,017,965	\$ 2,124,329	\$ (1,893,636)
Use of money and property	50,000	135,700	455,163	319,463
Total Revenues	<u>8,554,702</u>	<u>4,153,665</u>	<u>2,579,492</u>	<u>(1,574,173)</u>
<b>Expenditures:</b>				
Public ways and facilities	460,000	460,000	639,437	(179,437)
Capital outlay	13,702,449	13,702,449	3,121,068	10,581,381
Total Expenditures	<u>14,162,449</u>	<u>14,162,449</u>	<u>3,760,505</u>	<u>10,401,944</u>
<b>Net Change in Fund Balances</b>	(5,607,747)	(10,008,784)	(1,181,013)	8,827,771
Fund Balances, Beginning	<u>13,328,621</u>	<u>13,328,621</u>	<u>13,328,621</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 7,720,874</u>	<u>\$ 3,319,837</u>	<u>\$ 12,147,608</u>	<u>\$ 8,827,771</u>

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 Laguna West Service Area Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$ 53,000	\$ 53,000	\$ -	\$ (53,000)
Charges for services	-	-	53,029	53,029
Use of money and property	-	-	16,680	16,680
<b>Total Revenues</b>	<u>53,000</u>	<u>53,000</u>	<u>69,709</u>	<u>16,709</u>
<b>Expenditures:</b>				
Public ways and facilities	137,719	137,719	61,832	75,887
<b>Total Expenditures</b>	<u>137,719</u>	<u>137,719</u>	<u>61,832</u>	<u>75,887</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(84,719)</u>	<u>(84,719)</u>	<u>7,877</u>	<u>92,596</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	39,843	39,843
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>39,843</u>	<u>39,843</u>
<b>Net Change in Fund Balances</b>	<u>(84,719)</u>	<u>(84,719)</u>	<u>47,720</u>	<u>132,439</u>
Fund Balances, Beginning	<u>449,586</u>	<u>449,586</u>	<u>449,586</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 364,867</u>	<u>\$ 364,867</u>	<u>\$ 497,306</u>	<u>\$ 132,439</u>

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 Lakeside Service Area Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$ 3,500	\$ 3,500	\$ 391	\$ (3,109)
Use of money and property	-	-	3,645	3,645
Total Revenues	<u>3,500</u>	<u>3,500</u>	<u>4,036</u>	<u>536</u>
<b>Expenditures:</b>				
Public ways and facilities	3,500	3,500	-	3,500
Total Expenditures	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>4,036</u>	<u>4,036</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	401	401
Transfers out			<u>(39,843)</u>	<u>(39,843)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(39,442)</u>	<u>(39,442)</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>-</u>	<u>(35,406)</u>	<u>(35,406)</u>
Fund Balances, Beginning	<u>142,960</u>	<u>142,960</u>	<u>142,960</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 142,960</u>	<u>\$ 142,960</u>	<u>\$ 107,554</u>	<u>\$ (35,406)</u>

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 In Lieu Road Fee Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$ -	\$ 1,700,000	\$ 1,807,082	\$ 107,082
Use of money and property	-	40,000	107,556	67,556
Total Revenues	-	1,740,000	1,914,638	174,638
<b>Expenditures:</b>				
Public ways and facilities	-	1,452,500	340,203	1,112,297
Capital outlay	663,500	2,734,420	1,220,354	1,514,066
Total Expenditures	663,500	4,186,920	1,560,557	2,626,363
Excess (Deficiency) of Revenues Over (Under) Expenditures	(663,500)	(2,446,920)	354,081	2,801,001
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	(2,168,482)	(401)	2,168,081
Total Other Financing Sources (Uses)	-	(2,168,482)	(401)	2,168,081
<b>Net Change in Fund Balances</b>	(663,500)	(4,615,402)	353,680	4,969,082
Fund Balances, Beginning	2,135,988	2,135,988	2,135,988	-
Fund Balances, Ending	\$ 1,472,488	\$ (2,479,414)	\$ 2,489,668	\$ 4,969,082

**CITY OF ELK GROVE**

Capital Project Fund  
 Budgetary Comparison Schedule  
 East Franklin CFD Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 140,000	\$ 152,000	\$ 147,557	\$ (4,443)
Use of money and property	-	160,000	780,764	620,764
<b>Total Revenues</b>	<u>140,000</u>	<u>312,000</u>	<u>928,321</u>	<u>616,321</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities	165,000	165,000	502,543	(337,543)
Capital outlay	17,618,500	18,618,500	4,481,572	14,136,928
<b>Total Expenditures</b>	<u>17,783,500</u>	<u>18,783,500</u>	<u>4,984,115</u>	<u>13,799,385</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(17,643,500)</u>	<u>(18,471,500)</u>	<u>(4,055,794)</u>	<u>14,415,706</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	3,224,111	3,224,111
Transfers out	-	-	(51,623)	(51,623)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>3,172,488</u>	<u>3,172,488</u>
<b>Net Change in Fund Balances</b>	<u>(17,643,500)</u>	<u>(18,471,500)</u>	<u>(883,306)</u>	<u>17,588,194</u>
Fund Balances, Beginning	<u>21,283,337</u>	<u>21,283,337</u>	<u>21,283,337</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 3,639,837</u>	<u>\$ 2,811,837</u>	<u>\$ 20,400,031</u>	<u>\$ 17,588,194</u>

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 Poppy Ridge CFD 2003-1 Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Charges for services	\$ 140,000	\$ 585,000	\$ 640,535	\$ 55,535
Use of money and property	-	-	372,860	372,860
<b>Total Revenues</b>	<u>140,000</u>	<u>585,000</u>	<u>1,013,395</u>	<u>428,395</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities	630,000	630,000	573,277	56,723
Capital outlay	22,100,000	22,100,000	18,513,191	3,586,809
<b>Total Expenditures</b>	<u>22,730,000</u>	<u>22,730,000</u>	<u>19,086,468</u>	<u>3,643,532</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22,590,000)</u>	<u>(22,145,000)</u>	<u>(18,073,073)</u>	<u>4,071,927</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	12,400,000	12,400,000	16,536,101	4,136,101
Transfers out	(128,000)	(128,000)	(25,906)	102,094
<b>Total Other Financing Sources (Uses)</b>	<u>12,272,000</u>	<u>12,272,000</u>	<u>16,510,195</u>	<u>4,238,195</u>
<b>Net Change in Fund Balances</b>	(10,318,000)	(9,873,000)	(1,562,878)	8,310,122
Fund Balances, Beginning	<u>17,591,289</u>	<u>17,591,289</u>	<u>17,591,289</u>	-
Fund Balances, Ending	<u>\$ 7,273,289</u>	<u>\$ 7,718,289</u>	<u>\$ 16,028,411</u>	<u>\$ 8,310,122</u>

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 Laguna Ridge CFD 2005-1 Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$ 150,000	\$ 125,000	\$ 125,000	\$ -
Use of money and property	-	-	1,605	1,605
Total Revenues	<u>150,000</u>	<u>125,000</u>	<u>126,605</u>	<u>1,605</u>
<b>Expenditures:</b>				
Public ways and facilities	150,000	150,000	114,996	35,004
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>114,996</u>	<u>35,004</u>
<b>Net Change in Fund Balances</b>	-	(25,000)	11,609	36,609
Fund Balances, Beginning	<u>(12,814)</u>	<u>(12,814)</u>	<u>(12,814)</u>	-
Fund Balances, Ending	<u>\$ (12,814)</u>	<u>\$ (37,814)</u>	<u>\$ (1,205)</u>	<u>\$ 36,609</u>

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 Laguna West CFD Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$ -	\$ -	\$ 290,000	\$ 290,000
Use of money and property	-	14,000	(6,744)	(20,744)
Total Revenues	-	14,000	283,256	269,256
<b>Expenditures:</b>				
Capital outlay	1,018,500	1,364,000	529,279	834,721
Total Expenditures	1,018,500	1,364,000	529,279	834,721
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,018,500)	(1,350,000)	(246,023)	1,103,977
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,018,500	1,018,500	-	(1,018,500)
Total Other Financing Sources (Uses)	1,018,500	1,018,500	-	(1,018,500)
<b>Net Change in Fund Balances</b>	-	(331,500)	(246,023)	85,477
Fund Balances, Beginning	(98,738)	(98,738)	(98,738)	-
Fund Balances, Ending	\$ (98,738)	\$ (430,238)	\$ (344,761)	\$ 85,477

**CITY OF ELK GROVE**

Capital Projects Fund  
 Budgetary Comparison Schedule  
 Lakeside CFD Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Licenses, fees and permits	\$ -	\$ -	\$ 180	\$ 180
Use of money and property	-	3,000	(3,178)	(6,178)
Total Revenues	-	3,000	(2,998)	(5,998)
<b>Expenditures:</b>				
Capital outlay	462,500	462,500	57,449	405,051
Total Expenditures	462,500	462,500	57,449	405,051
<b>Net Change in Fund Balances</b>	(462,500)	(459,500)	(60,447)	399,053
Fund Balances, Beginning	(59,502)	(59,502)	(59,502)	-
Fund Balances, Ending	\$ (522,002)	\$ (519,002)	\$ (119,949)	\$ 399,053

## **DEBT SERVICE FUNDS**

### **DEFINITION**

---

The Debt Service is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest. Nonmajor debt service funds include:

#### **Nonmajor Debt Service Funds**

**Debt Service Fund** – Established to account for accumulation of resources for, and payment of, general obligation long-term principal and interest.

