

City of Garden Grove, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

July 1, 2011 - June 30, 2012



City of Garden Grove, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
June 30, 2012

Department of Finance

Kingsley Okereke
Finance Director

**CITY OF GARDEN GROVE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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Introductory Section



CITY OF GARDEN GROVE

William J. Dalton
Mayor

Dina Nguyen
Mayor Pro Tem

Bruce A. Broadwater
Council Member

Steven R. Jones
Council Member

Kris Beard
Council Member

December 20, 2012

Honorable Mayor and City Council
City of Garden Grove, California

Transmitted through the City Manager

Honorable Mayor and Council:

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Garden Grove, California, (the "City"), for the fiscal year ended June 30, 2012. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To accomplish this, City Management designed and established internal controls, which provide reasonable, but not absolute, assurance as to the effectiveness and efficiency of its operations, reliability of its financial reporting, and its compliance with applicable laws and regulations. Cost benefit considerations are weighed in meeting reasonable assurance objectives.

We believe the data, as presented, is accurate in all material respects and is presented in a manner which fairly represents the financial position, and changes in financial position of the City as measured by the financial activity of its governmental activities, business type activities, each major fund and the remaining aggregate fund information. We also believe that all disclosures necessary to enable the reader to fully understand the City's financial activities have been presented. The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB) and include the unqualified opinion of Macias Gini, & O'Connell LLP, independent auditors for the City of Garden Grove. The Independent Auditor's Report is presented as the first component of the financial section of this report.

The City of Garden Grove's independent audit is an element of a more comprehensive, federally mandated "Single Audit", which has been established to meet the specific needs and requirements of federal grantor agencies. Governmental Auditing Standards require the independent auditor to report on the audited government's internal controls over financial reporting and

compliance with legal requirements in addition to compliance with federal grant awards. Reporting these requirements as well as the fair presentation of the financial statements are duties required of the independent auditor. The Single Audit report is available, as a separately issued report, upon a request to the Finance Director.

GAAP requires a narrative introduction, overview and analysis to accompany basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Garden Grove's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Garden Grove

The City of Garden Grove is located in central Orange County approximately twenty-five miles southeast of downtown Los Angeles with a population of approximately 173,000. It is the sixth largest City in Orange County and the twenty-fifth largest in the State of California. Despite the City's comparatively large size, it is a relatively young community, incorporated on June 18, 1956. During the late 1950's and the 1960's, Garden Grove experienced rapid growth as a significant segment of the population and suburban development moved from Los Angeles County to Orange County. In the 1970's, the initial construction boom was completed and redevelopment was actively pursued with efforts continuing through the 1980's and 1990's, and into the 2000's. There has been significant benefit from quality construction projects and an improved economic base as a result of these activities.

The City spans an area of 17.8 square miles and is the largest general law city in the State of California. It has the Council-Manager form of government, with the Mayor elected at large for a two-year term, and four council members elected at large for four-year staggered terms. The City Council engages the City Manager and City Attorney. The City Manager has the responsibility for hiring the department heads and for administering the City's programs in accordance with the policies adopted by the Council.

Garden Grove is a full service city. The services provided by the City include police, fire, paramedic, street maintenance, park maintenance, water, sewer, refuse, recreation, traffic/transportation, public improvements, planning, zoning and general administrative services. Also included in the City's overall operations are the Garden Grove Agency for Community Development (seven months only as redevelopment agencies were eliminated by the State of California in February 2012), the Successor Agency to the Garden Grove Agency for Community Development (Successor Agency), the Garden Grove Housing Authority, the Garden Grove Sanitary District, and the Garden Grove

Public Financing Authority. Additional information is available on these blended component units in note A.1.a - e, in the notes to basic financial statements.

A key element of the City's financial management process is the development and approval of the annual budget. Section 2.08.150 of the Garden Grove Municipal Code requires the City Manager to prepare and submit the proposed annual budget and salary plan to the City Council for approval. The City Council conducts various public budget review sessions, as necessary, and adopts the budget at a noticed public hearing. The adopted budget is prepared pursuant to generally accepted accounting procedures (GAAP) and is balanced by fund. The City Council adopts a fund level budget annually. The City Council thus controls appropriations at the fund level. The City Manager is authorized to transfer appropriations within a fund between the various programs and/or departments. Budgetary control is maintained by a monthly financial reporting system. Unspent appropriations lapse at year-end unless specifically approved for carry-over to the subsequent year by resolution of the City Council.

Local Economy and Economic Outlook

Since the economic downturn in 2008, the recovery of the national economy continues to be very slow with annual growth in the 1-3% range. Despite reported improvements in the housing sector, consumer spending, exports, and business investment still remain sluggish. Tepid consumer spending, a key local government revenue driver is likely to remain hindered by high unemployment and limited credit availability.

Garden Grove much like other Orange County, California cities struggling to weather the impact of the recent economic downturn saw their fortunes in 2012 further weakened by the elimination of the Redevelopment Agencies by the State of California. The elimination of the Redevelopment Agencies, a key engine for local economic revitalization and revenue generation, has caused significant delays and may possibly jeopardize the execution of some of the City's major projects and economic initiatives such as the development of the Great Wolf Water Park Hotel, the 13.9 acres Brookhurst residential mixed-use project, and certain other planned entertainment and name brand hotel developments. Consequently, the City continues to struggle with closing its structural budget deficit (gap between ongoing revenues and expenditures). In response, the City developed a new and focused 3-Year Fiscal Plan to guide the City's budget discussions and adoption over the next three years. The plan contemplates annual budgets that are balanced as legally required, and which includes all critical, front-line services to the public. The plan also utilizes additional cost reduction initiatives, economic development and revenue generating priorities, and the use of reserves to close the structural deficits. The City will continue to closely monitor its revenues and expenditures in order to make appropriate adjustments to maintain the City's financial health.

As Garden Grove adjusts to the demise of the Redevelopment Agency and moves past the recent economic downturn, our future success will depend not only on expenditure reductions but on the eventual resumption of economic growth to help close the structural deficit. The City will continue to actively pursue economic development and major projects and initiatives that will enhance and expand the cities economic base. While many economic indicators are signaling that the economy is gradually improving, growth in City revenues has been slow and remains flat in many categories. Nevertheless, we are cautiously optimistic that improvement is near. With prudent fiscal management, the City Council's visionary leadership, and the dedication of our employees, the City of Garden Grove is well positioned to meet its future obligations and service goals. As in past years, we will continue to strive to strengthen the City's financial condition through planning, effective management, and expanding the City's economic base through aggressive redevelopment, economic development and active pursuit of State, federal and local grant funds.

Long-Term Financial Planning

For Financial Planning purposes, the City maintains a comprehensive citywide Five-Year Financial Forecast and Plan, and a focused General Fund Three-Year Budget Plan.

Five-Year Operating Plan

In accordance with the provisions of the City of Garden Grove Municipal Code, a five-year forecast covering operating revenue and expenditures, labor usage, sources and uses of funds are prepared annually based on national and local economic assumptions.

Five-Year Capital Plan

The City of Garden Grove is responsible for the planning and operation of capital improvements that lie within the public right-of-way. These improvements include streets, traffic signals and control devices, storm drains, streetlights, parks, sewers and water systems. In addition, the City must develop and maintain the elements of its own buildings and systems.

General Fund Three-Year Budget Plan

The Three-Year Budget plan articulates the City's budget cost reduction and revenue strategies designed to ride out short to medium term situations. The Budget Implementation Plan focuses on a range of temporary and permanent cost reduction initiatives, economic development and revenue generation priorities and the use of fiscal reserves to be implemented over the next three fiscal years. Addressing the situation over a three year approach allows the City to continue to provide critical services to the public while allowing the City Council to achieve its goals for public safety, improved transportation

infrastructure, park improvements and enhanced long-term financial stability for the City. The FY2012-2013 budget reflects the implementation of the first year of the 3-Year Plan that includes \$2.8 million in cost reductions, and certain additional revenue initiatives including 1.5% increase in hotel tax. These adjustments along with some reserve draw down for the fiscal year enabled the city to weather the effects of the recession and loss of redevelopment revenue, while providing requisite services to its residents.

Major Initiatives

(1) Employee Development

The City continues to invest in developing its managers and staff by providing employee training and development opportunities that enhance employee skills, knowledge and organizational effectiveness. These programs include: Franklin Covey's Seven Habits for Managers and Leading at the Speed of Trust workshops; ethics, writing, public speaking and computer trainings; as well as a variety of job specific trainings and educational seminars. These training programs have allowed the City to foster an environment in which it provides efficient, quality services and improved performance while maintaining a smaller staff.

(2) Preparing Today for a Better Future

The City continues its efforts to improve the quality of life of its citizens via capital improvements, economic development, societal assistance, and cultural programs.

The City continued its Sewer System Management Plan during the year as evidenced by the completed construction of the "Twintree-Haster" sewer improvement project, which consisted of 4,500 feet of new sewer pipe and 19 manholes. Designs of two other projects on Lampson Avenue consisting of over 5,500 feet of new sewer pipe and 32 manholes were also completed during the current fiscal year. Significant City activities this year also included the opening of the George L. Allen Traffic Management Center, a \$3.5 million high-tech, high visibility center. The center will help the City monitor and control traffic flow for many years to come.

The City's continued economic development efforts are highlighted by the 53-unit townhouse multi-family subdivision project, Century Village, which is in its final phase of construction. The City continues to develop the International West Master Plan which consists of the development of three new hotels, including the Water Park Hotel on the west side of Harbor Boulevard. These developments together are expected to generate over 600 new jobs and \$6 million in annual tax revenue for the City.

The City continues its efforts to end homelessness by providing support for the operation and essential services of the Thomas House which shelters 67 homeless in service-enriched transitional housing apartments and of the Women's Transitional Living Center which aided 1,348 survivors of family violence to find shelter and provided support, substance abuse treatment, and other services.

In October 2011, The Moving Wall, a 253-foot long landmark honoring the 58,000+ men and women who lost their lives in the Vietnam War, was raised in Garden Grove Park.

Financial Policies

The City maintains financial policies over various programs and activities:

Enterprise Fund Business Principles

The City of Garden Grove maintains a set of business principles and policies for managing its enterprise fund operations. They include the following: To break even and operate efficiently; To maintain two months cash flow as well as \$500,000 in reserves for contingencies. Additionally, replacement sinking funds should approach 5% of system value, and system and facilities are maintained up to industry standards by adequately funding new Capital Improvement Programs.

Investment Policy

The City of Garden Grove maintains an investment policy that is updated annually and reviewed and approved by the City Council. The City's investment objectives as outlined in the policy are in the following order: safety of principal, liquidity and yield. To meet these objectives, the City of Garden Grove attempts to obtain the highest yield on its investments consistent with the preservation of principal and liquidity. The yield benchmark for the City is the 6-month Treasury Bill as listed in the Money Rates section of the Wall Street Journal.

Purchasing Policy

The City's centralized purchasing policy is to procure needed supplies, services, and equipment at the correct quality, within the required time, and at the best price for the City of Garden Grove in a manner consistent with legal requirements, good business practice and proper fiscal control. The goal is to serve the public with integrity while ensuring the receipt of the best value for the tax dollar.

Awards


The Honorable Mayor and Council
Transmittal Letter Fiscal-Year 2011-2012 CAFR
December 20, 2012

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 Garden Grove for its comprehensive annual financial report for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

Preparation of the City's Comprehensive Annual Financial Report, in a timely manner, is an undertaking that requires the dedicated efforts of many of the staff in the Finance Department and other City departments. I would like to express my appreciation to all City and Finance department staff who assisted in, and contributed to, its preparation. I particularly would like to commend the Finance Department - Accounting Division team that led this effort. Finally, I would also like to thank the Mayor, the City Council, Board members, the City Manager and the Central Management team of the City for their continued interest and support in planning and conducting the financial operations of the City in a professional and progressive manner.

A handwritten signature in black ink, reading "Kingsley Okereke". The signature is written in a cursive style with a large initial "K".

Kingsley Okereke
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Garden Grove
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



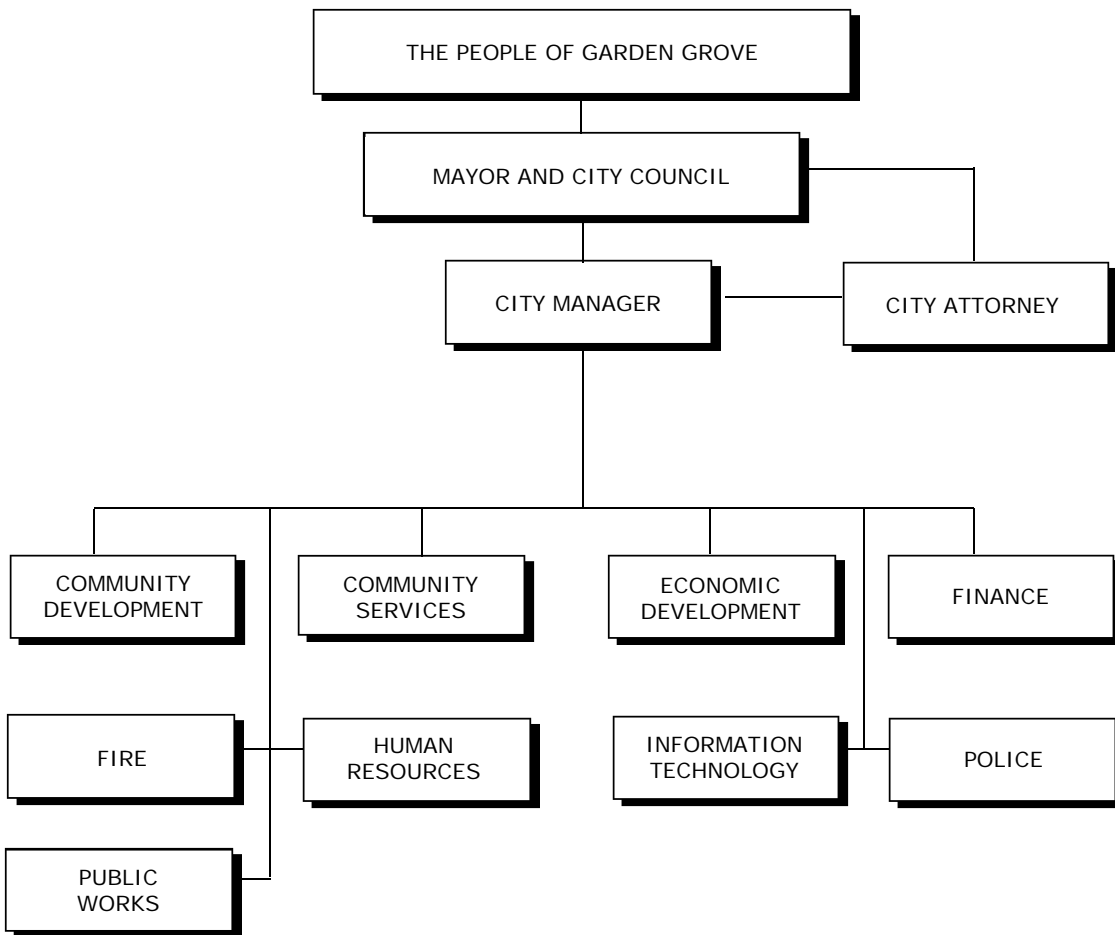
Linda C. Davidson

President

Jeffrey R. Emery

Executive Director

CITY OF GARDEN GROVE



CITY OF GARDEN GROVE

CITY COUNCIL

William J Dalton
Mayor

Dina Nguyen
Mayor Pro Tem

Bruce A Broadwater
Council Member

Steven R Jones
Council Member

Kris Beard
Council Member

CITY OFFICIALS

Matthew J Fertal
City Manager

Tom Nixon
City Attorney

Dave Bertka
Fire Chief

Susan Emery
Community Development Director

Charles Kalil
Information Technology Director

Kim Huy
Community Services Director

John Clark
Human Resources Director

Vacant
Economic Development Director

Kevin Raney
Police Chief

Kingsley Okereke
Finance Director

William Murray
Public Works Director



Financial Section

The Honorable City Council
City of Garden Grove, California

Independent Auditor's Report

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 Garden Grove, California (City), as of and for the year ended June 30, 2012, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note D.13 to the basic financial statements, the California State Legislature enacted legislation that dissolved redevelopment agencies in the State of California as of February 1, 2012. On February 1, 2012, the City, as the Successor Agency to the Redevelopment Agency of the City of Garden Grove, became responsible for overseeing the dissolution process and the wind down of redevelopment activity.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information identified in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules listed as other supplementary information in the table of contents, and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections 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.