**Elk Grove Finance Authority (EGFA)** – Established to account for EGFA debt service activity which includes direct levy property tax revenue, principal and interest payments and fiscal agent activity for the Elk Grove Finance Authority, CFD 2002-1 Series 2005 and CFD 2003-1 Series 2005 and Series 2006.

---

**CITY OF ELK GROVE**

Combining Balance Sheet  
 Nonmajor Debt Service Funds  
 June 30, 2006

	Other Debt Service Fund	Elk Grove Finance Authority Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ -	\$ 3,645,244	\$ 3,645,244
Restricted cash	-	6,981,679	6,981,679
Interest receivable	-	4,644	4,644
Due from other governments	-	262,851	262,851
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ -</u>	<u>\$ 10,894,418</u>	<u>\$ 10,894,418</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ -	\$ 605	\$ 605
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>-</u>	<u>605</u>	<u>605</u>
<b><u>FUND BALANCES</u></b>			
Reserved for:			
Debt service	-	10,893,813	10,893,813
Unreserved:			
Undesignated	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>-</u>	<u>10,893,813</u>	<u>10,893,813</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 10,894,418</u>	<u>\$ 10,894,418</u>

**CITY OF ELK GROVE**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Debt Service Funds  
For the Fiscal Year Ended June 30, 2006

	Other Debt Service Fund	Elk Grove Finance Authority Fund	Total
<b>Revenues:</b>			
Charges for services	\$ -	\$ 5,871,020	\$ 5,871,020
Use of money and property	-	295,593	295,593
Total Revenues	<u>-</u>	<u>6,166,613</u>	<u>6,166,613</u>
<b>Expenditures:</b>			
Debt Service:			
Refunding bond issuance costs	-	2,798,646	2,798,646
Advance funding escrow	-	4,965,241	4,965,241
Principal	483,711	1,210,000	1,693,711
Interest	442,860	4,253,990	4,696,850
Total Expenditures	<u>926,571</u>	<u>13,227,877</u>	<u>14,154,448</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(926,571)</u>	<u>(7,061,264)</u>	<u>(7,987,835)</u>
<b>Other Financing Sources (Uses):</b>			
Bonds issued	-	106,775,000	106,775,000
Premiums on bonds sold	-	1,662,328	1,662,328
Payment to refunded bond escrow agent	-	(80,105,000)	(80,105,000)
Transfers in	926,571	74,082	1,000,653
Transfers Out	-	(19,756,765)	(19,756,765)
Total Other Financing Sources (Uses)	<u>926,571</u>	<u>8,649,645</u>	<u>9,576,216</u>
<b>Net Change in Fund Balances</b>	-	1,588,381	1,588,381
Fund Balances, Beginning	<u>-</u>	<u>9,305,432</u>	<u>9,305,432</u>
Fund Balances, Ending	<u><u>\$ -</u></u>	<u><u>\$ 10,893,813</u></u>	<u><u>\$ 10,893,813</u></u>

**CITY OF ELK GROVE**

Debt Service Fund  
 Budgetary Comparison Schedule  
 Other Debt Service Fund  
 For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Debt Service:				
Principal	\$ 476,649	\$ 476,649	\$ 483,711	\$ (7,062)
Interest	449,921	449,921	442,860	7,061
Total Expenditures	<u>926,570</u>	<u>926,570</u>	<u>926,571</u>	<u>(1)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(926,570)</u>	<u>(926,570)</u>	<u>(926,571)</u>	<u>(1)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>926,570</u>	<u>926,570</u>	<u>926,571</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>926,570</u>	<u>926,570</u>	<u>926,571</u>	<u>1</u>
<b>Net Change in Fund Balance</b>	-	-	-	-
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF ELK GROVE**

Debt Service Fund  
 Budgetary Comparison Schedule  
 Elk Grove Finance Authority Fund  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special Assessments	\$5,683,873	\$ 5,683,873	\$ 5,871,020	\$ 187,147
Use of money and property	-	-	295,593	295,593
Total Revenues	5,683,873	5,683,873	6,166,613	482,740
<b>Expenditures:</b>				
Debt Service:				
Refunding bond issuance costs	-	-	2,798,646	(2,798,646)
Advance funding escrow	-	-	4,965,241	(4,965,241)
Principal	1,210,000	1,210,000	1,210,000	-
Interest	4,473,873	4,473,873	4,253,990	219,883
Total Expenditures	5,683,873	5,683,873	13,227,877	(7,544,004)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(7,061,264)	(7,061,264)
<b>Other Financing Sources (Uses):</b>				
Bonds issued	-	-	106,775,000	106,775,000
Premiums on bonds sold	-	-	1,662,328	1,662,328
Payment to refunded bond escrow agent	-	-	(80,105,000)	(80,105,000)
Transfers in	-	-	74,082	74,082
Transfers out	-	-	(19,756,765)	(19,756,765)
Total Other Financing Sources (Uses)	-	-	8,649,645	8,649,645
<b>Net Change in Fund Balances</b>	-	-	1,588,381	1,588,381
Fund Balances, Beginning	9,305,432	9,305,432	9,305,432	-
Fund Balances, End	<u>\$9,305,432</u>	<u>\$9,305,432</u>	<u>\$ 10,893,813</u>	<u>\$ 1,588,381</u>

# ENTERPRISE FUNDS

## DEFINITION

Enterprise Funds are established to account for the financing of self-supporting activities of governmental units which render services on a user-charge basis to the general public. Nonmajor enterprise funds include:

### **Nonmajor Enterprise Funds**

**Commercial Hauler Fund** – Established to account for fees received to fund the implementation of AB939 programs and costs associated with reporting.

**Drainage Fund** – Costs associated with this fund include the cost to manage and deliver drainage and flood control services.

**O/S Drainage Endowment Fund** – Established to account for drainage maintenance requirements that exceed the storm water utility systems funding responsibility. This is an endowment fund that provides for extraordinary drainage maintenance needs.

**Utility Billing Fund** – Established to account for costs associated with providing bi-monthly utility bills.

## CITY OF ELK GROVE

### Combining Statement of Fund Net Assets Nonmajor Enterprise Funds June 30, 2006

	Commercial Hauler Fund	Drainage Fund	O/S Drainage Endowment Fund	Utility Billing Fund	Totals
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$ 62,410	\$ 3,810,726	\$ 389,404	\$ 6,121	\$ 4,268,661
Accounts receivable	82,261	309,140	-	-	391,401
Interest receivable	484	7,124	733	(45)	8,296
Due from other government agencies	-	79,211	-	-	79,211
Due from other funds	-	317,035	-	-	317,035
Prepaid items	-	6,233	-	14,530	20,763
Total Current Assets	<u>145,155</u>	<u>4,529,469</u>	<u>390,137</u>	<u>20,606</u>	<u>5,085,367</u>
Noncurrent Assets:					
Capital assets, nondepreciable	-	1,900	-	-	1,900
Capital assets	-	93,225	-	-	93,225
Less: accumulated depreciation	-	(8,239)	-	-	(8,239)
Total Noncurrent Assets	<u>-</u>	<u>86,886</u>	<u>-</u>	<u>-</u>	<u>86,886</u>
Total Assets	<u>\$ 145,155</u>	<u>\$ 4,616,355</u>	<u>\$ 390,137</u>	<u>\$ 20,606</u>	<u>\$ 5,172,253</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	\$ 19,026	\$ 330,788	\$ -	\$ 5,464	\$ 355,278
Payroll liabilities	-	-	-	7,343	7,343
Compensated absences	-	-	-	1,950	1,950
Total Current Liabilities	<u>19,026</u>	<u>330,788</u>	<u>-</u>	<u>14,757</u>	<u>364,571</u>
Noncurrent Liabilities:					
Compensated absences	-	-	-	5,849	5,849
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,849</u>	<u>5,849</u>
Total Liabilities	<u>19,026</u>	<u>330,788</u>	<u>-</u>	<u>20,606</u>	<u>370,420</u>
<b>NET ASSETS</b>					
Investment in capital assets, net of related debt	-	86,886	-	-	86,886
Unrestricted	126,129	4,198,681	390,137	-	4,714,947
Total Net Assets	<u>126,129</u>	<u>4,285,567</u>	<u>390,137</u>	<u>-</u>	<u>4,801,833</u>
Total Liabilities and Net Assets	<u>\$ 145,155</u>	<u>\$ 4,616,355</u>	<u>\$ 390,137</u>	<u>\$ 20,606</u>	<u>\$ 5,172,253</u>

**CITY OF ELK GROVE**

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2006

	Commercial Hauler Fund	Drainage Fund	O/S Drainage Endowment Fund	Utility Billing Fund	Totals
<b>Operating Revenues:</b>					
Charges for services	\$ 413,341	\$ 4,038,401	\$ -	\$ -	\$ 4,451,742
Total Operating Revenues	<u>413,341</u>	<u>4,038,401</u>	<u>-</u>	<u>-</u>	<u>4,451,742</u>
<b>Operating Expenses:</b>					
Salaries and benefits	-	-	-	252,186	252,186
Services and supplies	61,078	126,605	-	313,657	501,340
Maintenance	-	2,634,150	-	-	2,634,150
Other expenses	3,298	20,890	-	946	25,134
Depreciation	-	8,113	-	-	8,113
Total Operating Expenses	<u>64,376</u>	<u>2,789,758</u>	<u>-</u>	<u>566,789</u>	<u>3,420,923</u>
<b>Operating Income (Loss)</b>	<u>348,965</u>	<u>1,248,643</u>	<u>-</u>	<u>(566,789)</u>	<u>1,030,819</u>
<b>Non-Operating Revenues (Expenses):</b>					
Taxes	-	1,107,964	-	-	1,107,964
Intergovernmental	-	84,760	-	-	84,760
Penalties and fees	-	75,061	-	-	75,061
Interest income	5,610	109,951	12,889	-	128,450
Interest expense	-	-	-	(1,064)	(1,064)
Total Non-Operating Revenues (Expenses)	<u>5,610</u>	<u>1,377,736</u>	<u>12,889</u>	<u>(1,064)</u>	<u>1,395,171</u>
<b>Net Income Before Transfers</b>	<u>354,575</u>	<u>2,626,379</u>	<u>12,889</u>	<u>(567,853)</u>	<u>2,425,990</u>
Transfers In	-	-	-	567,853	567,853
Transfers out	<u>(275,000)</u>	<u>(378,356)</u>	<u>-</u>	<u>-</u>	<u>(653,356)</u>
Net Transfers In/Out	<u>(275,000)</u>	<u>(378,356)</u>	<u>-</u>	<u>567,853</u>	<u>(85,503)</u>
<b>Change in Net Assets</b>	79,575	2,248,023	12,889	-	2,340,487
Net Assets - Beginning	<u>46,554</u>	<u>2,037,544</u>	<u>377,248</u>	<u>-</u>	<u>2,461,346</u>
Net Assets - Ending	<u>\$ 126,129</u>	<u>\$ 4,285,567</u>	<u>\$ 390,137</u>	<u>\$ -</u>	<u>\$ 4,801,833</u>

**CITY OF ELK GROVE**

Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2006

	Commercial Hauler Fund	Drainage Fund	O/S Drainage Endowment Fund	Utility Billing Fund	Totals
<b>Cash Flows from Operating Activities:</b>					
Cash receipts from customers	\$ 350,150	\$3,957,752	\$ -	\$ -	\$4,307,902
Cash paid to suppliers for goods and services	(45,350)	(2,808,744)	-	(337,822)	(3,191,916)
Cash paid to employees for services	-	-	-	(244,067)	(244,067)
	<u>304,800</u>	<u>1,149,008</u>	<u>-</u>	<u>(581,889)</u>	<u>871,919</u>
Net Cash Provided (Used) by Operating Activities					
<b>Cash Flows from Noncapital Financing Activities:</b>					
Intergovernmental revenues	-	1,113,513	-	-	1,113,513
Other revenues	-	75,061	-	-	75,061
Operating transfers	(275,000)	(378,356)	-	567,853	(85,503)
Interfund loans - proceeds and collections	-	(317,035)	-	-	(317,035)
Interest payments	-	-	-	(1,064)	(1,064)
	<u>(275,000)</u>	<u>493,183</u>	<u>-</u>	<u>566,789</u>	<u>784,972</u>
Net Cash Provided (Used) by Noncapital Financing Activities					
<b>Cash Flows from Capital Financing Activities:</b>					
Capital expenditures	-	(91,335)	-	-	(91,335)
<b>Cash Flows from Investing Activities:</b>					
Interest received	5,431	105,468	12,622	73	123,594
	<u>5,431</u>	<u>105,468</u>	<u>12,622</u>	<u>73</u>	<u>123,594</u>
Net Cash Provided by Investing activities					
Net Increase (Decrease) in Cash and Cash Equivalents	35,231	1,656,324	12,622	(15,027)	1,689,150
Cash and Cash Equivalents, Beginning	27,179	2,154,402	376,782	21,148	2,579,511
Cash and Cash Equivalents, Ending	<u>\$ 62,410</u>	<u>\$3,810,726</u>	<u>\$ 389,404</u>	<u>\$ 6,121</u>	<u>\$4,268,661</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 348,965	\$ 1,248,643	\$ -	\$(566,789)	1,030,819
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	8,113	-	-	8,113
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(63,191)	(80,649)	-	-	(143,840)
Prepaid	-	(6,233)	-	(14,530)	(20,763)
Increase (decrease) in:					
Accounts payable	19,026	(20,866)	-	(8,689)	(10,529)
Payroll liabilities	-	-	-	5,263	5,263
Customer deposits	-	-	-	-	-
Compensated absences	-	-	-	2,856	2,856
	<u>304,800</u>	<u>1,149,008</u>	<u>-</u>	<u>(581,889)</u>	<u>871,919</u>
Net Cash Provided (Used) by Operating Activities					

## INTERNAL SERVICE FUNDS

### DEFINITION

Internal Service Funds were established to finance and account for services and commodities furnished by a designated agency of a governmental unit to other departments of the same government unit. Since the services and commodities are supplied exclusively to other departments of a governmental jurisdiction, they are distinguishable from those public services which are rendered to the public in general and which are accounted for in General or Special Revenue Funds.

**Self-Insurance Risk Management Fund** – Established to account for the self-insured position of the City's workers compensation and liability insurance.

**Equipment Fund** – Established to account for the purchase and replacement of equipment utilized by City departments.

**Facilities Improvement Fund** – Established to account for the purchase of new facilities and improvement of existing City facilities.

---

**CITY OF ELK GROVE**

Combining Statement of Fund Net Assets  
Internal Service Funds  
June 30, 2006

	<u>Self-Insurance Fund</u>	<u>Equipment Fund</u>	<u>Facilities Fund</u>	<u>Totals</u>
<b><u>ASSETS</u></b>				
Current Assets:				
Cash and Investments	\$ 3,505,059	\$ 105,627	\$8,166,157	\$11,776,843
Accounts receivable	2,434	-	-	2,434
Interest receivable	5,692	-	16,534	22,226
Prepaid expenses	37,397	-	-	37,397
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 3,550,582</u>	<u>\$ 105,627</u>	<u>\$8,182,691</u>	<u>\$11,838,900</u>
<b><u>LIABILITIES</u></b>				
Current Liabilities:				
Accounts payable	\$ 196,423	\$ -	\$ -	\$ 196,423
Payroll liabilities	2,829	-	-	2,829
Compensated absences	1,187	-	-	1,187
Claims payable	2,802,883	-	-	2,802,883
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Liabilities	3,003,322	-	-	3,003,322
Noncurrent Liabilities:				
Compensated Absences	3,561	-	-	3,561
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>3,006,883</u>	<u>-</u>	<u>-</u>	<u>3,006,883</u>
<b><u>NET ASSETS</u></b>				
Unrestricted	543,699	105,627	8,182,691	8,832,017
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Assets	<u>543,699</u>	<u>105,627</u>	<u>8,182,691</u>	<u>8,832,017</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 3,550,582</u>	<u>\$ 105,627</u>	<u>\$8,182,691</u>	<u>\$11,838,900</u>

## CITY OF ELK GROVE

### Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Year Ended June 30, 2006

	Self-Insurance Fund	Equipment Fund	Facilities Fund	Totals
<b>Operating Revenues:</b>				
Charges for services	\$ 2,326,760	\$ -	\$ -	\$ 2,326,760
Total Operating Revenues	<u>2,326,760</u>	<u>-</u>	<u>-</u>	<u>2,326,760</u>
<b>Operating Expenses:</b>				
Salaries and benefits	138,942	-	-	138,942
Services and supplies	99,387	-	-	99,387
Other expenses	1,066	-	-	1,066
Claims expense	1,923,361	-	-	1,923,361
Total Operating Expenses	<u>2,162,756</u>	<u>-</u>	<u>-</u>	<u>2,162,756</u>
<b>Operating Income (Loss)</b>	<u>164,004</u>	<u>-</u>	<u>-</u>	<u>164,004</u>
Non-Operating Revenues (Expenses):				
Interest income	79,870	-	319,416	399,286
Total Non-Operating Revenues (Expenses)	<u>79,870</u>	<u>-</u>	<u>319,416</u>	<u>399,286</u>
<b>Net Income Before Transfers</b>	<u>243,874</u>	<u>-</u>	<u>319,416</u>	<u>563,290</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	1,134,575	1,134,575
Transfers out	-	-	(2,795,958)	(2,795,958)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,661,383)</u>	<u>(1,661,383)</u>
<b>Change in Net Assets</b>	243,874	-	(1,341,967)	(1,098,093)
Net Assets - Beginning of Year	<u>299,825</u>	<u>105,627</u>	<u>9,524,658</u>	<u>9,930,110</u>
Net Assets - End of Year	<u>\$ 543,699</u>	<u>\$ 105,627</u>	<u>\$ 8,182,691</u>	<u>\$ 8,832,017</u>