Macias Jini & O'Connell LLP

Newport Beach, California

December 20, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Garden Grove, we offer readers of the City of Garden Grove's financial statements this narrative overview and analysis of the financial activities of the City of Garden Grove for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the City, including all component units, exceeded its liabilities at June 30, 2012, by \$918.9 million. Of the \$918.9 million of net assets, \$732.9 million is invested in capital assets net of related debt and \$29.9 million is restricted for specific purposes. The unrestricted balance of \$156.1 million is available to meet the City's ongoing obligations to citizens and creditors.
- On December 29, 2011, the California Supreme Court upheld Assembly Bill X126 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. The dissolution of the Garden Grove Agency for Community Development (Redevelopment Agency) and transfer assets and liabilities resulted in the recognition of an extraordinary loss in the City's governmental funds of \$98.1 million. The City's governmental funds' fund balance as of June 30, 2012 was \$59.2 million compared to \$145.7 million in the prior year. The dissolution of the Redevelopment Agency and resulting extraordinary loss was the primary reason for the decrease in governmental funds' fund balance of \$86.6 million. (See page 21)

OVERVIEW OF THE FINANCIAL STATEMENTS

These discussions and analysis are intended to serve as an introduction to the City of Garden Grove's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Garden Grove's finances, in a manner similar to a private-sector business.

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

The focus of the Statement of Activities is to present the City's major program costs and their corresponding major resources. To the extent a program's cost is not recovered by grants and direct charges, it is paid from general taxes and other resources. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Both of the 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 significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include Fire, Police, Traffic Safety, Public Right of Way, Drainage, Community Buildings, Community Services, Parks and Greenbelts, Community Planning and Development, and Municipal Support. The business-type activities of the City include a Water Utility, Sewage Collection, Solid Waste Disposal, and Housing Authority operations.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Garden Grove, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental 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 fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 the government-wide financial statements to facilitate the comparison between governmental funds and governmental activities.

The City of Garden Grove maintains various individual 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, community project debt service fund,

community project capital projects fund, low income housing capital projects fund and HOME grant special revenue fund all of which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Generally, the City adopts an annual appropriated budget for all of its funds. Budgetary comparison statements have been provided for the general fund and HOME grant special revenue fund as required supplementary information, and for all other governmental funds in other supplementary information, to demonstrate compliance with the budget.

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

Proprietary funds. The City of Garden Grove maintains six different types of proprietary (enterprise) funds. These 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 its Water Utility, Sewage Collection, Solid Waste Disposal, Housing Authority, Mobile Home Parks, and RV Park operations.

The City also uses internal service funds to account for its Workers' Compensation fund, Fleet Management fund, Employee Benefits fund, Information Systems fund, Warehouse Operations fund, Telephone System fund and Risk Management fund. Because all of the internal service funds provide services that predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide information similar to business-type activities within the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Water Utility, Sewage Collection, Solid Waste Disposal, Housing Authority, Mobile Home Parks and RV Park. All but the RV Park are considered to be major funds of the City.

Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-31 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City of Garden Grove's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Garden Grove maintains one type of fiduciary fund; a private-purpose trust fund to account for the Successor Agency activities. The City elected to become the Successor Agency to the Garden Grove Agency for Community Development (Successor Agency). The fund is used to report resources held in trust until they are distributed to other units of the state and local government or used to pay enforceable obligations in existence at the date of dissolution of Garden Grove Redevelopment Agency (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). The Successor Agency will cease to exist when all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The fiduciary fund financial statements can be found on pages 32-33 of this report.

Notes to basic financial statements. The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

The notes to basic financial statements can be found on pages 35-74 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City of Garden Grove's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 75-79 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the budgetary comparison reports. Combining and individual fund statements and schedules can be found on pages 86-117 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Garden Grove, assets exceeded liabilities by \$918.9 million at the close of the current fiscal year.

**City of Garden Grove, Net Assets
(in millions)**

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 189.2	\$ 288.0	\$ 52.4	\$ 65.1	\$ 241.6	\$ 353.1
Capital assets	<u>671.8</u>	<u>670.6</u>	<u>126.9</u>	<u>124.0</u>	<u>798.7</u>	<u>794.6</u>
Total assets	<u>861.0</u>	<u>958.6</u>	<u>179.3</u>	<u>189.1</u>	<u>1,040.3</u>	<u>1,147.7</u>
Long-term liabilities	46.4	134.9	46.7	48.6	93.1	183.5
Other liabilities	<u>22.2</u>	<u>35.2</u>	<u>6.1</u>	<u>6.4</u>	<u>28.3</u>	<u>41.6</u>
Total liabilities	<u>68.6</u>	<u>170.1</u>	<u>52.8</u>	<u>55.0</u>	<u>121.4</u>	<u>225.1</u>
Net assets	<u>\$ 792.4</u>	<u>\$ 788.5</u>	<u>\$ 126.5</u>	<u>\$ 134.1</u>	<u>\$ 918.9</u>	<u>\$ 922.6</u>
Invested in capital assets, net of related debt	\$ 643.3	\$ 561.0	\$ 89.6	\$ 88.7	\$ 732.9	\$ 649.7
Restricted	29.9	97.6	-	-	29.9	97.6
Unrestricted	<u>119.2</u>	<u>129.9</u>	<u>36.9</u>	<u>45.4</u>	<u>156.1</u>	<u>175.4</u>
Total net assets	<u>\$ 792.4</u>	<u>\$ 788.5</u>	<u>\$ 126.5</u>	<u>\$ 134.1</u>	<u>\$ 918.9</u>	<u>\$ 922.6</u>

At the end of the current fiscal year, the City of Garden Grove is able to report positive total net asset balance for the government as a whole. The largest portion of the City's net assets, 79.8%, reflects its investment in capital assets (e.g., land, street, water, sewer and storm drain systems, buildings and park assets, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net assets, \$29.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$156.1 million, may be used to meet the government's ongoing obligations to citizens and creditors.

**City of Garden Grove, Change in Net Assets
(in millions)**

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 11.9	\$ 14.8	\$ 46.6	\$ 42.8	\$ 58.5	\$ 57.6
Operating grants and contributions	19.6	46.5	30.7	-	50.3	46.5
Capital grants and contributions	4.8	6.3	-	-	4.8	6.3
General revenues:						
Sales taxes	18.5	16.8	-	-	18.5	16.8
Property taxes	43.9	52.3	-	-	43.9	52.3
Other taxes	19.7	18.3	-	-	19.7	18.3
Earning on investments	0.7	4.2	0.3	1.5	1.0	5.7
Other	0.6	0.4	0.1	12.9	0.7	13.3
Transfer in (out)	20.4	-	(20.4)	-	-	-
Total revenues	<u>140.1</u>	<u>159.6</u>	<u>57.3</u>	<u>57.2</u>	<u>197.4</u>	<u>216.8</u>
Expenses:						
Fire	19.5	18.7	-	-	19.5	18.7
Police	44.8	44.9	-	-	44.8	44.9
Traffic safety	3.2	2.9	-	-	3.2	2.9
Public right of way	14.8	13.0	-	-	14.8	13.0
Drainage	1.4	1.4	-	-	1.4	1.4
Community buildings	5.0	4.3	-	-	5.0	4.3
Community services	4.4	4.1	-	-	4.4	4.1
Parks and greenbelts	1.8	1.6	-	-	1.8	1.6
Community planning and development	10.9	49.1	-	-	10.9	49.1
Municipal support	6.4	3.2	-	-	6.4	3.2
Interest on Long-term debt	3.8	5.1	-	-	3.8	5.1
Water utility	-	-	24.2	26.2	24.2	26.2
Sewage collection	-	-	5.9	5.2	5.9	5.2
Solid waste disposal	-	-	1.8	3.5	1.8	3.5
Housing authority	-	-	30.9	-	30.9	-
Mobile home parks	-	-	-	0.9	-	0.9
RV park	-	-	0.5	0.6	0.5	0.6
Total expenses	<u>116.0</u>	<u>148.3</u>	<u>63.3</u>	<u>36.4</u>	<u>179.3</u>	<u>184.7</u>
Special Items (extraordinary gain (loss), discontinued operations)	(18.9)	-	(2.9)	-	(21.8)	-
Change in net assets	5.2	11.3	(8.9)	20.8	(3.7)	32.1
Net assets, July 1, as restated	<u>787.2</u>	<u>777.2</u>	<u>135.4</u>	<u>113.3</u>	<u>922.6</u>	<u>890.4</u>
Net assets, June 30	<u>\$ 792.4</u>	<u>\$ 788.5</u>	<u>\$ 126.5</u>	<u>\$ 134.1</u>	<u>\$ 918.9</u>	<u>\$ 922.5</u>

Governmental Activities. The City of Garden Grove governmental activities net assets increased by \$5.2 million from the prior fiscal year for an ending balance of \$792.4 million. The increase in governmental activities net assets was largely as a result of managed expenditure reductions and the net effect of transfers in from the mobile home parks against the extraordinary loss recognized due to the transfer of dissolved Redevelopment Agency liabilities to the new Successor Agency's private-purpose trust fund.

Business-type activities. Business-type activities net assets decreased by \$8.9 million from the prior fiscal year for an ending balance of \$126.5 million. A large part of the decrease stems from discontinuing Mobile Home Parks and the RV Park operations. The cessation of Mobile Home Park operations and elimination of interfund payables resulted in a transfer of \$20.4 million to the City's

governmental funds. The cessation of RV Park operations resulted in a loss of \$2.9 million.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use. The City's governmental funds can be found on page 16.

At the end of the current fiscal year, the City of Garden Grove's governmental funds reported combined fund balances of \$59.2 million, a decrease of \$86.6 million in comparison with the prior year. This decrease was due to the elimination of the redevelopment agency that resulted in an extraordinary loss in the City's governmental funds fund balance. Approximately \$15.4 million or 26.0% of the ending fund balance represents unassigned governmental fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned.

- **General fund.** The general fund is the chief operating fund of the City of Garden Grove. At the end of the fiscal year, the total fund balance decreased to \$34.8 million. The \$13.2 million net decrease in the City's general fund was primarily due to capital outlay and due to disallowed interfund receivables because of the dissolution of the Redevelopment Agency.
- The community project debt service fund, community project capital projects fund, and low and moderate income housing capital projects fund make up the redevelopment agency which was dissolved as a result of ABX126. These funds had a decrease of \$65.8 million from prior year. At dissolution, these fund balances were transferred from the City's governmental funds to the Successor Agency's private-purpose trust fund.

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

The Mobile Home Parks operations were discontinued in the prior year. The Mobile Home Parks fund balance of \$19.6 million was transferred to the City's governmental funds.

The RV Park operation was also discontinued in the current year. The RV Park fund balance of \$2.9 million was transferred to the Successor Agency trust fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. The only significant amendment during the year was the appropriation for capital outlay in community planning and development. The budget was increased by \$9.3 million to appropriate funds for land purchases. The majority of the land purchases were made pursuant to established Recognized Obligation Payments (ROPS) The land purchases pursuant to the established ROPS may potentially be reimbursed to the City by the State. (See page 77)

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were in taxes, charges for services, and revenue from other agencies. The tax increases were due to redistribution from redevelopment agencies to cities and other taxing entities. The shortfalls in charges for current services were caused by the City's reduced administration and overhead charges to the redevelopment agency. The net affect was an overall increase in actual general fund revenues over the final budget by \$1.9 million.

The most significant difference between actual expenditures compared to the appropriations in the final budget resulted from the \$9.3 million increase in budget for land purchases. As of year-end the City only acquired about \$6.0 million of the land expected to be purchased.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets. The City of Garden Grove's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$798.7 million (net of accumulated depreciation). This investment in capital assets includes land, street, sewer, water and storm drain systems, buildings and structures, machinery and equipment and construction in progress. The total increase in capital assets for the current fiscal year was approximately 0.5%. The value of the City's capital assets as of June 30, 2012 is as follows:

	Government activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 416.1	\$ 411.3	\$ 2.6	\$ 6.4	\$ 418.7	\$ 417.7
Construction in progress	3.3	5.7	14.2	8.9	17.5	14.6
Depreciable Capital Assets	252.4	253.5	110.1	108.7	362.5	362.2
Total capital assets	\$ 671.8	\$ 670.5	\$ 126.9	\$ 124.0	\$ 798.7	\$ 794.5

Major capital asset improvements and additions during the current fiscal year included the following:

- A variety of street widening and expansion projects for \$10.5 million,
- An improvement to the City water utility system of \$2.1 million,

- An improvement to the City sewer system of \$2.8 million, and
- Construction in progress totaling \$17.5 million

Additional information on the City of Garden Grove's capital assets can be found in the financial statements Note 6 of this report.

Long-term debt. The City's long-term debt was \$77.4 million at the end of the fiscal year. The debt decreased by \$90.0 million from the prior year largely as a result of the dissolution of the redevelopment agency. The long-term debt of \$85.4 million was transferred from the former redevelopment agency to the Successor Agency's private-purpose trust fund.

California statutes limit the amount of general obligation debt a governmental entity may issue to 3.75 percent of its total assessed valuation. The City of Garden Grove assessed valuation as of June 30, 2012 is \$9,795 million. The current debt limitation for the City of Garden Grove is \$367.3 million. There are no outstanding general obligation bonds of the City for the fiscal year ended June 30, 2012.

Additional information on the City of Garden Grove's long-term debt can be found in the financial statements Note D.8 of this report.

	Government activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Tax allocation bonds	\$ -	\$ 49.4	\$ -	\$ -	\$ -	\$ 49.4
Certificates of participation	19.0	19.5	-	-	19.0	19.5
2008 Subordinate Note	-	1.9	-	-	-	1.9
Agreements payable	7.4	43.3	-	-	7.4	43.3
Capital lease purchase	2.1	2.5	-	-	2.1	2.5
Sewer revenue COP	-	-	20.8	21.3	20.8	21.3
Water revenue bonds	-	-	28.1	29.5	28.1	29.5
Total	<u>\$ 28.5</u>	<u>\$ 116.6</u>	<u>\$ 48.9</u>	<u>\$ 50.8</u>	<u>\$ 77.4</u>	<u>\$ 167.4</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The effects of the economic downturn that began in the fall of 2008 continue to have an impact on government finances. While the economic outlook has improved, the pace of recovery is still very uncertain and a lack of confidence in the broader economy still persists.

Recent economic data suggests that the national recovery will continue to be gradual and uneven and the current economic outlook for California also calls for slow growth until the end of 2012. There is no real indication that the housing market is on the cusp of a recovery and the current forecast is for continued slow but steady gains in employment through 2012. Perhaps most troubling is that the State continues to address to its own budget challenges through costly mandates and takings from local government.

FY2012-2013 ongoing revenues reflect a slow but continuing recovery in several revenue classes from the recession's deep trough in FY2009-2010. Sales tax revenue is projected at \$18.2 million, a \$1 million increase from the last fiscal year budget. Despite this positive trend, sales tax revenue is still 9% below its peak in FY2007-2008. General fund property tax is budgeted at \$12.0 million, a \$500,000 increase over last fiscal year, but still 4% below its high point in FY 2008-2009. Total hotel tax revenue has seen the most significant recovery, projected at \$12.7 million; it is almost even with its peak of five years ago. However, revenue from building permits and other fees remains depressed.

As a consequence of the slow economic recovery and to address revenue losses resulting from the elimination of redevelopment agencies by the State in February 2012, the City developed a new 3-Year Fiscal Plan that will guide the City's budget. This plan includes additional cost reduction initiatives, economic development and revenue generation priorities and the use of reserves to be implemented over the next three fiscal years. During this 3-year period, all revenues and expenditures will continue to be closely monitored and appropriate adjustments will be made to maintain the City's financial health.

The FY2012-2013 budget is balanced and includes all currently provided basic services. The basic operating budget of \$91.6 million and capital budget of \$6.3 million was balanced using \$7.5 million in reserves and transfers, a \$1.4 million asset conversion (land sale), and a variety of reimbursements to the general fund for services provided to other funds. This budget implements the first year of the City's new 3-Year Fiscal Plan, including \$2.8 million in cost reduction initiatives to address the continuing effects of the economic crises and loss of redevelopment revenue.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Garden Grove'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 the City of Garden Grove, Office of the Finance Director, 11222 Acacia Parkway, Garden Grove, CA., 92840.



Basic Financial Statements

**CITY OF GARDEN GROVE
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 139,904,583	\$ 44,116,327	\$ 184,020,910
Cash and investments with fiscal agents	12,478	11,204,437	11,216,915
Taxes receivable	5,328,321	194,440	5,522,761
Accounts receivable	3,837,194	8,102,858	11,940,052
Interest receivable	602,298	200,706	803,004
Intergovernmental receivable	2,329,084	-	2,329,084
Internal balances	12,024,459	(12,024,459)	-
Inventory	676,167	-	676,167
Prepaid items	154,983	-	154,983
Total current assets	<u>164,869,567</u>	<u>51,794,309</u>	<u>216,663,876</u>
Noncurrent assets:			
Deposits	34,700	15,000	49,700
Notes receivable, net	19,056,152	-	19,056,152
Land held for resale	4,852,665	-	4,852,665
Deferred issuance costs	448,515	559,351	1,007,866
Capital assets:			
Land	416,116,410	2,564,750	418,681,160
Construction in progress	3,291,271	14,252,199	17,543,470
Depreciable capital assets, net	252,371,466	110,115,779	362,487,245
Total noncurrent assets	<u>696,171,179</u>	<u>127,507,079</u>	<u>823,678,258</u>
Total assets	<u>861,040,746</u>	<u>179,301,388</u>	<u>1,040,342,134</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	3,923,693	3,240,880	7,164,573
Accrued liabilities	1,418,965	210,858	1,629,823
Refundable deposits	1,789,323	765,504	2,554,827
Interest payable	1,767,739	86,132	1,853,871
Long term liabilities due within one year	13,266,765	1,815,000	15,081,765
Total current liabilities	<u>22,166,485</u>	<u>6,118,374</u>	<u>28,284,859</u>
Noncurrent liabilities:			
Due in more than one year	46,402,582	46,715,193	93,117,775
Total noncurrent liabilities	<u>46,402,582</u>	<u>46,715,193</u>	<u>93,117,775</u>
Total liabilities	<u>68,569,067</u>	<u>52,833,567</u>	<u>121,402,634</u>
NET ASSETS			
Invested in capital assets, net of related debt	643,306,441	89,606,972	732,913,413
Restricted for:			
Community planning and development	11,074,373	-	11,074,373
Streets and roads	11,060,660	-	11,060,660
Public safety	2,556,904	-	2,556,904
Developer impact projects	5,283,556	-	5,283,556
Unrestricted	119,189,745	36,860,849	156,050,594
Total net assets	<u>\$ 792,471,679</u>	<u>\$ 126,467,821</u>	<u>\$ 918,939,500</u>

The notes to basic financial statements are an integral part of this statement.

**CITY OF GARDEN GROVE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Functions/programs	Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
Fire	\$ 19,497,419	\$ 1,050,711	\$ 37,600
Police	44,750,562	3,321,404	1,385,532
Traffic safety	3,197,340	1,343,159	124,536
Public right of way	14,768,048	137,407	6,178,390
Drainage	1,416,730	-	-
Community buildings	4,960,863	-	-
Community services	4,429,803	855,600	67,057
Parks and greenbelts	1,784,807	1,345,479	428,400
Community planning and development	10,945,612	1,302,976	10,880,153
Municipal support	6,443,513	2,540,200	471,862
Interest on long term debt	3,782,577	-	-
Total governmental activities	<u>115,977,274</u>	<u>11,896,936</u>	<u>19,573,530</u>
Business-type activities:			
Water utility	24,213,012	34,317,927	-
Sewage collection	5,873,864	9,149,604	-
Solid waste disposal	1,798,109	3,145,079	-
Housing authority	30,893,709	-	30,661,674
RV park	565,375	807	-
Total business-type activities	<u>63,344,069</u>	<u>46,613,417</u>	<u>30,661,674</u>
Total	<u>\$ 179,321,343</u>	<u>\$ 58,510,353</u>	<u>\$ 50,235,204</u>

General revenues:

Taxes:

Sales taxes

Property taxes, levied for general purposes

Franchise taxes

Business operation taxes

Transient occupancy taxes

Motor vehicle taxes, levied for general purposes

Investment income

Miscellaneous

Transfer in (out)

Total general revenues and transfers

Special item - Discontinued operations

Extraordinary gain (loss)

Change in net assets

Net assets-July 1, as restated

Net assets-June 30

The notes to basic financial statements are an integral part of this statement.

Program Revenue	Net (Expense) Revenue and Changes in Net Assets		
	Capital Grants and Contributions	Governmental Activities	Business-type Activities
\$ 3,613	\$ (18,405,495)	\$ -	\$ (18,405,495)
81,949	(39,961,677)	-	(39,961,677)
512,902	(1,216,743)	-	(1,216,743)
3,883,225	(4,569,026)	-	(4,569,026)
65,854	(1,350,876)	-	(1,350,876)
-	(4,960,863)	-	(4,960,863)
-	(3,507,146)	-	(3,507,146)
189,010	178,082	-	178,082
110,656	1,348,173	-	1,348,173
-	(3,431,451)	-	(3,431,451)
-	(3,782,577)	-	(3,782,577)
<u>4,847,209</u>	<u>(79,659,599)</u>	<u>-</u>	<u>(79,659,599)</u>
-	-	10,104,915	10,104,915
-	-	3,275,740	3,275,740
-	-	1,346,970	1,346,970
-	-	(232,035)	(232,035)
-	-	(564,568)	(564,568)
-	-	<u>13,931,022</u>	<u>13,931,022</u>
<u>\$ 4,847,209</u>	<u>(79,659,599)</u>	<u>13,931,022</u>	<u>(65,728,577)</u>
	18,461,031	-	18,461,031
	43,920,463	-	43,920,463
	2,540,297	-	2,540,297
	4,756,384	-	4,756,384
	12,319,744	-	12,319,744
	86,882	-	86,882
	760,135	333,739	1,093,874
	650,920	95,480	746,400
	<u>20,372,663</u>	<u>(20,372,663)</u>	<u>-</u>
	<u>103,868,519</u>	<u>(19,943,444)</u>	<u>83,925,075</u>
	-	(2,917,948)	(2,917,948)
	<u>(18,940,657)</u>	<u>-</u>	<u>(18,940,657)</u>
	5,268,263	(8,930,370)	(3,662,107)
	<u>787,203,416</u>	<u>135,398,191</u>	<u>922,601,607</u>
<u>\$ 792,471,679</u>	<u>\$ 126,467,821</u>	<u>\$ 918,939,500</u>	

**CITY OF GARDEN GROVE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	Debt Service Fund	
	General Fund	Community Project
ASSETS		
Cash and cash investments	\$ 19,243,314	\$ -
Cash and cash investments with fiscal agents	12,478	-
Taxes receivable	4,767,952	-
Accounts receivable	2,681,962	-
Interest receivable	263,572	-
Intergovernmental receivable	-	-
Intercity loans receivable	37,932,998	-
Notes receivable	2,051,045	-
Allowance	(24,558,020)	-
Land held for resale	-	-
Deposits	-	-
Total assets	<u>\$ 42,395,301</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 1,077,285	\$ -
Accrued liabilities	1,117,070	-
Refundable deposits	1,729,744	-
Due to other funds	-	-
Deferred revenue	3,685,801	-
Total liabilities	<u>7,609,900</u>	<u>-</u>
Fund balances		
Non-Spendable		
Intercity loan	13,374,978	-
Restricted		
Police	-	-
Public Right of Way	-	-
Drainage	-	-
Community Services	-	-
Community Neighborhood	-	-
Municipal Support & Services	-	-
Assigned		
Post-Employment benefits	1,000,000	-
Garden Grove tourism improvement district	52,501	-
Property tax lawsuit	500,000	-
Building improvements	1,300,000	-
General Plan	113,271	-
Unassigned	18,444,651	-
Total fund balances	<u>34,785,401</u>	<u>-</u>
	<u>\$ 42,395,301</u>	<u>\$ -</u>

The notes to basic financial statements are an integral part of this statement.

Capital Projects Funds		HOME Grant Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Community Project	Low Income Housing			
\$ -	\$ -	\$ 220,551	\$ 23,333,541	\$ 42,797,406
-	-	-	-	12,478
-	-	-	560,369	5,328,321
-	-	43,639	872,735	3,598,336
-	-	773	107,589	371,934
-	-	15,911	2,313,173	2,329,084
-	-	-	13,729,748	51,662,746
-	-	11,882,224	5,152,883	19,086,152
-	-	-	(13,759,748)	(38,317,768)
-	-	-	4,852,665	4,852,665
-	-	-	2,600	2,600
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,163,098</u>	<u>\$ 37,165,555</u>	<u>\$ 91,723,954</u>
\$ -	\$ -	\$ -	\$ 2,098,268	\$ 3,175,553
-	-	-	196,016	1,313,086
-	-	10,176	47,883	1,787,803
-	-	-	3,548,394	3,548,394
-	-	11,882,224	7,163,656	22,731,681
<u>-</u>	<u>-</u>	<u>11,892,400</u>	<u>13,054,217</u>	<u>32,556,517</u>
-	-	-	-	13,374,978
-	-	-	2,679,541	2,679,541
-	-	-	11,782,646	11,782,646
-	-	-	354,290	354,290
-	-	-	206,715	206,715
-	-	270,698	11,914,630	12,185,328
-	-	-	228,600	228,600
-	-	-	-	1,000,000
-	-	-	-	52,501
-	-	-	-	500,000
-	-	-	-	1,300,000
-	-	-	-	113,271
-	-	-	(3,055,084)	15,389,567
<u>-</u>	<u>-</u>	<u>270,698</u>	<u>24,111,338</u>	<u>59,167,437</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,163,098</u>	<u>\$ 37,165,555</u>	<u>\$ 91,723,954</u>

**CITY OF GARDEN GROVE
RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2012**

Amounts reported for governmental activities in the statement of net assets are different because:

Fund balances - total governmental funds (page 17)	\$ 59,167,437
Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet.	664,988,145
Certain notes and grants receivables are not available to pay for current period expenditures, and therefore are offset by deferred revenue in the governmental funds.	22,731,681
Internal service funds are used by management to charge the costs of various city activities to individual governmental and business-like funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service funds net assets are:	77,286,960
The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long term debt and related items.	<u>(31,702,544)</u>
Net assets of governmental activities	<u>\$ 792,471,679</u>

The notes to basic financial statements are an integral part of this statement.

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**CITY OF GARDEN GROVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	General Fund	Debt Service Fund Community Project
REVENUES:		
Taxes	\$ 68,858,608	\$ 7,194,875
Licenses and permits	916,423	-
Fines, forfeits and penalties	2,070,130	-
Investment earnings	886,346	-
Charges for current services	6,531,365	-
From other agencies	949,521	-
Other revenues	887,069	-
Total revenues	<u>81,099,462</u>	<u>7,194,875</u>
EXPENDITURES:		
Current:		
Fire	19,808,069	-
Police	43,864,635	-
Traffic safety	860,095	-
Public right of way	3,353,490	-
Community buildings	3,492,077	-
Community services	2,666,404	-
Parks and greenbelts	1,087,760	-
Community planning and development	3,280,515	3,650
Municipal support	8,142,646	-
Capital outlay:		
Fire	-	-
Police	-	-
Traffic safety	-	-
Public right of way	105,659	-
Drainage	-	-
Community buildings	-	-
Parks and greenbelts	-	-
Community planning and development	5,982,475	-
Municipal support	18,626	-
Debt service:		
Principal retirement	970,488	1,945,000
Interest and other charges	144,994	1,220,569
Total expenditures	<u>93,777,933</u>	<u>3,169,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,678,471)</u>	<u>4,025,656</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	22,387,094	244,878
Transfers out	(24,720,129)	(10,493,586)
Issuance of debt	1,856,127	-
Total other financing sources (uses)	<u>(476,908)</u>	<u>(10,248,708)</u>
Extraordinary gain (loss)	-	6,104,498
Net change in fund balances	(13,155,379)	(118,554)
Fund balances, July 1 , as restated	<u>47,940,780</u>	<u>118,554</u>
Fund balances, June 30	<u>\$ 34,785,401</u>	<u>\$ -</u>

The notes to basic financial statements are an integral part of this statement.