## CITY OF ELK GROVE

### Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2006

	Self-Insurance Fund	Equipment Fund	Facilities Fund	Totals
<b>Cash Flows from Operating Activities:</b>				
Cash receipts from customers/ other funds	\$ 2,380,968	\$ -	\$ -	\$ 2,380,968
Cash paid to suppliers for goods and services	(1,121,490)	-	(17,397)	(1,138,887)
Cash paid to employees for services	(132,195)	-	-	(132,195)
Net Cash Provided (Used) by Operating Activities	<u>1,127,283</u>	<u>-</u>	<u>(17,397)</u>	<u>1,109,886</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers in	-	-	1,134,575	1,134,575
Transfers out	-	-	(2,795,958)	(2,795,958)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(1,661,383)</u>	<u>(1,661,383)</u>
<b>Cash Flows from Investing Activities:</b>				
Interest received	77,024	130	310,103	387,257
Net Cash Provided by Investing Activities	<u>77,024</u>	<u>130</u>	<u>310,103</u>	<u>387,257</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,204,307	130	(1,368,677)	(164,240)
Cash and Cash Equivalents, Beginning of Year	<u>2,300,752</u>	<u>105,497</u>	<u>9,534,834</u>	<u>11,941,083</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,505,059</u>	<u>\$ 105,627</u>	<u>\$8,166,157</u>	<u>\$11,776,843</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 164,004	\$ -	\$ -	\$ 164,004
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				-
Changes in assets and liabilities:				-
(Increase) decrease in:				-
Accounts receivable	54,208	-	-	54,208
Prepaid expenses	(37,397)	-	-	(37,397)
Due from other government agencies	-	-	-	-
Increase (decrease) in:				-
Accounts payable	(141,779)	-	(17,397)	(159,176)
Payroll liabilities	1,999	-	-	1,999
Claims payable	1,081,500	-	-	1,081,500
Compensated absences	4,748	-	-	4,748
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,127,283</u>	<u>\$ -</u>	<u>\$ (17,397)</u>	<u>\$ 1,109,886</u>

## **FIDUCIARY FUNDS**

---

**Agency Funds** – These funds account for assets held by the City for various local governments and other organizations.

---

## CITY OF ELK GROVE

### Combining Statement of Changes in Assets and Liabilities Agency Funds For the Fiscal Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance at June 30, 2006
<b>PLANNING DEPOSIT FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 1,599,651	\$ 25,571,685	\$ 24,582,369	\$ 2,588,967
Interest receivable	1,978	5,408	1,978	5,408
Total Assets	\$ 1,601,629	\$ 25,577,093	\$ 24,584,347	\$ 2,594,375
LIABILITIES:				
Accounts payable	\$ -	\$ 69,678	\$ 69,678	\$ -
Interest payable	58,715	68,128	7,163	119,680
Funds held in trust	1,542,914	25,439,287	24,507,506	2,474,695
Total Liabilities	\$ 1,601,629	\$ 25,577,093	\$ 24,584,347	\$ 2,594,375
<b>EAST ELK GROVE PARK FEE FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 1,276,358	\$ 2,107,000	\$ 33,336	\$ 3,350,022
Interest receivable	1,185	5,984	1,185	5,984
Total Assets	\$ 1,277,543	\$ 2,112,984	\$ 34,521	\$ 3,356,006
LIABILITIES:				
Interest payable	\$ 19,937	\$ 107,747	\$ 22,136	\$ 105,548
Funds held in trust	1,257,606	2,005,237	12,385	3,250,458
Total Liabilities	\$ 1,277,543	\$ 2,112,984	\$ 34,521	\$ 3,356,006
<b>EAST ELK GROVE FIRE FEE FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 136,063	\$ 304,395	\$ 6,571	\$ 433,887
Interest receivable	145	772	144	773
Total Assets	\$ 136,208	\$ 305,167	\$ 6,715	\$ 434,660
LIABILITIES:				
Interest payable	\$ 3,036	12,506	1,451	\$ 14,091
Funds held in trust	133,172	292,661	5,264	420,569
Total Liabilities	\$ 136,208	\$ 305,167	\$ 6,715	\$ 434,660

## CITY OF ELK GROVE

### Combining Statement of Changes in Assets and Liabilities Agency Funds For the Fiscal Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance at June 30, 2006
<b>LAKESIDE PARK FEE FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 17,695	\$ 11,032	\$ 4,489	\$ 24,238
Interest receivable	46	45	46	45
<b>Total Assets</b>	<b>\$ 17,741</b>	<b>\$ 11,077</b>	<b>\$ 4,535</b>	<b>\$ 24,283</b>
LIABILITIES:				
Interest payable	\$ 620	\$ 729	\$ 34	\$ 1,315
Funds held in trust	17,121	10,348	4,501	22,968
<b>Total Liabilities</b>	<b>\$ 17,741</b>	<b>\$ 11,077</b>	<b>\$ 4,535</b>	<b>\$ 24,283</b>
<b>LAGUNA SOUTH FIRE FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 700,166	\$ 1,081,120	\$ 8,728	\$ 1,772,558
Interest receivable	873	3,166	873	3,166
Long-term receivable	90,326	-	-	90,326
<b>Total Assets</b>	<b>\$ 791,365</b>	<b>\$ 1,084,286</b>	<b>\$ 9,601</b>	<b>\$ 1,866,050</b>
LIABILITIES:				
Accounts payable	\$ -	\$ 791	\$ 791	\$ -
Interest payable	20,071	55,005	7,937	67,139
Funds held in trust	771,294	1,028,490	873	1,798,911
<b>Total Liabilities</b>	<b>\$ 791,365</b>	<b>\$ 1,084,286</b>	<b>\$ 9,601</b>	<b>\$ 1,866,050</b>
<b>LAGUNA SOUTH/E. FRANKLIN PARK FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 5,272,021	\$ 4,497,892	\$ 27,518	\$ 9,742,395
Interest receivable	6,519	17,618	6,519	17,618
<b>Total Assets</b>	<b>\$ 5,278,540</b>	<b>\$ 4,515,510</b>	<b>\$ 34,037</b>	<b>\$ 9,760,013</b>
LIABILITIES:				
Accounts payable	\$ -	\$ 2,885	\$ 2,885	\$ -
Interest payable	61,282	296,819	24,634	333,467
Funds held in trust	5,217,258	4,215,806	6,518	9,426,546
<b>Total Liabilities</b>	<b>\$ 5,278,540</b>	<b>\$ 4,515,510</b>	<b>\$ 34,037</b>	<b>\$ 9,760,013</b>

**CITY OF ELK GROVE**

Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance at June 30, 2006
<b>STA TRANSPORTATION FEE</b>				
ASSETS:				
Cash and cash equivalents	\$ -	\$ 1,680	\$ 117	\$ 1,563
Total Assets	<u>\$ -</u>	<u>\$ 1,680</u>	<u>\$ 117</u>	<u>\$ 1,563</u>
LIABILITIES:				
Funds held in trust	-	1,680	117	1,563
Total Liabilities	<u>\$ -</u>	<u>\$ 1,680</u>	<u>\$ 117</u>	<u>\$ 1,563</u>
<b>LAGUNA RIDGE/POPPY RIDGE RECLAIMED WATER FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 3,014	\$ 83	\$ 3,019	\$ 78
Interest receivable	4	-	4	-
Long-term receivable	13,146	-	-	13,146
Total Assets	<u>\$ 16,164</u>	<u>\$ 83</u>	<u>\$ 3,023</u>	<u>\$ 13,224</u>
LIABILITIES:				
Interest payable	\$ 103	\$ 83	\$ 108	\$ 78
Funds held in trust	16,061	-	2,915	13,146
Total Liabilities	<u>\$ 16,164</u>	<u>\$ 83</u>	<u>\$ 3,023</u>	<u>\$ 13,224</u>
<b>LAGUNA WEST PARK FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 17,781	\$ 2,302	\$ -	\$ 20,083
Interest receivable	22	36	22	36
Total Assets	<u>\$ 17,803</u>	<u>\$ 2,338</u>	<u>\$ 22</u>	<u>\$ 20,119</u>
LIABILITIES:				
Interest payable	\$ 116	\$ 624		\$ 740
Funds held in trust	17,687	1,714	22	19,379
Total Liabilities	<u>\$ 17,803</u>	<u>\$ 2,338</u>	<u>\$ 22</u>	<u>\$ 20,119</u>