Capital Projects Funds		HOME Grant	Nonmajor	Total
Community Project	Low Income Housing	Special Revenue Fund	Governmental Funds	Governmental Funds
\$ -	\$ 3,255,023	\$ -	\$ 3,222,088	\$ 82,530,594
-	-	-	29,114	945,537
-	-	-	602,971	2,673,101
605,788	-	347	67,672	1,560,153
-	-	-	3,869,606	10,400,971
-	-	171,814	14,495,917	15,617,252
128,322	237,025	93,788	265,748	1,611,952
<u>734,110</u>	<u>3,492,048</u>	<u>265,949</u>	<u>22,553,116</u>	<u>115,339,560</u>
-	-	-	187,463	19,995,532
-	-	-	1,693,270	45,557,905
-	-	-	2,033,865	2,893,960
17,232	-	-	2,509,718	5,880,440
5,289	9,666	-	11,996	3,519,028
-	-	-	1,782,965	4,449,369
-	-	-	795,678	1,883,438
1,903,515	690,991	156,281	4,836,298	10,871,250
271,661	70,498	-	320,206	8,805,011
-	-	-	7,113	7,113
-	-	-	22,610	22,610
-	-	-	49,690	49,690
-	-	-	7,483,325	7,588,984
-	-	-	478,506	478,506
-	-	-	710,676	710,676
-	-	-	700,733	700,733
-	-	-	9,793	5,992,268
-	-	-	-	18,626
668,191	-	-	850,000	4,433,679
1,490,046	-	-	370,175	3,225,784
<u>4,355,934</u>	<u>771,155</u>	<u>156,281</u>	<u>24,854,080</u>	<u>127,084,602</u>
<u>(3,621,824)</u>	<u>2,720,893</u>	<u>109,668</u>	<u>(2,300,964)</u>	<u>(11,745,042)</u>
49,533,352	-	-	6,680,208	78,845,532
(244,878)	(18,601,219)	-	(3,313,057)	(57,372,869)
-	-	-	-	1,856,127
<u>49,288,474</u>	<u>(18,601,219)</u>	<u>-</u>	<u>3,367,151</u>	<u>23,328,790</u>
<u>(80,606,102)</u>	<u>(14,744,138)</u>	<u>-</u>	<u>(8,892,776)</u>	<u>(98,138,518)</u>
(34,939,452)	(30,624,464)	109,668	(7,826,589)	(86,554,770)
34,939,452	30,624,464	161,030	31,937,927	145,722,207
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,698</u>	<u>\$ 24,111,338</u>	<u>\$ 59,167,437</u>

**CITY OF GARDEN GROVE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 21)	\$ (86,554,770)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital expenditures in the current period.	1,742,838
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	86,047,671
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,715,579
Internal service funds are used by management to charge the costs of certain activities, such as workers compensation, fleet management, employee benefits, telephones, information systems, risk management and warehouse operations to individual funds. The net revenues of these internal service funds are reported as governmental activities.	<u>1,316,945</u>
Change in net assets of governmental activities	<u><u>\$ 5,268,263</u></u>

The notes to basic financial statements are an integral part of this statement.

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**CITY OF GARDEN GROVE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
ASSETS		
Current Assets:		
Cash and cash investments	\$ 16,075,324	\$ 24,488,418
Cash and cash investments with fiscal agents	9,698,928	1,505,509
Taxes receivable	-	126,560
Accounts receivable	6,314,596	1,154,504
Interest receivable	73,226	110,887
Intercity loans receivable	750,000	-
Allowance	(750,000)	-
Due from other funds	-	-
Inventory	-	-
Prepaid items	-	-
Total current assets	<u>32,162,074</u>	<u>27,385,878</u>
Noncurrent assets:		
Deposits	15,000	-
Deferred issuance costs	312,003	247,348
Capital assets:		
Land	1,471,805	1,092,945
Construction in progress	11,919,499	2,332,700
Depreciable capital assets, net	<u>53,918,491</u>	<u>56,189,595</u>
Total noncurrent assets	<u>67,636,798</u>	<u>59,862,588</u>
Total assets	<u>99,798,872</u>	<u>87,248,466</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	2,811,024	357,411
Accrued liabilities	156,623	47,239
Interest payable	45,784	40,348
Refundable deposits	468,093	8,383
Current portion of long-term obligations		
Capital leases	-	-
Accrued compensated absences	-	-
Claims payable	-	-
Long-term debt	<u>1,320,000</u>	<u>495,000</u>
Total current liabilities	<u>4,801,524</u>	<u>948,381</u>
Noncurrent liabilities:		
Intercity loans payable	13,374,978	-
Noncurrent portion of long-term obligations:		
Capital leases	-	-
Accrued compensated absences	-	-
Claims payable	-	-
Long-term debt	<u>26,402,269</u>	<u>20,312,924</u>
Total noncurrent liabilities	<u>39,777,247</u>	<u>20,312,924</u>
Total liabilities	<u>44,578,771</u>	<u>21,261,305</u>
NET ASSETS		
Invested in capital assets, net of related debt	49,286,454	40,312,825
Unrestricted	<u>5,933,647</u>	<u>25,674,336</u>
Total net assets	<u>\$ 55,220,101</u>	<u>\$ 65,987,161</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Net assets of business-type activities

The notes to basic financial statements are an integral part of this statement.

Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
Solid Waste Disposal	Housing Authority	Mobile Home Park	Nonmajor RV Park	Total	
\$ 2,215,359	\$ 1,337,226	\$ -	\$ -	\$ 44,116,327	\$ 97,107,177
-	-	-	-	11,204,437	-
67,880	-	-	-	194,440	-
630,171	3,587	-	-	8,102,858	238,856
9,798	6,795	-	-	200,706	230,364
-	-	-	-	750,000	-
-	-	-	-	(750,000)	-
-	-	-	-	-	3,548,394
-	-	-	-	-	676,167
-	-	-	-	-	154,983
<u>2,923,208</u>	<u>1,347,608</u>	<u>-</u>	<u>-</u>	<u>63,818,768</u>	<u>101,955,941</u>
-	-	-	-	15,000	32,100
-	-	-	-	559,351	-
-	-	-	-	2,564,750	-
-	-	-	-	14,252,199	-
1,100	6,593	-	-	110,115,779	6,791,002
1,100	6,593	-	-	127,507,079	6,823,102
<u>2,924,308</u>	<u>1,354,201</u>	<u>-</u>	<u>-</u>	<u>191,325,847</u>	<u>108,779,043</u>
69,614	2,831	-	-	3,240,880	748,140
6,996	-	-	-	210,858	105,879
-	-	-	-	86,132	-
-	289,028	-	-	765,504	1,520
-	-	-	-	-	418,836
-	-	-	-	-	6,119,966
-	-	-	-	-	4,793,734
-	-	-	-	1,815,000	-
<u>76,610</u>	<u>291,859</u>	<u>-</u>	<u>-</u>	<u>6,118,374</u>	<u>12,188,075</u>
-	-	-	-	13,374,978	-
-	-	-	-	-	400,231
-	-	-	-	-	1,529,992
-	-	-	-	-	16,023,266
-	-	-	-	46,715,193	-
-	-	-	-	60,090,171	17,953,489
<u>76,610</u>	<u>291,859</u>	<u>-</u>	<u>-</u>	<u>66,208,545</u>	<u>30,141,564</u>
1,100	6,593	-	-	89,606,972	5,971,935
2,846,598	1,055,749	-	-	35,510,330	72,665,544
<u>\$ 2,847,698</u>	<u>\$ 1,062,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>125,117,302</u>	<u>\$ 78,637,479</u>
				<u>1,350,519</u>	
				<u>\$ 126,467,821</u>	

**CITY OF GARDEN GROVE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewage Collection	Solid Waste Disposal
Operating revenues:			
Charges for services	\$ -	\$ -	\$ -
Water sales	33,900,962	-	-
Section 8 grant revenue	-	-	-
Solid waste disposal fees	-	-	1,535,487
Property assessments	-	2,229,195	297,173
Sewer user fees	-	6,803,298	-
Other	416,965	117,111	1,312,419
Total operating revenues	<u>34,317,927</u>	<u>9,149,604</u>	<u>3,145,079</u>
Operating expenses:			
Salaries and wages	4,208,551	2,034,150	356,039
Contractual services	4,883,537	1,399,394	1,439,332
Liability claims	-	-	-
Materials and supplies	1,243,810	121,666	2,188
Water production expenses	11,077,736	-	-
Housing assistance payment	-	-	-
Depreciation and amortization	2,109,490	1,477,184	550
Total operating expenses	<u>23,523,124</u>	<u>5,032,394</u>	<u>1,798,109</u>
Operating income (loss)	<u>10,794,803</u>	<u>4,117,210</u>	<u>1,346,970</u>
Nonoperating revenues (expenses):			
Investment income	174,943	143,515	10,936
Gain on disposal of assets	-	-	-
Other nonoperating revenues	-	-	-
Interest expense	(1,004,428)	(986,550)	-
Total nonoperating revenues (expenses)	<u>(829,485)</u>	<u>(843,035)</u>	<u>10,936</u>
Income (loss) before transfers and special item	9,965,318	3,274,175	1,357,906
Transfers in	-	-	-
Transfers out	<u>(750,000)</u>	<u>-</u>	<u>-</u>
Special item - Discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	9,215,318	3,274,175	1,357,906
Total net assets, July 1	<u>46,004,783</u>	<u>62,712,986</u>	<u>1,489,792</u>
Total net assets, June 30	<u>\$ 55,220,101</u>	<u>\$ 65,987,161</u>	<u>\$ 2,847,698</u>

Adjustment to reflect the consolidation of internal service fund activities to enterprise funds.

Change in net assets of business-type activities.

The notes to basic financial statements are an integral part of this statement.

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Housing Authority	Mobile Home Park	Nonmajor RV Park	Total	
\$ -	\$ -	\$ -	\$ -	\$ 47,311,148
-	-	-	33,900,962	-
30,646,308	-	-	30,646,308	-
-	-	-	1,535,487	-
-	-	-	2,526,368	-
-	-	-	6,803,298	-
15,366	-	807	1,862,668	-
<u>30,661,674</u>	<u>-</u>	<u>807</u>	<u>77,275,091</u>	<u>47,311,148</u>
2,176,579	-	-	8,775,319	33,089,739
119,915	-	565,375	8,407,553	3,213,679
-	-	-	-	4,847,869
31,944	-	-	631,897	1,922,741
-	-	-	11,845,447	-
28,556,094	-	-	28,556,094	-
9,177	-	-	3,596,401	1,189,096
<u>30,893,709</u>	<u>-</u>	<u>565,375</u>	<u>61,812,711</u>	<u>44,263,124</u>
<u>(232,035)</u>	<u>-</u>	<u>(564,568)</u>	<u>15,462,380</u>	<u>3,048,024</u>
4,345	-	-	333,739	72,893
-	-	95,480	95,480	(261,727)
-	-	-	-	49,864
-	-	-	(1,990,978)	(32,489)
<u>4,345</u>	<u>-</u>	<u>95,480</u>	<u>(1,561,759)</u>	<u>(171,459)</u>
(227,690)	-	(469,088)	13,900,621	2,876,565
-	-	-	-	-
<u>-</u>	<u>(19,622,663)</u>	<u>-</u>	<u>(20,372,663)</u>	<u>(1,100,000)</u>
-	-	(2,917,948)	(2,917,948)	-
(227,690)	(19,622,663)	(3,387,036)	(9,389,990)	1,776,565
<u>1,290,032</u>	<u>19,622,663</u>	<u>3,387,036</u>	<u>134,507,292</u>	<u>76,860,914</u>
<u>\$ 1,062,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>125,117,302</u>	<u>\$ 78,637,479</u>
			<u>459,620</u>	
			<u>\$ (8,930,370)</u>	

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewage Collection	Solid Waste Disposal
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 32,670,038	\$ 9,020,405	\$ 2,509,415
Receipts from Section 8 grant	-	-	-
Payments to suppliers	(17,228,960)	(2,024,712)	(1,451,373)
Payment to Section 8 participants	-	-	-
Payments to employees	(4,283,689)	(2,022,276)	(353,932)
Receipts from user departments	-	-	-
Net cash provided (used) by operating activities	<u>11,157,389</u>	<u>4,973,417</u>	<u>704,110</u>
CASH FLOWS FROM (TO) NONCAPITAL FINANCING ACTIVITIES			
Cash received from other funds	-	-	-
Transfers from (to) other funds	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(7,478,581)	(1,872,096)	-
Proceeds from disposal of capital assets	-	-	-
Proceeds from issuance of long-term debts	-	-	-
Principal paid on capital debt	(1,280,000)	(475,002)	-
Interest paid on capital debt	(2,216,467)	(987,341)	-
Capital contribution	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(10,975,048)</u>	<u>(3,334,439)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	177,639	178,355	10,145
Net cash provided by investing activities	<u>177,639</u>	<u>178,355</u>	<u>10,145</u>
Net increase (decrease) in cash and cash equivalents	359,980	1,817,333	714,255
Cash and cash equivalents, July 1	<u>25,414,272</u>	<u>24,176,594</u>	<u>1,501,104</u>
Cash and cash equivalents, June 30	<u>\$ 25,774,252</u>	<u>\$ 25,993,927</u>	<u>\$ 2,215,359</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets to private-purpose trust fund	-	-	-

The notes to basic financial statements are an integral part of this statement.

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Housing Authority	Mobile Home Parks	Nonmajor RV Park	Total	
\$ -	\$ -	\$ 68,854	\$ 44,268,712	\$ -
30,701,902	-	-	30,701,902	-
-	-	(637,493)	(21,342,538)	(31,185,837)
(28,699,668)	-	-	(28,699,668)	-
(2,176,579)	-	-	(8,836,476)	(16,495,095)
-	-	-	-	48,249,121
<u>(174,345)</u>	<u>-</u>	<u>(568,639)</u>	<u>16,091,932</u>	<u>568,189</u>
-	-	-	-	1,373,953
-	<u>(19,622,663)</u>	-	<u>(19,622,663)</u>	<u>(1,100,000)</u>
-	<u>(19,622,663)</u>	-	<u>(19,622,663)</u>	<u>273,953</u>
-	-	-	(9,350,677)	(1,061,937)
-	-	95,480	95,480	109,163
-	-	-	-	398,332
-	-	-	(1,755,002)	(503,474)
-	-	-	(3,203,808)	(32,488)
-	-	275,204	275,204	-
-	-	<u>370,684</u>	<u>(13,938,803)</u>	<u>(1,090,404)</u>
8,235	120,691	-	495,065	126,249
<u>8,235</u>	<u>120,691</u>	<u>-</u>	<u>495,065</u>	<u>126,249</u>
(166,110)	(19,501,972)	(197,955)	(16,974,469)	(122,013)
<u>1,503,336</u>	<u>19,501,972</u>	<u>197,955</u>	<u>72,295,233</u>	<u>97,229,190</u>
<u>\$ 1,337,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,320,764</u>	<u>\$ 97,107,177</u>

- (4,000,000) (4,000,000)

CONTINUED

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 10,794,803</u>	<u>\$ 4,117,210</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	2,109,490	1,477,184
Nonoperating revenue	-	-
Decrease (increase) in taxes receivable	-	(39,104)
Decrease (increase) in accounts receivable	(1,667,208)	(90,095)
Decrease (increase) in inventory	-	-
Decrease (increase) in prepaid expenses	-	-
Increase (decrease) in accounts payable	(23,877)	(154,047)
Increase (decrease) in accrued compensated absences	-	-
Increase (decrease) in accrued liabilities	(75,138)	(337,731)
Increase (decrease) in refundable deposits	19,319	-
Increase (decrease) in claims payable	-	-
Total adjustments	<u>362,586</u>	<u>856,207</u>
Net cash provided (used) by operating activities	<u><u>\$ 11,157,389</u></u>	<u><u>\$ 4,973,417</u></u>

The notes to basic financial statements are an integral part of this statement.

Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
Solid Waste Disposal	Housing Authority	Mobile Home Parks	Nonmajor RV Park	Total	
<u>\$ 1,346,970</u>	<u>\$ (232,035)</u>	<u>\$ -</u>	<u>\$ (564,568)</u>	<u>\$ 15,462,380</u>	<u>\$ 3,048,024</u>
550	9,177	-	-	3,596,401	1,189,096
-	-	-	-	-	49,864
(5,493)	-	-	-	(44,597)	-
(630,171)	71,363	-	68,047	(2,248,064)	31,084
-	-	-	-	-	25,273
-	3,723	-	-	3,723	(128,634)
(9,853)	(8,892)	-	(72,118)	(268,787)	(1,609,342)
-	-	-	-	-	(2,099,690)
2,107	-	-	-	(410,762)	(45,880)
-	(17,681)	-	-	1,638	10
-	-	-	-	-	108,384
<u>(642,860)</u>	<u>57,690</u>	<u>-</u>	<u>(4,071)</u>	<u>629,552</u>	<u>(2,479,835)</u>
<u>\$ 704,110</u>	<u>\$ (174,345)</u>	<u>\$ -</u>	<u>\$ (568,639)</u>	<u>\$ 16,091,932</u>	<u>\$ 568,189</u>

**CITY OF GARDEN GROVE
STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
JUNE 30, 2012**

ASSETS

Current Assets:	
Cash and cash investments	\$ 24,073,671
Cash and cash investments with fiscal agents	4,772,020
Accounts receivable	100,377
Interest receivable	20,878
Notes receivable	1,622,999
Total current assets	<u>30,589,945</u>
Noncurrent assets:	
Deferred issuance costs	829,786
Capital assets:	
Land	77,882,295
Depreciable capital assets, net	220,000
Total noncurrent assets	<u>78,932,081</u>
Total assets	<u>109,522,026</u>

LIABILITIES

Current Liabilities:	
Accounts payable	12,714,016
Accrued liabilities	25,953
Refundable deposits	724,930
Current portion of long-term obligations	9,214,049
Total current liabilities	<u>22,678,948</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Long-term debt	<u>75,835,219</u>
Total noncurrent liabilities	<u>75,835,219</u>
Total liabilities	<u>98,514,167</u>

NET ASSETS

Held in trust for other purposes	<u>\$ 11,007,859</u>
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The notes to basic financial statements are an integral part of this statement.

**CITY OF GARDEN GROVE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
FOR THE PERIOD FROM FEBRUARY 1, 2012 (INCEPTION) THROUGH JUNE 30, 2012**

ADDITIONS	
Taxes	\$ 3,382
Investment earnings	571,561
Other revenues	98,850
Total additions	673,793
 DEDUCTIONS	
Program expenses	817,824
Administrative expenses	4,538,464
Interest and fiscal agency expenses	1,956,189
Remittance to county for disbursement to taxing entities	4,212,062
Total deductions	11,524,539
EXTRAORDINARY GAIN	21,858,605
CHANGE IN NET ASSETS	11,007,859
NET ASSETS - BEGINNING	-
NET ASSETS - ENDING	\$ 11,007,859

The notes to basic financial statements are an integral part of this statement.

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**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Garden Grove (the "City") was incorporated June 18, 1956 as a general law full service city. The City operates under a council-manager form of government and provides the following services: public safety (police, fire, and paramedics), highways and streets, social services, culture and recreation, parks, planning, zoning, housing, water, solid waste collection and disposal, sewage services and general administration.

1. Reporting entity

Accounting principles, generally accepted in the United States of America, require that these financial statements present the City (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (e.g. the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The component units discussed in this note are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended component units:

- a. The Garden Grove Agency for Community Development (the "Agency") was established in November 1970 pursuant to California Community Redevelopment Laws and is reported as debt service funds and capital project funds as if it were part of the primary government because the City Council, although acting in a different capacity, was the governing board. Council members approve the agency budget, and the City provides staffing.

However, on June 28, 2011, Assembly Bill X1 26 ("AB X1 26") was enacted and on December 29, 2011, the California Supreme Court upheld the constitutionality of AB X1 26, and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012 (the "Dissolution Act"). The legislation provides for successor agencies and oversight boards that are responsible for overseeing the dissolution process and the wind down of redevelopment activity. At the City's meeting on September 13, 2011, the City Council affirmed its decision to serve as the Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency"), effective February 1, 2012. The Agency is a blended component unit of the City. Also, upon dissolution, the Garden Grove Housing Authority elected to retain the housing assets, functions and powers previously performed by the former Agency. See footnote D.13 for further detail regarding the dissolution.

- b. The Successor Agency to the Garden Grove Agency for Community Development (Successor Agency) was created to serve as a custodian for the assets and to wind down the affairs of the former Agency. The Successor Agency is a separate public entity from the City, subject to the direction of an Oversight Board and is a blended component unit of the City. The Oversight Board is comprised of seven-member representatives from local government bodies. See footnote D.13 for further detail regarding the dissolution.

In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency is reported in a fiduciary fund (private-purpose trust fund).

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

- c. The Garden Grove Housing Authority (the "Housing Authority") was established in October 1975, pursuant to the provisions of the Housing and Community Development Act of 1974 and is reported as an enterprise fund as if it were part of the primary government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Housing Authority budget, and the City provides staffing.
- d. The Garden Grove Sanitary District (the "Sanitary District") began its operations in 1924 as a special district operating under the authority of the State of California. The Health and Safety Code of California (the Sanitary District Act of 1923) is the governing law. The Sanitary District provides portions of the cities of Garden Grove, Fountain Valley, Westminster and County of Orange unincorporated areas with sewage collection services, maintenance and cleaning of sewage collection lines, inspection of sewage lines built within the district by developers and the provision for trash and solid waste collection and disposal for residents and commercial establishments. The district became a subsidiary district and component unit of the City of Garden Grove on May 30, 1997. The Sanitary District is reported as two enterprise funds, the Sewage Collection enterprise fund and Solid Waste Disposal enterprise fund as if it were part of the primary City government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Sanitary District budget and the City provides staffing.
- e. The Garden Grove Public Financing Authority (the "Authority") was established on June 22, 1993 as a joint powers agency organized under the laws of the State of California. The Authority was formed to assist in the financing of public and capital improvements. It is reported as debt service funds and enterprise funds as if it were part of the primary City government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Authority budget and the City provides staffing.

Separate reports are not issued for the Garden Grove Agency for Community Development, Garden Grove Housing Authority, Garden Grove Sanitary District, Garden Grove Public Financing Authority, and Successor Agency to the Garden Grove Agency for Community Development.

All components of the reporting entity are reported on a July 1 through June 30 fiscal year.

Special Item

RV Park's assets were originally contributed from the former redevelopment agency in the fiscal year 2006. As The City discontinued the operations of the RV Park in fiscal year 2012, the remaining assets and liability related to this discontinuance of operations of \$2,917,948 were transferred to the Successor Agency.

2. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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 and charges for support.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions that are restricted to meeting the operational requirement of a particular function or segment and 3) capital grants and contributions that are restricted to meeting the capital requirement of a particular function or segment and other miscellaneous revenues that directly benefit a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary fund. Major governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Grant funds received before the revenue recognition criteria have been met are reported as deferred revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as in accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise taxes, licenses, revenues from other agencies and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

General fund

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

Community Project debt service fund

The Community Project debt service fund is used to account for resources provided to pay principal and interest on the Agency for Community Development project debt.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

Community Project capital projects fund

Capital projects within the Agency for Community Development Community project area are accounted for in this fund.

Low Income Housing capital projects fund

This fund records the 20% set-aside of tax increment revenue of the Agency for Community Development. In accordance with the State Health and Safety Code, this amount is used only for projects relating to low income housing within the project areas.

Home Grant special revenue fund

The Home Grant fund is used to account for the revenues received and expenditures made for the housing assistance program, which is funded by the U.S. Department of Housing and Urban Development.

The City reports the following major enterprise funds:

Water Utility fund

The purpose of this fund is to account for the City's water system. Resources of the fund are applied to construction, operation, maintenance and debt service obligations of the water system. Financing is provided by revenue of the water utility.

Sewage Collection fund

The Garden Grove Sanitary District comprises two funds, the Sewage Collection fund and the Solid Waste Disposal fund. Resources of the Sewage Collection fund are applied to the operation and maintenance of the City's sewer system.

Solid Waste Disposal fund

The Garden Grove Sanitary District comprises two funds, the Sewage Collection fund and the Solid Waste Disposal fund. The Solid Waste Disposal fund accounts for the operation of the trash and solid waste collections and disposal services.

Housing Authority fund

The Housing Authority fund accounts for the revenues and expenses pertaining to the Federal Section 8 Housing Program.

Mobile Home Parks fund

The purpose of this fund is to account for the operation and debt service obligations of the Bahia Trailer Village and Emerald Isle mobile home parks located within the City. These mobile home parks were purchased as a way to help further the City's goal of preservation and protection of low and moderate-income housing.

Additionally, the City reports the following fund types:

Internal Service funds

The internal service funds account for workers' compensation, fleet management, employee benefits, information systems, warehouse operations, telephone system, and risk management services provided to City departments on a cost reimbursement basis.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

Private-Purpose Trust fund

The Private-Purpose Trust Fund accounts for the custodial responsibilities that are assigned to the Successor Agency pursuant to the Dissolution Act.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other governmental funds. Elimination of these charges would distort the direct costs and program revenues reported for the function concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) fines, forfeits and penalties, 3) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function and 4) other miscellaneous revenues that directly benefit a particular function and do not fit into any other category. General revenues include all taxes, investment income, and gain on sale of assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City has elected, for all proprietary type activities, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements. The City has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Assets, liabilities, and net assets or equity

a. Deposits and investments

The City pools idle cash from all funds in order to maximize income from investment activities. Investments are recorded on the City's books at fair value (quoted market price or best available estimate thereof) in accordance with GASB Statement No. 31. Interest income on investments is allocated to individual funds on the basis of monthly cash and investment balances except for the Fleet Management, Employee Benefits, Warehouse Operations, and Telephone System Internal Service Funds by management decision.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

b. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter fund loans) or "intercity loan receivable/payable" (i.e., the non-current portion of inter fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Intercity loan receivable, as reported in the fund financial statements, are offset by a nonspendable fund balance in applicable governmental funds to indicate that they are not in spendable form.

Utility accounts are billed on a bi-monthly cyclical basis. Receivables are recorded at the time consumption is determined. Sanitary refuse collection accounts are billed quarterly, with the last quarterly billing completed in June covering June, July, and August services. Unbilled receivables are recorded at year end to adjust for the billing cycle and are included as accounts receivable in the Water Utility and Sanitary District funds.

c. *Taxes receivable*

Property taxes in California are levied in accordance with Article 13A of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to state law to appropriate units of local government. In addition, a voter-approved property tax of two and one-half cents per hundred dollars actual value is levied against all property in the City for the purpose of providing emergency medical services.

In the governmental fund statements, property tax revenue is recognized in the fiscal year for which taxes have been levied, provided that the revenue is collected in the current period or will be collected within 60 days thereafter.

The property tax calendar is as follows:

Lien date:	January 1
Levy date:	July 1
Due date:	First installment - November 1 Second installment - February 1
Delinquent date:	First installment – After December 10 Second installment – After April 10

Taxes are collected by Orange County, and are remitted to the City periodically as follows (dates and percentages may vary slightly from year to year):

November 9, 2011	7% - 10%
December 8, 2011	5% - 10%
December 22, 2011	30% - 35%
January 19, 2012	1% - 5%
March 15, 2012	5% - 7%
April 26, 2012	30% - 35%
May 25, 2012	1% - 5%
July 12, 2012	1% - 2% (Collections through June 30)

d. *Inventory, prepaid items and land held for resale*

Inventory is valued at cost using the first in, first out (FIFO) method. Inventory in the proprietary funds consists of expendable supplies held for future consumption. The cost is recorded as an expense as inventory items are consumed.

Land held for resale is valued at lower of cost or estimated net realizable value, determined upon execution of a disposition and development agreement, at June 30, 2012 and is located in the City's redevelopment project area.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

e. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, medians, traffic signals, storm drains), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund and fiduciary fund financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are capitalized at cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The net interest cost incurred in the financing of projects during the construction period is not capitalized, except for enterprise funds. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds of tax-exempt debt over the same period. The interest capitalized by the City during the current fiscal year was \$1,194,062.

Plant, infrastructure, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	20
Street infrastructure	
Pavement	30
Curbs & gutters	50
Sidewalks	50
Medians	50
Traffic signals	20
Walls	50
Driveways	50
Storm drain infrastructure	50
Water infrastructure	
Fire hydrants	45
Pump stations	10
Reservoirs	65
Water mains	77
Water meters	25
Water pumps & meters	20
Wells	40
Sewer infrastructure	60
Vehicles	2-10
Furniture and equipment	10

f. Accrued compensated absences

The City accounts for compensated absences (unpaid vacation, annual leave, comp time and sick leave) in an internal service (Employee Benefits) fund. A calculated fringe benefit rate, which includes accrued compensated absences, is applied to all labor charges. The resulting funds are deposited into the Employee Benefits internal service fund and are set aside for corresponding liabilities.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

g. Long term obligations

In the government-wide financial statements, proprietary fund and fiduciary fund types in the fund financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund and fiduciary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

h. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

i. Reimbursement agreements

There was a written reimbursement agreement between the City and the Agency for Community Development stating that funds needed for Agency expenditures were to be advanced by the City's general fund. The debt service funds received tax increment money, which was only available for payment of debt; therefore, advances were repaid by the debt service funds. The reimbursement agreement has been terminated upon dissolution of the Agency for Community Development. See footnote D.13 for further detail regarding the dissolution.

B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The capital assets reported in the *Statement of Net Assets* excluding internal service fund capital assets are as follows:

Capital assets	\$ 919,311,115
Accumulated depreciation	<u>(254,322,970)</u>
	<u>\$ 664,988,145</u>

Certain notes and grants receivables are not available to pay for current period expenditures, and therefore are offset by deferred revenue in the governmental funds.

Note receivables not available to pay for current period expenditures	\$ 19,662,270
Grant receivables not available to pay for current period expenditures	<u>3,069,411</u>
	<u>\$ 22,731,681</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation, fleet management, employee benefits, information systems, warehouse operations, telephone system, and risk management to individual funds. The internal service funds are allocated primarily to the governmental activities.