## CITY OF ELK GROVE

### Combining Statement of Changes in Assets and Liabilities Agency Funds For the Fiscal Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance at June 30, 2006
<b>EASTERN ELK GROVE PARK &amp; FIRE ADMINISTRATIVE FEE FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 16,920	\$ 36,200	\$ 585	\$ 52,535
Interest receivable	21	93	21	93
Total Assets	\$ 16,941	\$ 36,293	\$ 606	\$ 52,628
LIABILITIES:				
Accounts payable	\$ -	\$ 43	\$ 43	\$ -
Interest payable	331	1,306	158	1,479
Funds held in trust	16,610	34,944	405	51,149
Total Liabilities	\$ 16,941	\$ 36,293	\$ 606	\$ 52,628
<b>LAGUNA STONELAKE PARK FEE FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 123	\$ 51,180	\$ -	\$ 51,303
Interest receivable		96		96
Total Assets	\$ 123	\$ 51,276	\$ -	\$ 51,399
LIABILITIES:				
Interest payable	\$ -	\$ 836	\$ -	\$ 836
Funds held in trust	123	50,440	-	50,563
Total Liabilities	\$ 123	\$ 51,276	\$ -	\$ 51,399
<b>COMMUNITY SERVICES DISTRICT FIRE PARKING CITATION FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 100	\$ -	\$ 100	\$ -
Total Assets	\$ 100	\$ -	\$ 100	\$ -
LIABILITIES:				
Funds held in trust	\$ 100	\$ -	\$ 100	\$ -
Total Liabilities	\$ 100	\$ -	\$ 100	\$ -

## CITY OF ELK GROVE

### Combining Statement of Changes in Assets and Liabilities Agency Funds For the Fiscal Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance at June 30, 2006
<b>EAST ELK GROVE SPECIFIC PLAN FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 3,735	\$ 122,697	\$ 6,358	\$ 120,074
Interest receivable	5	231	5	231
Total Assets	\$ 3,740	\$ 122,928	\$ 6,363	\$ 120,305
LIABILITIES:				
Accounts payable	\$ -	\$ 3,740	\$ 3,740	\$ -
Interest payable	5	1,784	74	1,715
Funds held in trust	3,735	117,404	2,549	118,590
Total Liabilities	\$ 3,740	\$ 122,928	\$ 6,363	\$ 120,305
<b>E. FRANKLIN SPECIFIC PLAN FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 28,167	\$ 18,161	\$ 46,328	\$ -
Interest receivable	35	-	35	-
Total Assets	\$ 28,202	\$ 18,161	\$ 46,363	\$ -
LIABILITIES:				
Interest payable	\$ -	\$ 30	\$ 30	\$ -
Funds held in trust	28,202	18,131	46,333	-
Total Liabilities	\$ 28,202	\$ 18,161	\$ 46,363	\$ -
<b>ELK GROVE EMPLOYEE SUNSHINE FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 4,131	\$ 20,925	\$ 8,367	\$ 16,689
Interest receivable	4	17	5	16
Total Assets	\$ 4,135	\$ 20,942	\$ 8,372	\$ 16,705
LIABILITIES:				
Accounts payable	\$ -	\$ 8,497	\$ 6,729	\$ 1,768
Interest payable	-	197	-	197
Funds held in trust	4,135	12,248	1,643	14,740
Total Liabilities	\$ 4,135	\$ 20,942	\$ 8,372	\$ 16,705

## CITY OF ELK GROVE

### Combining Statement of Changes in Assets and Liabilities Agency Funds For the Fiscal Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance at June 30, 2006
<b>ELK GROVE POLICE SUNSHINE FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 652	\$ 2,692	\$ 2,306	\$ 1,038
Interest receivable	1	2	1	2
Total Assets	<u>\$ 653</u>	<u>\$ 2,694</u>	<u>\$ 2,307</u>	<u>\$ 1,040</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 2,394	\$ 2,304	\$ 90
Interest payable	-	40	-	40
Funds held in trust	653	260	3	910
Total Liabilities	<u>\$ 653</u>	<u>\$ 2,694</u>	<u>\$ 2,307</u>	<u>\$ 1,040</u>
<b>UTILITY BILLING REFUND FUND</b>				
ASSETS:				
Cash and cash equivalents	\$ 926	\$ 13,916	\$ 1,169	\$ 13,673
Interest receivable	1	15	1	15
Total Assets	<u>\$ 927</u>	<u>\$ 13,931</u>	<u>\$ 1,170</u>	<u>\$ 13,688</u>
LIABILITIES:				
Interest payable	\$ 1	\$ 107	\$ 3	\$ 105
Funds held in trust	926	13,824	1,167	13,583
Total Liabilities	<u>\$ 927</u>	<u>\$ 13,931</u>	<u>\$ 1,170</u>	<u>\$ 13,688</u>
<b>TOTAL ALL AGENCY FUNDS</b>				
ASSETS:				
Cash and cash equivalents	\$ 9,077,503	\$ 33,842,960	\$ 24,731,360	\$ 18,189,103
Interest receivable	10,839	33,483	10,839	33,483
Due from others	103,472	-	-	103,472
Total Assets	<u>\$ 9,191,814</u>	<u>\$ 33,876,443</u>	<u>\$ 24,742,199</u>	<u>\$ 18,326,058</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 88,028	\$ 86,170	\$ 1,858
Interest payable	164,217	545,941	63,728	646,430
Funds held in trust	9,027,597	33,242,474	24,592,301	17,677,770
Total Liabilities	<u>\$ 9,191,814</u>	<u>\$ 33,876,443</u>	<u>\$ 24,742,199</u>	<u>\$ 18,326,058</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

## **CAPITAL ASSETS**

### **DEFINITION**

---

The following schedules present only the capital asset balances, related to governmental funds. Accordingly, capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

---

## CITY OF ELK GROVE

### Capital Assets Used in the Operation of Governmental Funds Schedule of Funding Sources June 30, 2006

#### GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 45,446,685
Construction in progress	50,961,314
Infrastructure	79,690,738
Buildings and improvement	15,739,024
Equipment	<u>2,951,828</u>
Total Governmental Funds Capital Assets	<u>\$ 194,789,589</u>

#### INVESTMENT IN CAPITAL ASSETS FROM:

City Funding	\$ 188,369,198
Federal/State Grants	<u>6,420,391</u>
Total Investment in Governmental Funds Capital Assets	<u>\$ 194,789,589</u>

**CITY OF ELK GROVE**

Capital Assets Used in the Operation of Governmental Funds  
By Functions and Activities  
For the Year Ended June 30, 2006

	<u>Total</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Infrastructure</u>	<u>Buildings and Improvement</u>	<u>Equipment</u>
General Government:						
Administration	\$ 34,693,800	\$ 23,195,118	\$ -	\$ -	\$ 10,765,495	\$ 733,187
Council Chambers	75,191	-	34,554	-	-	40,637
City Clerk	42,344	-	-	-	-	42,344
Total General Government	<u>34,811,335</u>	<u>23,195,118</u>	<u>34,554</u>	<u>-</u>	<u>10,765,495</u>	<u>816,168</u>
Public Safety:						
Administration	235,341	-	235,341	-	-	-
Animal Control	24,000	-	-	-	-	24,000
Law Enforcement - Police	1,804,558	-	-	-	-	1,804,558
Total Public Safety	<u>2,063,899</u>	<u>-</u>	<u>235,341</u>	<u>-</u>	<u>-</u>	<u>1,828,558</u>
Community Development						
Administration	7,142,341	2,153,812	-	-	4,973,529	15,000
Building Department	8,525	-	-	-	-	8,525
Community Enhancement	234,592	-	-	-	-	234,592
Public Works Department	150,528,897	20,097,755	50,691,419	79,690,738	-	48,985
Total Community Development	<u>157,914,355</u>	<u>22,251,567</u>	<u>50,691,419</u>	<u>79,690,738</u>	<u>4,973,529</u>	<u>307,102</u>
Total Governmental Funds Capital Assets	<u>\$ 194,789,589</u>	<u>\$ 45,446,685</u>	<u>\$ 50,961,314</u>	<u>\$ 79,690,738</u>	<u>\$ 15,739,024</u>	<u>\$ 2,951,828</u>

## CITY OF ELK GROVE

### Capital Assets Used in the Operation of Governmental Funds Schedule of Changes By Functions and Activities For the Year Ended June 30, 2006

	Balance June 30, 2005	Additions	Deletions	Adjustments	Balance June 30, 2006
<b>General Government:</b>					
Administration	\$ 13,371,893	\$ 19,479,937	\$ (128,807)	\$ 1,970,777	\$ 34,693,800
Council Chambers	40,637	34,554	-	-	75,191
City Clerk	42,344	-	-	-	42,344
<b>Total General Government</b>	<b>13,454,874</b>	<b>19,514,491</b>	<b>(128,807)</b>	<b>1,970,777</b>	<b>34,811,335</b>
<b>Public Safety:</b>					
Administration	-	235,341	-	-	235,341
Animal Control	-	24,000	-	-	24,000
Law Enforcement - Police	389,348	1,415,209	-	-	1,804,557
<b>Total Public Safety</b>	<b>389,348</b>	<b>1,674,550</b>	<b>-</b>	<b>-</b>	<b>2,063,898</b>
<b>Community Development:</b>					
Administration	8,868,421	244,697	-	(1,970,777)	7,142,341
Building Department	8,525	-	-	-	8,525
Community Enhancement	142,584	92,008	-	-	234,592
Public Works Department	72,336,222	78,192,676	-	-	150,528,898
<b>Total Community Development</b>	<b>81,355,752</b>	<b>78,529,381</b>	<b>-</b>	<b>(1,970,777)</b>	<b>157,914,356</b>
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 95,199,974</b>	<b>\$ 99,718,422</b>	<b>\$ (128,807)</b>	<b>\$ -</b>	<b>\$ 194,789,589</b>