Internal service funds net assets-beginning of year	\$ 76,860,914
Change in net assets	1,776,565
Internal service funds net assets - end of year	<u>78,637,479</u>
Less allocation to enterprise funds	(1,350,519)
Adjustment to statement of Net Assets - Governmental	<u><u>\$ 77,286,960</u></u>

One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. The details of this \$31,702,545 adjustment are as follows:

Certificates of participation	\$ 18,970,000
Agreements payable	7,380,266
Capital lease	1,315,850
Interest payable	1,767,739
Postemployment benefit obligation	2,717,204
Unamortized bond issuance cost	(448,515)
	<u><u>\$ 31,702,544</u></u>

2. Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense". The details of this difference are as follows:

Capital outlay capitalization for year	\$ 15,647,755
Gain on disposal of assets	13,407
Current year governmental depreciation	(12,478,324)
Extraordinary loss from transfer of Capital assets to Successor Agency	(1,440,000)
	<u><u>\$ 1,742,838</u></u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The details of this adjustment are as follows:

Debt principal repayments:	
Tax allocation bonds	\$ 1,945,000
Certificates of participation	540,000
2008 Subordinate note	65,000
Agreements payable	1,562,402
Capital lease payable	321,277
Proceeds from notes	(1,837,500)
Proceeds from capital leases	(18,627)
Amortization of issuance costs	(68,887)
Amortization of premium	49,313
Change in interest payable	(504,731)
Change in postemployment benefit obligation	(575,671)
Extraordinary gain from transfer of debts to Successor Agency	84,570,095
Total long term debt adjustment	<u>\$ 86,047,671</u>

Revenue in the statement of activities that do not provided current financial resources are not reported as revenue in the funds.

Revenue from other agencies	\$ 6,647,813
Extraordinary loss from transfer of receivables to Successor Agency	(3,932,234)
	<u>\$ 2,715,579</u>

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues of these internal service funds are reported as governmental activities.

Internal service funds change in net assets	\$ 1,776,565
Less change in net assets allocated to enterprise funds	(459,620)
Adjustment to statement of activities - Governmental	<u>\$ 1,316,945</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Excess of expenditures over appropriations

The following individual fund exceeded its expenditures budget:

<u>Fund</u>	<u>Type of Fund</u>	<u>Amount over Budget</u>
Garden Grove Cable	Special revenue fund	\$ 64,213

The Garden Grove Cable special revenue fund unbudgeted expenditures were funded by future revenues and transfers.

3. Deficit fund equity

The following fund had a deficit at June 30, 2012:

<u>Fund</u>	<u>Type of Fund</u>	<u>Fund Equity</u>
Garden Grove Cable	Debt service fund	\$ 41,607
Other Grants and Contributions	Special Revenue	1,263,864

The deficit in the Garden Grove Cable and Other Grant and Contributions special revenue fund is expected to be eliminated with future revenues and transfers.

D. DETAILED NOTES ON ALL FUNDS

1. Cash and investments

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of net assets:

City of Garden Grove:		
Cash and investments		\$ 184,020,910
Cash and investments with fiscal agent		<u>11,216,915</u>
		195,237,825
Successor Agency (Trust Fund):		
Cash and investments		24,073,671
Cash and investments with fiscal agent		<u>4,772,020</u>
		28,845,691
Total cash and investments		<u><u>\$ 224,083,516</u></u>

Cash and investments as of June 30, 2012 consist of the following:

Cash on hand	\$ 61,238
Deposits with financial institutions	4,172,093
Investments	<u>219,850,185</u>
Total cash and investments	<u><u>\$ 224,083,516</u></u>

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)

Investments Authorized by the City's Investment Policy

The following table identifies the investment types that are authorized by the California Government Code and the City's investment policy. The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provision of the Government Code and City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of *Portfolio	Maximum Investment in One Issuer
Securities of the U.S. Government or its Agencies	5 years	None	None
Federal Home Loan Bank (FHLB)	5 years	None	None
Federal National Mortgage Association (FNMA)	5 years	None	None
Federal Farm Credit Bank (FFCB)	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Certificates of Deposits (CD)	N/A	30%	5%
Bankers Acceptances	180 days	30%	10%
Negotiated Certificates of Deposit	N/A	30%	5%
Commercial Paper	10 days **	15% **	None
Medium Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Mortgage-backed Securities	5 years	20%	None
Repurchase Agreement (Overnight)	30 days **	None	None
Passbook Savings Account	N/A	None	None

*Excluding amounts held by bond trustee that are not subject to City's investment policy.

** Represents where the City's investment policy is more restrictive than the California Government Code

Investments Authorized by Debt Agreements

Provisions of the debt agreements, rather than the City's investment policy govern investment of debt proceeds held by bond trustee. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Percentage Of *Portfolio	Investment in One Issuer
U.S. Treasury	None	None	None
Money Market Funds	N/A	None	None
Investment Contracts	30 years	None	None

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

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. The City has no specific limitations with respect to this metric.

Authorized Investment Type	Amount	Weighted Average Maturity (in years)
U.S. Treasury	\$ 32,947,995	1.68
U.S. Agency Securities		
FHLB	49,446,993	2.04
FFCB	36,940,194	2.19
FNMA	44,774,793	1.87
Local Agency Investment Fund (LAIF)	39,751,276	0.73
Held by fiscal agent:		
Investments Contracts	2,770,500	0.50
Money Market Funds	<u>13,218,434</u>	0.50
Total	<u>\$ 219,850,185</u>	

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. The column marked "Exempt From Disclosure" identifies those investment types for which GASB No. 40 does not require disclosure as to credit risk:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End	
				AAA	Not Rated
U.S. Treasury	\$ 32,947,995	N/A	\$ 32,947,995	\$ -	\$ -
U.S. Agency Securities					
FHLB	49,446,993	N/A	-	49,446,993	-
FFCB	36,940,194	N/A	-	36,940,194	-
FNMA	44,774,793	N/A	-	44,774,793	
Local Agency Investment Fund	39,751,276	N/A	-		39,751,276
Held by fiscal agent:					
Investment Contracts	2,770,500	AAA	-	2,770,500	-
Money Market Funds	13,218,434	AAA	-	13,218,434	-
Total	<u>\$ 219,850,185</u>		<u>\$ 32,947,995</u>	<u>\$ 147,150,914</u>	<u>\$ 39,751,276</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. 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:

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

<u>Issuer</u>	<u>Investment Type</u>	<u>Investment Type</u>
FHLB	U.S. Agency Securities	\$ 49,446,993
FFCB	U.S. Agency Securities	36,940,194
FNMA	U.S. Agency Securities	44,774,793

Custodial Credit Risk

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 custodial credit risk for investments is the risk that, in the event failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institution to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 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.

The total amount invested by all public agencies in LAIF as of June 30, 2012 was \$21.9 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2012 had a balance of \$60.5 billion, of that amount, 13.47% was invested in medium-term and short-term structured notes and asset-backed securities.

2. Intercity loans receivable/payable at June 30, 2012 consisted of the following:

a. Loan from General fund to Water Utility fund

On July 1, 1998, the City established an intercity loan between the General fund and Water Utility fund in the amount of \$14,145,092 for the repayment from the Water Utility fund to the General fund for street damage repairs throughout the City that have been a benefit to the Water Utility. The loan accrues interest at 6.5% per annum. The balance will be repaid at amounts to be determined through the annual budget process.

\$13,374,978

b. Loan from General fund to the Community Project capital projects fund:

The General fund has loaned to the Community Project capital projects fund a total of \$2,863,113 to assist in funding the Agency's operating budget since 2004. The loans accrue interest at a rate of 6.5% per annum. On March 8, 2011, City Council authorized a loan

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

amortization schedule. Principal payments ranging from \$699,984 to \$900,505 are due annually. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.

2,539,990

c. Loan from the General fund to the Community project capital projects fund:

On May 21, 1984 the City Council approved an agreement between the City and the Agency for Community Development Community Project capital projects fund wherein the Agency agreed to reimburse the City \$2,405,511, plus any accruing unpaid interest at the annual rate of 10%, for capital improvements within the Agency's redevelopment area which were initially paid for by the General fund. On March 8, 2011, the City Council authorized a loan amortization schedule. Principal payments ranging from \$761,037 to \$1,114,235 are due annually. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.

3,048,030

d. Loan from the General fund to the Community Project capital projects fund:

On February 26, 2002 the City Council approved an agreement between the City and the Agency for Community Development Community Project capital projects fund wherein the City has agreed to advance funds to the Agency for the acquisition and development of certain property within the project areas. The advance is subject to repayment on demand and bears interest at a rate of 6.5%. The Agency is responsible for making payments on the City's \$22,735,000 Certificates of Participation Series A of 2002, (the Certificates), the proceeds of which were used to fund the advances from the City to the Agency. The Agency also reimbursed the City for the \$683,739 issuance costs related to the Certificates of Participation. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.

18,970,000

e. Loan from Water Utility fund to the Community Project capital projects fund:

The Community Project capital projects fund has a loan from the Water Utility fund in the amount of \$750,000. Interest is paid monthly at an annual rate of 10% and has no fixed amortization date. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.

750,000

f. Loan from Low Income Housing capital project fund to the Community Project capital project fund:

The Community Project capital projects fund has five loans from the Low Income Housing capital project fund, that were used to make the fiscal year 2003-04 (\$999,032), 2004-05 (\$1,680,565), and 2005-06 (\$1,517,267) mandated Educational Revenue Augmentation Fund

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

payments and "Supplemental" Education Revenue Augmentation Fund payments for the fiscal year 2009-10 (\$7,906,610) and 2010-11 (\$1,626,274). Interest is accrued annually for the respective loans based upon the City's investment rate of return of the prior year. The rate accrued on the loans for fiscal year 2003-04 was 2.30%, 2004-05 was 1.60%, and 2005-06 was 2.28%. No interest was accrued on the 2009-10 and 2010-11. The loans are due in 10 years from the loan establishment except for 2009-10 and 2010-11 loans which are due on May 10, 2015 and June 30, 2016, respectively. The Community Project capital projects fund has one additional loan of \$100,000 from the Low Income Housing capital project fund that was used to acquire a property held for resale. This loan is interest free and due in the fiscal year 2011-12. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.

13,729,748

TOTAL INTERCITY LOANS RECEIVABLE

52,412,746

Less: Allowance

(39,037,768)

TOTAL INTERCITY LOANS RECEIVABLE, NET

\$13,374,978

3. Interfund receivables , payables, and transfers

a. The composition of interfund receivable/payable balances as of June 30, 2012 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Nonmajor governmental funds	\$ -	\$ 3,548,394
Internal service funds	3,548,394	-
Total	<u>\$ 3,548,394</u>	<u>\$ 3,548,394</u>

The interfund payable balances represent routine and temporary cash flow assistance from the Workers' Compensation internal service fund until the amounts receivable are collected to reimburse eligible expenditures.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

b. The composition of interfund transfer balances for the year ended June 30, 2012 is as follows:

Transfers out:	Transfers In				Total
	General Fund	Community Project debt service fund	Community Project capital projects fund	Nonmajor governmental funds	
General Fund	\$ -	\$ -	\$ 24,560,018	\$ 160,111	\$ 24,720,129
Community Projects debt service fund	-	-	10,493,586	-	10,493,586
Community Projects capital projects fund	-	244,878	-	-	244,878
Low Income Housing capital projects fund	-	-	13,729,748	4,871,471	18,601,219
Nonmajor governmental funds	1,664,431	-	-	1,648,626	3,313,057
Water Utility enterprise fund	-	-	750,000	-	750,000
Mobile Home Park enterprise fund	19,622,663	-	-	-	19,622,663
Internal service funds	1,100,000	-	-	-	1,100,000
Total	\$ 22,387,094	\$ 244,878	\$ 49,533,352	\$ 6,680,208	\$ 78,845,532

- \$24,558,020 of \$24,560,018 transfer from General fund to the Community Project capital projects fund was to set up the allowance for intercity loans that were deemed unenforceable by the Department of Finance.
- \$10,493,586 transfer from the Community Project debt service fund to the Community Project capital projects fund was to provide financing of Community Project expenditures based on the reimbursement agreement.
- \$13,729,748 transfer from the Low Income Housing capital projects fund to the Community Project capital projects fund was to set up the allowance for intercity loans that were deemed unenforceable by the Department of Finance.
- \$4,871,471 transfer from the Low Income Housing capital projects fund to the Low and Moderate Income Housing Asset capital projects fund was for retaining the housing assets and functions previously performed by the redevelopment agency pursuant to Health and Safety Code section 34176(a)(1).
- \$19,622,663 transfer from Mobile Home Park fund to the General fund was to close out the Mobile Home Park fund due to discontinuance of operations.

4. Notes receivable at June 30, 2012, consisted of the following:

a. Neighborhood Stabilization Program (NSP) Loan:

The City has entered into twenty-six NSP Agreements utilizing NSP funds, which are reflected in nonmajor governmental funds. These loans provide up to \$40,000 in down payment assistance in the form of silent loan that requires no payment for 30 years. The loans carry 0% interest charges. Since the note repayments are not available for current expenditures, these notes receivable are offset by deferred revenue in other governmental funds. Revenue will be recognized when received.

1,028,637

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

b. Rental rehabilitation:

The Low and Moderate Income Housing Asset capital projects fund holds eight notes related to property rehabilitation loans, which have been used to assist developers in the rehabilitation of multifamily residential buildings located within the City for the purpose of providing adequate low income housing opportunities for City residents. Since these note repayments are not available for current expenditures, the notes receivable are offset by deferred revenue in the governmental funds. Revenue will be recognized when received.

3,348,817

c. Rental rehabilitation –Home Grant Special Revenue fund and Other nonmajor governmental funds:

The City has entered into sixteen Housing Rehabilitation Agreements utilizing CDBG, which are reflected in other governmental funds and HOME fund. These loans were for the purpose of assisting developers in the rehabilitation and operation of multifamily apartment buildings for the purpose of providing adequate low-income housing to City residents. Many of these buildings had suffered from serious structural deterioration, overcrowding and high crime. Since the note repayments are not available for current expenditures, these notes receivable are offset by deferred revenue in other governmental funds. Revenue will be recognized when received.

12,657,653

d. Affordable housing agreement – General fund:

The City has entered into an Affordable Housing Agreement with a developer wherein the developer has agreed to comply to certain affordability covenants including the reimbursement to the City of forgone property taxes which would have been payable for the property, increasing at the rate of 2 percent annually. Since the note repayments are not available for current expenditures, the note receivable is offset by deferred revenue in the General fund. Revenue will be recognized when received.