**THIS PAGE LEFT BLANK INTENTIONALLY**

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For Fiscal Year Ended June 30, 2006

**STATISTICAL SECTION**



## CITY OF ELK GROVE

### Net Assets by Component Last Four Fiscal Years At June 30,

	2003	2004	2005	2006
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ (1,794,268)	\$ 48,590,590	\$ 42,674,599	\$ 123,389,901
Restricted	25,391,274	91,444,083	183,153,470	215,946,392
Unrestricted	38,098,148	42,389,017	46,422,902	8,667,050
Total governmental activities net assets	61,695,154	182,423,690	272,250,971	348,003,343
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	-	-	8,649,300	7,088,892
Unrestricted	91,408	670,390	946,644	3,494,501
Total business-type activities net assets	91,408	670,390	9,595,944	10,583,393
<b>Primary government</b>				
Invested in capital assets, net of related debt	(1,794,268)	48,590,590	51,323,899	130,478,793
Restricted	25,391,274	91,444,083	183,153,470	215,946,392
Unrestricted	38,189,556	43,059,407	47,369,546	12,161,551
Total primary government net assets	\$ 61,786,562	\$ 183,094,080	\$ 281,846,915	\$ 358,586,736

Source: The City of Elk Grove CAFR

## CITY OF ELK GROVE, CALIFORNIA

### Changes in Net Assets, Last Four Fiscal Years (accrual basis) For The Years Ended June 30,

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Expenses</b>				
Governmental activities				
General government	\$ 6,876,164	\$ 8,363,770	\$ 13,496,813	\$ 18,315,206
Public safety	11,730,099	14,880,041	16,987,764	27,230,326
Public ways and facilities	10,199,310	18,147,367	13,404,331	22,784,887
Community development	8,972,438	11,731,830	11,871,849	10,440,157
Interest on long-term debt	2,228,104	4,348,282	5,274,181	5,320,090
Total governmental activities expenses	<u>40,006,115</u>	<u>57,471,290</u>	<u>61,034,938</u>	<u>84,090,666</u>
Business-type activities				
Solid Waste	163,586	169,613	7,415,412	8,343,208
Transit	-	-	4,623,670	7,306,902
Drainage	423,651	1,610,997	2,568,625	2,789,758
Commercial hauling	-	87,374	20,174	64,376
Utility billing	-	86,137	623,696	567,853
Total business-type activities expenses	<u>587,237</u>	<u>1,954,121</u>	<u>15,251,577</u>	<u>19,072,097</u>
Total primary government expenses	<u>40,593,352</u>	<u>59,425,411</u>	<u>76,286,515</u>	<u>103,162,763</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
General government	1,656,183	311,730	647,742	1,332,990
Public safety	2,269,674	569,740	976,230	1,494,654
Public ways and facilities	23,871,053	71,869,610	69,957,664	66,149,015
Other activities	21,993,753	28,954,458	22,784,164	17,080,051
Operating grants, interest, and contributions	13,978,847	15,739,039	16,024,912	10,402,299
Capital grants, interest and contributions	482,551	442,684	9,488,331	8,464,651
Total governmental activities program revenues	<u>64,252,061</u>	<u>117,887,261</u>	<u>119,879,043</u>	<u>104,923,660</u>
Business-type activities				
Charges for services				
Solid Waste	-	-	7,554,916	8,617,948
Transit	-	-	287,889	891,518
Drainage	680,640	2,545,839	3,853,850	4,038,401
Commercial hauling	-	-	-	413,341
Other activities	-	133,561	236,347	-
Operating grants, interest, and contributions	-	-	3,756,265	4,736,993
Total business-type activities program revenues	<u>680,640</u>	<u>2,679,400</u>	<u>15,689,267</u>	<u>18,698,201</u>
Total primary government program revenues	<u>64,932,701</u>	<u>120,566,661</u>	<u>135,568,310</u>	<u>123,621,861</u>
<b>Net (Expense) Revenue</b>				
Governmental activities	24,245,946	60,415,971	58,844,105	20,832,994
Business-type activities	93,403	725,279	437,690	(373,896)
Total primary government net revenue (expense)	<u>\$ 24,339,349</u>	<u>\$ 61,141,250</u>	<u>\$ 59,281,795</u>	<u>\$ 20,459,098</u>

## CITY OF ELK GROVE, CALIFORNIA

### Changes in Net Assets, Last Four Fiscal Years (accrual basis) For The Years Ended June 30,

	2003	2004	2005	2006
<b>General Revenues and Other Changes in Net Assets</b>				
<b>Governmental activities</b>				
Property taxes	\$ 2,658,414	\$ 3,520,039	\$ 7,940,509	\$ 19,593,204
Sales & Use tax	12,142,272	14,093,289	17,035,296	15,277,041
In-Lieu sales tax	-	-	-	4,378,347
Other taxes	3,351,451	4,830,387	6,257,417	6,015,340
Unrestricted interest income	1,430,633	2,288,067	5,414,239	9,392,520
Miscellaneous	16,592	22,686	249,582	54,926
Special items	-	35,055,368	-	-
Transfers	1,995	152,000	(7,412,702)	208,000
<b>Total governmental activities</b>	<u>19,601,357</u>	<u>59,961,836</u>	<u>29,484,341</u>	<u>54,919,378</u>
<b>Business-type activities</b>				
Other taxes	-	-	1,029,391 <sup>(1)</sup>	1,107,964
Unrestricted interest income	-	5,703	79,500	137,939
Other	-	-	87,295	323,442
Transfers	(1,995)	(152,000)	7,412,702	(208,000)
<b>Total business-type activities</b>	<u>(1,995)</u>	<u>(146,297)</u>	<u>8,608,888</u>	<u>1,361,345</u>
<b>Total primary government</b>	<u>19,599,362</u>	<u>59,815,539</u>	<u>38,093,229</u>	<u>56,280,723</u>
<b>Change in Net Assets</b>				
Governmental activities	43,847,303	120,377,807	88,328,446	75,752,372
Business-type activities	91,408	578,982	9,046,578	987,449
<b>Total primary government</b>	<u>\$ 43,938,711</u>	<u>\$ 120,956,789</u>	<u>\$ 97,375,024</u>	<u>\$ 76,739,821</u>

<sup>(1)</sup> Fiscal year 2005 was the first year of the Transit Enterprise Fund.

Source: The City of Elk Grove CAFR

**CITY OF ELK GROVE, CALIFORNIA**

Fund Balances, Governmental Funds  
Last Six Fiscal Years  
(modified accrual basis of accounting)  
For The Years Ended June 30,

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund						
Reserved	\$ 8,658,849	\$ -	\$ 7,827,539	\$ 1,250	\$ 277,745	\$ 1,281,858
Unreserved	(2,213,111)	10,050,056	6,389,599	17,319,686	21,645,729	17,226,098
Total General Fund	<u>\$ 6,445,738</u>	<u>\$ 10,050,056</u>	<u>\$ 14,217,138</u>	<u>\$ 17,320,936</u>	<u>\$ 21,923,474</u>	<u>\$ 18,507,956</u>
All Other Governmental Funds						
Reserved	\$ 90,186	\$ (58,831)	\$ 5,630,241	\$ 59,703,742	\$ 14,680,646	\$ 10,921,115
Unreserved reported in,						
Special revenue funds	2,817,885	6,671,314	24,187,064	31,223,488	40,539,029	36,643,345
Capital projects funds	(85,043)	3,147,412	43,431,728	106,207,658	165,823,516	168,409,234
Total All Other Governmental Funds	<u>\$ 2,823,028</u>	<u>\$ 9,759,895</u>	<u>\$ 73,249,033</u>	<u>\$ 197,134,888</u>	<u>\$ 221,043,191</u>	<u>\$ 215,973,694</u>

\* The City of Elk Grove incorporated on July 1, 2000

Source: The City of Elk Grove CAFR

**THIS PAGE LEFT BLANK INTENTIONALLY**

## CITY OF ELK GROVE, CALIFORNIA

### Changes in Fund Balances, Governmental Funds Last Six Fiscal Years Ending June 30, (modified accrual basis of accounting)

	2001	2002	2003
<b>REVENUES</b>			
Taxes	\$ 11,849,191	\$ 14,838,811	\$ 18,152,137
Licenses, fees and permits	8,674,174	12,238,061	40,060,242
Intergovernmental	9,896,996	12,970,059	14,461,398
Fines and forfeitures		188,591	332,478
Charges for services	1,146	940,832	7,225,496
Investment earnings	246,894	595,880	1,395,180
Payments in lieu of taxes	-	-	-
Miscellaneous	8,403	40,725	16,592
<b>Total revenues</b>	<b>30,676,804</b>	<b>41,812,959</b>	<b>81,643,523</b>
<b>EXPENDITURES:</b>			
General government	4,009,159	5,106,235	8,537,836
Public safety	1,778,309	9,467,291	12,195,798
Public works	2,853,187	7,820,873	10,199,310
Community development	4,128,482	5,725,297	8,994,409
Capital outlay	6,884,988	6,209,770	17,050,661
Debt service:			
Principal retirement	2,474	1,619,516	333,084
Interest and fiscal charges	1,439	322,792	1,094,046
Bond issue costs	-	-	1,004,081
Refunding bond issue costs	-	-	-
<b>Total expenditures</b>	<b>19,658,038</b>	<b>36,271,774</b>	<b>59,409,225</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>11,018,766</b>	<b>5,541,185</b>	<b>22,234,298</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Inception of capital leases	-	-	25,751
Bonds issued	-	5,000,000	44,675,390
Refunding debt issued	-	-	-
Premium on refunding debt issued	-	-	-
Discount on bonds issued	-	-	-
Payments to refunded bond escrow agent	-	-	-
Transfers from other funds	-	2,224,166	8,070,510
Transfers to other funds	(1,750,000)	(2,224,166)	(9,268,515)
<b>Total other financing sources (uses)</b>	<b>(1,750,000)</b>	<b>5,000,000</b>	<b>43,503,136</b>
Special item	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 9,268,766</b>	<b>\$ 10,541,185</b>	<b>\$ 65,737,434</b>
Debt service as a percentage of noncapital expenditures.	0.03%	6.46%	3.37%

Source: The City of Elk Grove CAFR

	2004	2005	2006
\$	22,443,715	\$ 31,233,222	\$ 31,791,443
	90,776,434	74,376,964	67,597,771
	13,388,595	19,378,050	27,193,059
	347,248	726,561	534,493
	10,021,607	18,546,450	17,523,438
	2,265,172	5,241,105	8,996,580
	-	-	4,378,347
	22,686	255,582	86,034
	<u>139,265,457</u>	<u>149,757,934</u>	<u>158,101,165</u>
	8,170,424	13,188,417	18,561,527
	16,269,616	18,358,857	29,020,955
	17,822,554	12,784,116	21,091,519
	11,668,053	13,498,885	15,850,918
	23,794,972	39,567,728	97,536,677
	423,740	1,280,973	1,788,273
	3,554,358	5,323,293	5,257,589
	584,739	-	4,965,241
	-	-	2,798,646
	<u>82,288,456</u>	<u>104,002,269</u>	<u>196,871,345</u>
	<u>56,977,001</u>	<u>45,755,665</u>	<u>(38,770,180)</u>
	-	-	83,454
	37,030,000	-	-
	-	-	106,775,000
	-	-	1,662,328
	(665,362)	-	-
	-	-	(80,105,000)
	3,289,738	32,680,817	27,334,517
	(6,117,238)	(44,191,434)	(25,465,134)
	<u>33,537,138</u>	<u>(11,510,617)</u>	<u>30,285,165</u>
	<u>35,055,368</u>	<u>-</u>	<u>-</u>
\$	<u>125,569,507</u>	<u>\$ 34,245,048</u>	<u>\$ (8,485,015)</u>
	6.80%	10.25%	7.09%

## CITY OF ELK GROVE, CALIFORNIA

### Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2001	\$ 4,947,747,431	Not Available	Not Available	\$ -	\$ 451,810,830	\$ 4,495,936,601	1.0101%
2002	4,111,791,139	\$ 422,778,341	\$ 130,650,881	257,123,683	120,233,400	4,802,110,644	1.0077%
2003	4,732,782,801	471,594,208	137,301,469	400,854,589	130,662,000	5,611,871,067	1.0111%
2004	5,527,160,173	536,085,700	150,063,370	485,423,408	137,059,630	6,561,673,021	1.0085%
2005	8,509,665,399	691,712,601	290,696,130	631,206,279	175,898,800	9,947,381,609	1.0127%
2006	9,488,133,330	747,786,136	300,760,499	2,221,335,263	189,484,400	12,568,530,828	1.0087%

Note: City incorporated on July 1, 2000

Source: HdL from the Sacramento County Assessor 2001/02-2005/06 Combined Tax Rolls

**CITY OF ELK GROVE, CALIFORNIA**

Direct and Overlapping Property Tax Rate  
Last Six Fiscal Years  
(Per \$100 of Assessed Value)

	<u>Basic County, City, School Levy</u>	<u>Sacramento Regional County Sanitation</u>	<u>Sacramento County Bonds</u>	<u>Total District Rates</u>	<u>General Obligation- School Districts</u>	<u>Los Rios Community College</u>
2001	1.0000	0.0101	0.0000	0.0000	0.0000	0.0000
2002	1.0000	0.0077	0.0000	0.0000	0.0000	0.0000
2003	1.0000	0.0082	0.0000	0.0000	0.0000	0.0029
2004	1.0000	0.0070	0.0000	0.0000	0.0000	0.0015
2005	1.0000	0.0067	0.0000	0.0000	0.0000	0.0060
2006	1.0000	0.0055	0.0000	0.0000	0.0000	0.0032

Note: City incorporated on July 1, 2000

Source: Auditor-Controller, County of Sacramento

## CITY OF ELK GROVE, CALIFORNIA

### Principal Property Taxpayers Current Year and Five Years Ago

Taxpayer	2006			2001		
	Taxable Assessed Value	Rank	Approximate Percentage of Taxable Assessed Valuation	Taxable Assessed Value	Rank	Approximate Percentage of Taxable Assessed Valuation
Apple Computer Inc	\$ 72,743	1	0.89%			
Donahue Schriber Asset Management Corporation	60,690	2	0.75%	\$ 37,133	1	Not Available
Cheri Belle LLC	35,725	3	0.44%			
Pappas Laguna 2 Limited Partnership	24,487	4	0.30%			
Reynen & Bardis Limited Partnership	23,530	5	0.29%			
CA State Auto Association Inter Insurance	14,405	6	0.18%			
R & M Diodati Family	19,369	7	0.24%			
Kaiser Foundation Health Plan Inc	14,671	8	0.18%			
Willamette Industries Inc	14,833	9	0.18%	13,504	2	Not Available
Citrus Grove Apartment Associates	13,973	10	0.17%	10,110	3	Not Available
Aspen Laguna Oaks Apartments LLC				8,786	4	Not Available
Dayton Hudson Corporation				7,465	5	Not Available
Park Meadows Development LLC				6,388	6	Not Available
Calvine Acquisition				6,326	7	Not Available
Lennar Renaissance Inc				6,253	8	Not Available
Walmart Inc				5,959	9	Not Available
Bruceville Laguna Apartments Limited Partnership				5,283	10	Not Available
	<u>\$ 294,426</u>		<u>3.62%</u>	<u>\$ 107,208</u>		

Source: HDL, Coren & Cone, Sacramento County Assessor 2006 Combined Tax Rolls

Note: Taxable assessed value is 35% of appraised value

CITY OF ELK GROVE, CALIFORNIA

Property Tax Levies and Collections  
 Last Six Fiscal Years  
 (in thousands of dollars)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collection to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2001	\$ 2,264,658	\$ -	0.00%	Not Available	\$ -	0.00%
2002	2,360,433	-	0.00%	Not Available	-	0.00%
2003	2,658,483	-	0.00%	Not Available	-	0.00%
2004	2,432,989	2,414,851	99.25%	Not Available	2,414,851	99.25%
2005	6,625,344	6,557,085	98.97%	Not Available	6,557,085	98.97%
2006	8,530,503	8,310,458	97.42%	Not Available	8,310,458	97.42%

Note: City incorporated on July 1, 2000

Source: Sacramento County Department of Finance, Auditor-Controller Division

## CITY OF ELK GROVE

### Ratios of Outstanding Debt by Type Last Six Fiscal Years

Fiscal Year	Special Assessment Bonds <sup>(1)</sup>	Capital Leases	Total Primary Government	Percentage of Personal Income <sup>(2)</sup>	Per Capita <sup>(2)</sup>
2001	\$ -	\$ -	\$ -	0.00%	\$ -
2002	-	9,092,185	9,092,185	0.36%	112
2003	45,000,000	8,700,054	53,700,054	1.97%	626
2004	82,030,000	8,253,542	90,283,542	2.48%	827
2005	81,315,000	7,783,730	89,098,730	2.11%	733
2006	106,775,000	7,286,571	114,061,571	Not available	Not available

Notes: City incorporated July 1, 2000. U.S. Census and subsequent estimates has area approximately 2/3 of City's actual size.