2,051,045

TOTAL NOTES RECEIVABLE

19,086,152

Less: Allowance

(30,000)

TOTAL NOTES RECEIVABLE, NET

\$19,056,152

5. Land held for resale

The Low and Moderate Income Housing Asset capital projects fund's land held for resale is an inventory of land intended to be sold to developers. The land is carried at the lower of cost or estimated net realizable value, as determined upon execution of a disposition and development agreement. Land held for resale at June 30, 2012 is \$4,852,665.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

6. Capital assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	** Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 411,323,938	\$ 5,992,472	\$ (1,200,000)	\$ 416,116,410
Construction in progress	<u>5,735,479</u>	<u>9,530,531</u>	<u>(11,974,739)</u>	<u>3,291,271</u>
Total capital assets, not being depreciated	<u>417,059,417</u>	<u>15,523,003</u>	<u>(13,174,739)</u>	<u>419,407,681</u>
Capital assets, being depreciated:				
Infrastructure				
Street system	356,365,997	10,472,082	-	366,838,079
Storm drain assets	71,658,418	-	-	71,658,418
Buildings and park assets	48,389,226	1,502,657	(400,000)	49,491,883
Furniture and equipment	<u>31,108,873</u>	<u>1,206,688</u>	<u>(1,281,521)</u>	<u>31,034,040</u>
Total capital assets, being depreciated	<u>507,522,514</u>	<u>13,181,427</u>	<u>(1,681,521)</u>	<u>519,022,420</u>
Less accumulated depreciated for:				
Infrastructure				
Street system	(174,703,097)	(9,204,316)	-	(183,907,413)
Storm drain assets	(38,066,865)	(1,422,692)	-	(39,489,557)
Buildings and park assets	(20,021,766)	(1,386,658)	160,000	(21,248,424)
Furniture and equipment	<u>(21,255,845)</u>	<u>(1,653,754)</u>	<u>904,039</u>	<u>(22,005,560)</u>
Total accumulated depreciation	<u>(254,047,573)</u>	<u>(13,667,420)</u>	<u>1,064,039</u>	<u>(266,650,954)</u>
Total capital assets, being depreciated, net	<u>253,474,941</u>	<u>(485,993)</u>	<u>(617,482)</u>	<u>252,371,466</u>
Governmental activities capital assets, net	<u>\$ 670,534,358</u>	<u>\$ 15,037,010</u>	<u>\$ (13,792,221)</u> *	<u>\$ 671,779,147</u>

* \$1,440,000 of the \$13,792,221 total decrease represented transfers from the former redevelopment agency to the Successor Agency of the Garden Grove Agency for Community Development upon the dissolution of the former redevelopment agency.

** Beginning balance has been restated. See Note D 14.a for detail.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)

	Beginning Balance	** Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 6,387,342	\$ 177,408	\$ (4,000,000)	\$ 2,564,750
Construction in progress	8,885,083	10,367,331	(5,000,215)	14,252,199
Total capital assets, not being depreciated	<u>15,272,425</u>	<u>10,544,739</u>	<u>(9,000,215)</u>	<u>16,816,949</u>
Capital assets, being depreciated:				
Buildings and structures	15,000	-	-	15,000
Water system	95,774,655	2,152,854	(44,714)	97,882,795
Sewer system	95,749,700	2,847,361	(81,094)	98,515,967
Machinery and equipment	383,173	-	-	383,173
Total capital assets, being depreciated:	<u>191,922,528</u>	<u>5,000,215</u>	<u>(125,808)</u>	<u>196,796,935</u>
Less accumulated depreciated for:				
Buildings and structures	-	-	-	-
Water system	(41,929,289)	(2,111,066)	44,714	(43,995,641)
Sewer system	(40,962,194)	(1,474,691)	81,094	(42,355,791)
Machinery and equipment	(310,960)	(18,765)	-	(329,725)
Total accumulated depreciation	<u>(83,202,443)</u>	<u>(3,604,522)</u>	<u>125,808</u>	<u>(86,681,157)</u>
Total capital assets, being depreciated, net	<u>108,720,085</u>	<u>1,395,693</u>	<u>-</u>	<u>110,115,778</u>
Business-type activities capital assets, net	<u>\$ 123,992,510</u>	<u>\$ 11,940,432</u>	<u>\$ (9,000,215) *</u>	<u>\$ 126,932,727</u>

* \$4,000,000 of decrease represented transfers from RV Park enterprise fund to the Successor Agency of the Garden Grove Agency for Community Development.

** Beginning balance has been restated. See Note D 14.a for detail.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

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

	Governmental Activities	Business-type Activities
Traffic safety	\$ 283,312	\$ -
Right of way	9,204,316	-
Drainage	1,422,692	-
Community buildings	1,568,004	-
Water	-	2,113,811
Sewage collection	-	1,480,984
Solid waste disposal	-	550
Housing Authority		9,177
Internal service fund	1,189,096	-
Total	<u>\$ 13,667,420</u>	<u>\$ 3,604,522</u>

7. Deferred revenue

The deferred revenue in the General fund in the amount of \$3,685,801 represents \$1,634,756 due from the State of California for mandated cost reimbursements, and \$2,051,045 for a developer's note receivable.

Deferred revenue in the HOME Grant special revenue fund of \$11,882,224, the Other Grants and Contributions special revenue fund of \$1,804,066, and the Low and Moderate Housing Assets capital projects fund of \$3,318,817 are associated with the notes receivable discussed in Note D.4.

Certain grant receivables are not available to pay for current period expenditures. These funds are recorded in nonmajor governmental funds as deferred revenue in the amount of \$33,125 in Golf Course special revenue fund, \$1,583,934 in the Other Grants and Contributions special revenue fund and \$423,714 in the Street Rehabilitation special revenue fund.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

8. Long-Term Debt

a. Following is a summary of long-term debt transactions for the City for the year ended June 30, 2012.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Tax allocation bonds	\$ 48,415,000	\$ -	\$ (48,415,000)	\$ -	\$ -
Certificates of participation	19,510,000	-	(540,000)	18,970,000	560,000
Unamortized premium	936,937	-	(936,937)	-	-
2008 Subordinate Note	1,890,000	-	(1,890,000)	-	-
Agreements payable	43,322,426	1,837,500	(37,779,660)	7,380,266	1,030,304
Capital lease payable	2,542,711	416,959	(824,751)	2,134,919	762,762
Governmental activities long-term debt	116,617,074	2,254,459	(90,386,348) *	28,485,185	2,353,066
Other non-current liabilities:					
Claims payable	20,708,616	4,847,869	(4,739,485)	20,817,000	4,793,734
Compensated absences	9,749,648	6,733,258	(8,832,948)	7,649,958	6,119,966
OPEB liabilities	2,141,533	883,991	(308,320)	2,717,204	-
Governmental activities long-term liabilities	<u>\$ 149,216,871</u>	<u>\$ 14,719,577</u>	<u>\$ (104,267,101)</u>	<u>\$ 59,669,347</u>	<u>\$ 13,266,766</u>
<u>Business-type activities</u>					
Water revenue COP	\$ 12,375,000	\$ -	\$ (740,000)	\$ 11,635,000	\$ 765,000
Add: premium	137,330	-	(10,564)	126,766	-
Less: deferred refunding	(467,372)	-	35,952	(431,420)	-
Water revenue bonds	16,295,000	-	(540,000)	15,755,000	555,000
Add: premium/discount	690,965	-	(54,041)	636,924	-
Sewer revenue COP	20,945,000	-	(475,000)	20,470,000	495,000
Add: premium	352,102	-	(14,179)	337,923	-
Business-type activities long- term liabilities	<u>\$ 50,328,025</u>	<u>\$ -</u>	<u>\$ (1,797,832)</u>	<u>\$ 48,530,193</u>	<u>\$ 1,815,000</u>
<u>Private-purpose trust fund</u>					
Tax allocation bonds	\$ -	\$ 46,470,000	\$ -	\$ 46,470,000	\$ 2,020,000
Unamortized premium	-	887,624	-	887,624	-
2008 Subordinate Note	-	1,825,000	-	1,825,000	70,000
Agreements payable	-	36,217,257	(350,613)	35,866,644	7,124,049
Private-purpose trust fund long-term liabilities	<u>\$ -</u>	<u>\$ 85,399,881</u>	<u>\$ (350,613)</u>	<u>\$ 85,049,268</u>	<u>\$ 9,214,049</u>

* \$ 85,399,881 of decrease represented transfers from former redevelopment agency to the Successor Agency to the Garden Grove Agency for Community Development upon the dissolution of the former redevelopment agency.

b. Governmental long-term debt at June 30, 2012 consisted of the following:

Tax allocation refunding bonds issue of 2003:

\$57,025,000 Tax allocation refunding bonds were issued on August 25, 2003. The bonds were issued for the purpose of (i) refunding the Agency's previously issued \$62,000,000 community project tax allocation bonds, Series 1993, which refunded the Agency's previously issued \$30,000,000 community project tax allocation bonds, Series 1996 and \$10,800,000 Community Center Project 1979 tax allocation bonds; and to (ii) finance additional redevelopment activities of the Agency. The tax allocation refunding bonds are secured and to be serviced from tax increment revenues excluding dedicated housing tax increment,

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

through the fiscal year 2029. The remaining principal and interest requirements on the debt is \$69,218,113. Pledged tax increment revenue recognized during the year was \$7.4 million against the total debt service payment of \$4.3 million. Principal payments ranging from \$1,625,000 to \$3,320,000 are due annually starting October 1, 2006 through the year 2022, and two lump sum payments of \$9,465,000 and \$8,375,000 due on October 1, 2024 and October 1, 2028 respectively. Interest is due semi-annually on October 1 and April 1, at rates ranging from 2.250% to 5.250%. Such bonds are subject to Federal arbitrage regulations; however, no liability is reported at June 30, 2012.

Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the bonds was transferred to the Successor Agency.

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Certificates of participation:

\$22,735,000 City of Garden Grove Certificates of Participation, Series A of 2002, were executed to provide funds for the acquisition of land to assist certain redevelopment activity of the Garden Grove Agency for Community development and for other improvement projects of the Agency or the City. The Certificates represent fractional interests of the owners in the lease payments, for certain real property and improvements thereon, to be made by the City, as lessee, to the Garden Grove Public Financing Authority, as lessor, under a Lease/Purchase Agreement. The leased properties consist of Garden Grove Park, Willowick Golf Course, a municipal amphitheater, a community meeting center, fire station, and related land. Lease payments are structured to be sufficient to pay, when due, the principal and interest on the Certificates. Principal payments ranging from \$410,000 to \$1,150,000 are due annually on March 1, beginning March 1, 2005, and continuing until March 1, 2032. Interest is payable semiannually, beginning on September 1, 2002, with an interest rate ranging from 3.500% to 5.125% over the life of the bond. Such bonds are subject to Federal arbitrage regulations, however, no liability is reported at June 30, 2012.

18,970,000

Subordinate Note:

On June 1, 2008, the Agency for Community Development entered into a note purchase agreement in the amount of \$2,015,000, to refund a note issued to Katella Cottages LLC under a Disposition and Development Agreement dated May 11, 2004. The Note has an annual interest rate of 6% with principal payments due annually on October 1 through October 1, 2027. Principal payments range from \$60,000 to \$170,000. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the bonds was transferred to the Successor Agency.

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**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

Agreements payable:

\$7,660,000 Federal Housing and Community Development Section 108 Loan was issued for the purpose of refinancing the \$13,380,000 Section 108 Loan that was issued for the purpose of acquisition and development of property located in the section of the City identified as the Harbor Corridor. The City has pledged future Community Development Block Grant funds including program income to satisfy the City's obligations under this loan agreement until fiscal year 2016. The remaining principal and interest requirements on the loan is \$5,856,512. Pledged revenue recognized during the year was \$1.1 million against the total debt service payment of \$1.1 million. Principal payments ranging from \$750,000 to \$1,200,000 are due annually on August 1 through the year 2016. Interest is due semi-annually on February 1 and August 1.

5,260,000

\$300,000 capital improvement loan. On November 6, 2002 the City received an energy efficiency loan from the California Energy Commission to assist in the funding of an energy retrofit project. The loan has an annual interest rate of 4% with payments due semi-annually due until the loan is paid off on December 22, 2013.

31,849

\$829,159 real property purchase. On March 13, 2002 the Agency for Community Development entered into a real property purchase and sale agreement wherein the Agency assumed the balance on an existing promissory note bearing interest at an annual rate of 8.5%. Equal monthly payments in the amount of \$7,355 will continue until February 13, 2016 when all unpaid principal and interest will be due and payable. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the loan was transferred to the Successor Agency.

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\$513,900 capital improvement loan. On July 27, 2004 the City received an energy efficiency loan from the California Energy Commission to assist in the funding of the second energy retrofit project. The loan has an annual interest rate of 3.95% with payments due semi-annually, in the amount of \$24,201, through June 22, 2018.

275,079

On June 2, 2008, the Agency for Community Development entered into an agreement with Union Bank of California for a term loan in the amount of \$32,000,000 for the purpose of acquiring certain parcels of real property. The terms of the loan comprise of refunded capitalized interest rate of 4.22% for year 1 through 3, interest rate of Libor plus 0.75 basis points for year 4 and fully amortized loan with principal and interest payments of Libor plus 0.75 basis points for years 5 through 12. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the loan was transferred to the Successor Agency.

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On August 24, 2009, the Agency for Community Development entered into an agreement with M. David Paul & Associates in the loan amount of \$2,320,000, in accordance with a purchase and sale agreement secured by deed of trust for the purchase of real property located on 12900 Euclid Street in Garden Grove. The loan

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

has annual interest rate of 5% with interest payments of \$580,000 due annually until August 25, 2013. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the loan was transferred to the Successor Agency. -

On October 8, 2010, the Agency for Community Development entered into an agreement with Richard Kil and Yong Hui Kil in the loan amount of \$2,500,000, in accordance with a purchase and sale agreement secured by deed of trust for the purchase of real property located on 12272 & 12292 Harbor Boulevard in Garden Grove. The loan has annual interest rate of 6.50% Interest payments ranging from \$121,878 to \$162,504 due annually until July 8, 2012. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the loan was transferred to the Successor Agency. -

On December 13, 2011, the City entered into an agreement with Verde Investment, Inc. in the loan amount of \$1,837,500, in accordance with a purchase and sale agreement secured by deed of trust for the purchase of real property located on 13650 South Harbor Boulevard in Garden Grove. The loan has annual interest rate of 6.00%. Monthly installments of \$13,164 are payable until November 1, 2016. On or before the fifth anniversary of the loan issuance date, the entire remaining unpaid principal balance is due in full.

1,813,338

Total agreements payable

\$7,380,266

Capital leases payable:

\$2,449,937 Lease purchase of retrofit heating and air conditioning systems for City government buildings. Quarterly payments range from \$32,768 to \$80,927 including interest at 5.35% through September 2014.

643,812

In September 2004, the City entered into a lease purchase arrangement in the amount of \$1,156,741 for the retrofit of certain heating and air conditioning system of City government buildings. The interest rate is 4.51% with a quarterly payment of \$26,634 through August 2019.

655,707

In October 2008, the City entered into a capital lease arrangements in the amount of \$1,598,140 for 3 fire pumper trucks. The interest rate is 3.99% with a monthly payment of \$29,425 through October 2013.

429,852

In February 2011, the City entered into a capital lease arrangement in the amount of \$15,529 for copy machines. The interest rate is 13.83% with a monthly payment of \$360 through May 2016.

12,584

In September 2011, the City entered into a capital lease arrangement in the amount of \$18,627 for mail machines. The interest rate is 6.41% with a monthly payment of \$349 through December 2016.

16,333

In June 2012, the City entered into a capital lease arrangement in the amount of \$398,332 for office equipment. The interest rate is 3.69% with a quarterly payment of \$21,701 through March 2017.