Source: <sup>(1)</sup> City of Elk Grove CAFR

<sup>(2)</sup> See Schedule of Demographic and Economic Statistics for personal and population data

**City of Elk Grove**

Direct and Overlapping Governmental Activities Debt  
June 30, 2006

**2005-06 Assessed Valuation: \$12,806,597,688**

	Total Debt		City's Share of Debt
	6/30/2006	% Applicable <sup>(1)</sup>	6/30/2006
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Los Rios Community College District	\$ 90,035,000	10.665%	\$ 9,602,233
Sacramento County Regional Sanitation District	3,210,000	12.362%	396,820
Sacramento Unified School District	338,095,000	0.168%	568,000
Elk Grove Community Facilities Districts	106,775,000	100.000%	106,775,000
Elk Grove Unified School District Community Facilities District No.1	147,361,452	55.553%	81,863,707
Sacramento County Community Facilities Districts	12,462,336	100.000%	12,462,336
Sacramento County Hampton Village 1915 Act Bonds	1,520,000	100.000%	1,520,000
California Statewide Community Development Authority	1,068,946	100.000%	1,068,946
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			<b>214,257,042</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			
Sacramento County General Fund Obligations	380,207,923	12.620%	47,982,240
Sacramento County Pension Obligations	954,721,975	12.620%	120,485,913
Sacramento County Board of Education Certificates of Participation	12,790,000	12.620%	1,614,098
Los Rios Community College District Certificates of Participation	7,055,000	10.665%	752,416
Sacramento Unified School District Certificates of Participation	92,650,000	0.168%	155,652
Sacramento Unified School District Pension Obligations	5,115,000	1.680%	8,593
<b>City of Elk Grove</b>	<b>-</b>	<b>100.000%</b>	<b>-</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>170,998,912</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$ 385,255,954 <sup>(2)</sup></b>

(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 and tax allocation bonds and non-bonded capital lease obligations

Ratios to Assessed Valuation:

<b>Combined Direct Debt</b>	<b>0.00%</b>
Total Overlapping Tax and Assessment Debt	1.67%
Combined Total Debt	3.01%

State School Building Aid Repayable as of June 30, 2006	\$ -
---	------

Source: California Municipal Statistics Inc., Oakland, CA

**CITY OF ELK GROVE, CALIFORNIA**

Legal Debt Margin  
For the Last Six Years Ended June 30,

	2001	2002	2003	2004	2005	2006
Assessed value <sup>(1)</sup>	\$ 4,947,747,431	\$ 4,922,344,044	\$ 5,742,533,067	\$ 6,698,732,651	\$ 10,123,280,409	\$ 12,758,015,228
Less: Exemptions <sup>(1)</sup>	(451,810,830)	(120,233,400)	(130,662,000)	(137,059,630)	(175,898,800)	(189,484,400)
	<u>4,495,936,601</u>	<u>4,802,110,644</u>	<u>5,611,871,067</u>	<u>6,561,673,021</u>	<u>9,947,381,609</u>	<u>12,568,530,828</u>
<b>Legal debt margin</b>						
Debt Limit (15% of Assessed Value)	Not Available	720,316,597	841,780,660	984,250,953	1,492,107,241	1,885,279,624
Debt applicable to limit						
Total Bonded Debt (including Special Assessment Bonds)	-	-	-	-	-	-
Less:						
Special Assessment Bonds	-	-	-	-	-	-
Tax Allocation Bonds	-	-	-	-	-	-
Total Amount of Debt Applicable to Debt Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ -</u>	<u>\$ 720,316,597</u>	<u>\$ 841,780,660</u>	<u>\$ 984,250,953</u>	<u>\$ 1,492,107,241</u>	<u>\$ 1,885,279,624</u>
Total debt applicable to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source <sup>(1)</sup> HdL. from the Sacramento County Assessor 2001-02-2005-06 Combined Tax Rolls

## CITY OF ELK GROVE, CALIFORNIA

### Demographic and Economic Statistics Last Six Fiscal Years

Year	Population <sup>(1)</sup>	County Population <sup>(1)</sup>	Personal Income	Per Capita Personal Income <sup>(2)</sup>	Public School Enrollment <sup>(3)</sup>	Median Age <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
2001	81,400	1,223,499	\$ 2,508,178,200	\$ 30,813	47,736	34.65	3.30%
2002	81,400	1,279,903	2,524,214,000	31,010	49,970	34.65	4.20%
2003	85,786	1,309,600	2,730,482,594	31,829	52,418	34.65	4.60%
2004	109,116	1,335,400	3,637,709,208	33,338	55,613	34.65	4.30%
2005	121,609	1,369,855	4,232,601,245	34,805	58,670	33.70	3.70%
2006	130,874	1,385,607	Not available	Not available	60,735	33.70	3.60%

Note: The City incorporated July 1, 2000

Sources:

- <sup>(1)</sup> California Department of Finance
- <sup>(2)</sup> Bureau of Economic Analysis - Sacramento Area
- <sup>(3)</sup> California Department of Education
- <sup>(4)</sup> U.S. Census Bureau, American FactFinder, 2005 American Community Survey
- <sup>(5)</sup> [www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov)

## CITY OF ELK GROVE, CALIFORNIA

### Principal Employers in the County of Sacramento Fiscal Year Ended 2006

	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment (County)</u>
State of California	66,104	1	9.63%
Sacramento County	17,215	2	2.51%
U.C. Davis Health System	7,949	3	1.16%
Sacramento City Unified School District	7,000	4	1.02%
Intel Corp.	6,500	5	0.95%
Los Rios Community College District	6,000	6	0.87%
Kaiser Permanente	5,561	7	0.81%
San Juan Unified School District	5,200	8	0.76%
City of Sacramento	4,940	9	0.72%
CHW/Mercy Healthcare	4,897	10	0.71%
Sutter Health Sacramento	4,436	11	0.65%
Raley's	4,347	12	0.63%

Note: Principal employers not yet available in the City of Elk Grove. Information for the County of Sacramento.

Source: Principal Employers data from Sacramento Business Journal for County of Sacramento

## CITY OF ELK GROVE

### Government Employment Information Last Three Fiscal Years

Function/Program	Full-time Equivalent Employees		
	2004	2005	2006
City Council	5	5	5
City Manager	7	11	5
City Attorney	2	2	2
Administrative Services	1	2	2
City Clerk	6	3	5
Community Development (Admin)	0	3	5
Economic Development	11	1	0
Finance	2	10	17
Code Enforcement - Community Development	0	3	4
Animal Services	0	0	3
Community Development - Community Services	0	0	4
Human Resources	1	2	5
Police Department	1	0	139
Public Works	0	0	0
Utilities	2	5	4
Solid Waste	1	2	1
Transit	1	1	1
Risk Management	1	1	1
Information Technology	1	2	2
Purchasing	0	1	2
Communications	0	0	3
<b>Total employees</b>	<b>42</b>	<b>54</b>	<b>210</b>

Source: Payroll department, City of Elk Grove

Note: The City is a contract city for the public works, planning, building and transit departments as well as key positions in other departments.

## CITY OF ELK GROVE

### Capital Asset and Infrastructure Statistics by Function/Program Last Six Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006
Public Safety						
Police:						
Stations	1	1	1	1	1	1
Patrol units	29	38	48	72	52	84
Highways and Streets						
Streets (miles)	N/A	N/A	315	435	456	470
Streetlights	3,500	3,500	7,787	8,724	9,602	9,966
Traffic Signals	N/A	N/A	62	109	109	109

The City incorporated in July 2000. City has limited services as the County of Sacramento and the Community Services District is responsible for other services. The City began services for the police and street lights in the 2005-06 fiscal year. Numbers reflected are from County and City records.

Source: Departments within the City of Elk Grove

## CITY OF ELK GROVE

### Operating Indicators by Function/Program Last Six Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006
<b>Refuse Collection</b>						
Total tons Disposed*	N/A	86,558	109,077	122,637	137,353	N/A
Total Tons Diverted	N/A	93,771	200,145	250,280	280,312	N/A
<b>Transit</b>						
Total route miles	269,815	379,647	392,110	495,590	611,275	1,229,282
Total Passengers	N/A	N/A	N/A	N/A	475,749	714,633
<b>Police</b>						
Calls for service	N/A	N/A	16,333	19,494	23,372	25,013
Average Emergency Response Time	N/A	N/A	6.8	9.8	7.4	5.5
Clearance Rate of all Part I Crimes	N/A	N/A	47%	34%	54%	67%
<b>Utility Billing</b>						
Residential Customers	N/A	N/A	N/A	N/A	39,452	44,155
<b>Community Enhancement</b>						
Calls for service	170	504	938	1750	2192	N/A
Average Emergency Response Time	24 Hours	24 Hours	24 Hours	24 Hours	24 Hours	24 Hours
Number of Inspectors	1	1	2	2	2	3
Average number of cases per inspector	170	504	469	875	731	N/A

Note: The City incorporated July 1, 2000.

Source: City of Elk Grove

\* Based on calendar year  
N/A - Data not available