376,631

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

Total capital leases payable \$2,134,919

TOTAL GOVERNMENTAL LONG TERM DEBT \$28,485,185

C. Proprietary long-term debt at June 30, 2012 consisted of the following items:

2004 Revenue certificates of participation - Water Utility enterprise fund:

\$16,845,000 Refunding Revenue Certificates of Participation, Series 2004, were issued on April 20, 2004, for a current refunding of \$20,495,000 of the Water Revenue Bonds, Series 1993. The refunding was undertaken to reduce total future debt service payments by \$2,354,695. Deferred refunding cost of \$719,034 was incurred during the refunding, which is being netted against the new debt and amortized over the new debt's life, which is shorter than the refunded debt.

The City's previously issued \$20,495,000 Water Revenue Bonds, Series 1993, was originally issued to finance the construction of water storage and transmission facilities, and certain other city water systems. Principal payments for the Series 2004 certificates of participation range from \$435,000 to \$1,165,000 are due annually on December 15, 2004 through 2023. Interest is due semi-annually on June 15 and December 15, at rates ranging from 2.0% to 5.0% over the life of the certificate. Such certificates are subject to Federal arbitrage regulations, however, no liability is reported at June 30, 2012.

\$11,635,000

Unamortized bond premium fees

126,766

Unamortized deferred refunding cost

(431,420)

Total 2004 Revenue certificates of participation

\$11,330,346

2004 Revenue certificates of participation - Water Utility enterprise fund - debt service coverage:

The Refunding Revenue Certificates of Participation were issued on April 20, 2004 for current refunding of the Water Revenue Bonds, Series 1993. These certificates of participation are to be secured and to be serviced from revenues derived by the ownership and operations of the water system including all connection charges and fees collected by the City through the fiscal year 2024. At June 30, 2012 total interest and principal remaining on the certificates is \$15,229,904. Revenue recognized during the year was \$34.32 million against debt service payments of \$1,284,937. The Utility covenants that rates and charges for the water service will be sufficient to yield net revenues equal to 125% of the debt service coming due and payable during the next succeeding bond year. The following analysis shows the test result for compliance with this covenant:

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

Operating revenues	\$ 34,317,927
Non-operating revenues	174,943
Gross revenue	<u>34,492,870</u>
Less: Expenses (excluding depreciation, amortization, interest and fiscal charges)	<u>(21,413,634)</u>
Net revenues	<u>\$ 13,079,236</u>
Debt service requirement for next year: \$1,280,762x 125%	<u>\$ 1,600,953</u>

2010 Revenue Bonds – Water utility enterprise fund:

\$16,625,000 Revenue Bonds, Series 2010, were issued on April 30, 2010 to finance the acquisition, expansion, construction and improvement of certain additional water facilities of the water system of the City. The bonds are secured and to be serviced from net revenues derived from the ownership or operation of the water system excluding proceeds from customers' deposits and any proceeds assessments restricted by law to be used by the City to pay parity obligations or other obligations. Revenue recognized during the year was \$34.32 million against debt service payments of \$1,378,527. The remaining principal and interest requirements on the debt is \$25,509,316. The Bonds are due in annual principal installments of \$320,000 to \$1,165,000 beginning December 15, 2010 and is payable semiannually on June 15 and December 15 through December 2030.

\$15,755,000

Unamortized bond premium

636,924

Total 2010 Revenue bonds

\$16,391,924

2006 Revenue certificates of participation – Sewage collection enterprise fund:

Garden Grove Sanitary District Revenue Certificates of Participation in the amount of \$21,845,000 were issued on April 12, 2006. The certificates are secured and to be serviced from the total revenues for the fiscal year excluding any proceeds of taxes or assessments restricted by law and less the operations and maintenance costs excluding depreciation through the fiscal year 2036. At June 30, 2012 total interest and principal remaining on the certificates is \$35,157,434. Net revenue recognized during the year was \$5.7 million against debt service payments of \$1,462,341. The Certificates were issued to (1) finance the rehabilitation, replacement and improvement of the wastewater collection system of the Garden Grove Sanitation District; (2) fund a reserve fund for the certificates; and (3) pay certain costs of issuance. The Certificates are due in annual principal installments of \$440,000 to \$1,395,000 beginning June 15, 2010 through 2036. Interest rates range from 4.0% to 4.5% and is payable semiannually on June 15 and December 15. Such bonds are subject to federal arbitrage regulations. No arbitrage liability is reported at June 30, 2012.

\$20,470,000

Unamortized bond premium

337,923

Total 2006 revenue certificates of participation

\$20,807,923

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

2006 Revenue certificates of participation – Sewage collection enterprise fund - debt service coverage:

The Utility covenants that rates and charges for the sewer service will be sufficient to yield net revenues equal to 115% of the debt service coming due and payable during the next succeeding bond year. The following analysis shows the test result for compliance with this covenant:

Operating revenues	\$ 9,149,604
Non-operating revenues	<u>143,515</u>
Gross revenue	9,293,119
Less: Expenses (excluding depreciation, amortization, interest and fiscal charges)	<u>(3,555,210)</u>
Net revenues	<u>\$ 5,737,909</u>
Debt service requirement for next year: \$1,463,341x 115%	<u>\$ 1,682,842</u>

TOTAL PROPRIETARY LONG TERM DEBT \$48,530,193

TOTAL LONG TERM DEBT \$77,015,378

D. The scheduled annual requirements to amortize all governmental long-term debt outstanding as of June 30, 2012, including interest payments, are as follows.

Year Ending June 30	2002 Certificates of Participation		
	Principal	Interest	Total
2013	\$ 560,000	\$ 995,827	\$ 1,555,827
2014	580,000	970,627	1,550,627
2015	620,000	944,527	1,564,527
2016	645,000	915,387	1,560,387
2017	675,000	880,719	1,555,719
2018-2022	3,980,000	3,807,763	7,787,763
2023-2027	5,190,000	2,587,312	7,777,312
2028-2032	6,720,000	1,067,281	7,787,281
Total	<u>\$ 18,970,000</u>	<u>\$ 12,169,443</u>	<u>\$ 31,139,443</u>

Year Ending June 30	Agreements Payable		
	Principal	Interest	Total
2013	\$ 1,030,303	\$ 321,225	\$ 1,351,528
2014	1,073,084	278,618	1,351,702
2015	1,147,966	232,400	1,380,366
2016	1,223,101	181,283	1,404,384
2017	2,835,986	70,487	2,906,473
2018-2019	69,826	2,779	72,605
Total	<u>\$ 7,380,266</u>	<u>\$ 1,086,792</u>	<u>\$ 8,467,058</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

Year Ending June 30	Capital leases payable		
	Principal	Interest	Total
2013	\$ 762,762	\$ 82,742	\$ 845,504
2014	553,800	51,490	605,290
2015	252,285	30,491	282,776
2016	179,702	21,788	201,490
2017	159,633	14,102	173,735
2018-2020	226,737	12,973	239,710
Total	<u>\$ 2,134,919</u>	<u>\$ 213,586</u>	<u>\$ 2,348,505</u>

E. The scheduled annual requirements to amortize all proprietary long-term debt outstanding as of June 30, 2012, including interest payments, are as follows.

Year Ending June 30	2004 Water Utility Revenue Certificates of Participation		
	Principal	Interest	Total
2013	\$ 765,000	\$ 515,762	\$ 1,280,762
2014	800,000	484,462	1,284,462
2015	830,000	449,787	1,279,787
2016	865,000	413,812	1,278,812
2017	900,000	377,950	1,277,950
2018-2022	5,130,000	1,236,256	6,366,256
2023-2024	2,345,000	116,875	2,461,875
Total	<u>\$ 11,635,000</u>	<u>\$ 3,594,904</u>	<u>\$ 15,229,904</u>

Year Ending June 30	2006 Sewage Collection Revenue Certificates of Participation		
	Principal	Interest	Total
2013	\$ 495,000	\$ 968,341	\$ 1,463,341
2014	515,000	948,541	1,463,541
2015	535,000	927,941	1,462,941
2016	560,000	906,541	1,466,541
2017	580,000	884,141	1,464,141
2018-2022	3,290,000	4,033,473	7,323,473
2023-2027	4,085,000	3,238,406	7,323,406
2028-2032	5,215,000	2,114,800	7,329,800
2033-2036	5,195,000	665,250	5,860,250
Total	<u>\$ 20,470,000</u>	<u>\$ 14,687,434</u>	<u>\$ 35,157,434</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

Year Ending June 30	2010 Water Revenue Bonds		
	Principal	Interest	Total
2013	\$ 555,000	\$ 824,965	\$ 1,379,965
2014	575,000	802,263	1,377,263
2015	600,000	775,890	1,375,890
2016	625,000	751,390	1,376,390
2017	650,000	722,640	1,372,640
2018-2022	3,695,000	3,171,649	6,866,649
2023-2027	4,630,000	2,128,482	6,758,482
2028-2031	4,425,000	577,037	5,002,037
Total	\$ 15,755,000	\$ 9,754,316	\$ 25,509,316

F. The scheduled annual requirements to amortize all the Successor Agency long-term debt outstanding as of June 30, 2012, including interest payments, are as follows.

Year Ending June 30	Tax Allocation Refunding Bonds Issue of 2003		
	Principal	Interest	Total
2013	\$ 2,020,000	\$ 2,320,413	\$ 4,340,413
2014	2,105,000	2,232,756	4,337,756
2015	2,195,000	2,130,406	4,325,406
2016	2,310,000	2,012,150	4,322,150
2017	2,430,000	1,887,725	4,317,725
2018-2022	14,250,000	7,284,663	21,534,663
2023-2027	12,785,000	3,833,125	16,618,125
2028-2029	8,375,000	1,046,875	9,421,875
Total	\$ 46,470,000	\$ 22,748,113	\$ 69,218,113

Year Ending June 30	2008 Subordinate Note		
	Principal	Interest	Total
2013	\$ 70,000	\$ 109,500	\$ 179,500
2014	75,000	105,300	180,300
2015	80,000	100,800	180,800
2016	85,000	96,000	181,000
2017	90,000	90,900	180,900
2018-2022	535,000	367,200	902,200
2023-2027	720,000	185,100	905,100
2028	170,000	10,200	180,200
Total	\$ 1,825,000	\$ 1,065,000	\$ 2,890,000

Year Ending June 30	Agreements Payable		
	Principal	Interest	Total
2013	\$ 7,124,049	\$ 1,015,753	\$ 8,139,802
2014	4,627,944	760,981	5,388,925
2015	4,052,180	627,744	4,679,924
2016	4,395,804	513,180	4,908,984
2017	4,000,000	391,667	4,391,667
2018-2020	11,666,667	575,000	12,241,667
Total	\$ 35,866,644	\$ 3,884,325	\$ 39,750,969

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

G. Compensated absences

The City accounts for compensated absences (unpaid vacation, annual leave, administrative leave, compensated time off, and sick leave) in the Employee Benefit internal service fund. The balance for accrued compensated absences at June 30, 2012 is \$7,649,958.

Vacation accrues for all employee groups other than Fire at 10 hours per month after 1 year of service, 12 hours per month after 9 years, 14 hours per month after 14 years, 17.25 hours per month after 19 years, and 20.50 hours per month after 24 years. The maximum an employee may accumulate is an amount equivalent to 2 full calendar years of service.

Annual leave accrues for all fireman at 18 hours per month from date of hire through 1 year, 22 hours per month after 1 year, 24 hours per month after 4 years, 26 hours per month after 9 years, 28 hours per month after 14 years, 30 hours per month after 19 years, and 33 hours per month after 24 years. The maximum a fireman may accumulate is an amount equivalent to 2 full calendar years of service plus 72 hours. Accumulated vacation, annual leave benefits and comp time, payable in future years when used by City employees, totaled \$5,069,059 at June 30, 2012.

Sick leave is accumulated on the basis of 8 hours for each month of service beginning from the date of hire for all employee groups other than police and fire. The City has adopted a policy for payment of unused sick leave benefits at time of retirement. Miscellaneous and league employees can be paid 50% for all unused hours up to 1000, police employees 75% of up to 1,000 unused hours, and management employees 50% of all unused hours. Fire employees do not accumulate sick leave benefits since converting to the annual leave benefit. Studies have indicated that only 26 percent of all accumulated sick leave is actually used by employees, therefore, the sick leave liability is estimated at 26 percent of the total accumulated benefit, or \$2,580,899 at June 30, 2012.

A calculated fringe benefit rate, which includes accrued compensated absences, workers' compensation, retirement and medical benefits, is applied to all labor charges. The resulting funds are deposited into internal service funds and are set aside for corresponding liabilities, which are fully funded by sufficient cash and investment in that fund.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Vacation, annual leave, benefits, and comp time	\$ 5,142,221	\$ 4,883,066	\$ (4,956,228)	\$ 5,069,059	\$ 4,055,247
Sick leave	4,607,426	1,850,193	(3,876,720)	2,580,899	2,064,719
	<u>\$ 9,749,647</u>	<u>\$ 6,733,259</u>	<u>\$ (8,832,948)</u>	<u>\$ 7,649,958</u>	<u>\$ 6,119,966</u>

H. Risk management

The City utilizes a program to self-insure for workers' compensation liability for the first \$1 million, per occurrence, for injury or occupational illness to City employees pursuant to Workers' Compensation Laws of the State of California. The City contracts with a third party who administers the program and acts as the representative of the City in claim hearings or litigation. Excess coverage is placed with a joint powers authority for losses from \$1 million up to \$150 million per occurrence. This self-insurance program is accounted for in the Workers' Compensation internal service fund. There is an estimated liability of \$15,031,000 for claims outstanding including claims incurred but not reported on June 30, 2012, which has been included as liabilities in the Workers' Compensation internal service fund.

The City also has a self-insured program for its tort and civil liabilities. The City is self-funded for the first \$2 million of each occurrence. Excess liability insurance is carried thereafter to \$10 million per occurrence with commercial insurers. Claims administration

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

and adjusting services are provided by contract with a third party administrator specializing in public entity liability. Representation in matters of litigation is performed through the retaining of outside law firms and is supervised by the city attorney. This self-insurance program is accounted for in the Risk Management internal service fund.

The City estimates a liability for claims outstanding, including claims incurred but not reported, on June 30, 2012, in the amount of \$5,786,000 which has been included as liabilities in the Risk Management internal service fund.

The City is a defendant in various lawsuits. Attempts are made to settle these cases via proceed to trial when the outcome is unpredictable. The City believes that it has meritorious defenses to the allegations contained in the cases. However, the City has accrued and reserved reasonable amounts based on the actuarial analysis and attorney recommendations to cover the potential losses to the extent the exposures are deemed probable and estimable.

Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there were no reductions in the City's insurance coverage during the year ended June 30, 2012. Nonincremental claims adjustment expenses have been included as part of the liability for claims and judgments. Changes in the aggregate liability for claims for fiscal year ended June 30, 2012 and June 30, 2011 are as follows:

<u>Workers' Compensation</u>	<u>2012</u>	<u>2011</u>
Liability, July 1	\$ 13,992,999	\$ 13,993,000
Costs and claims incurred	4,080,074	2,864,509
Claim payments	<u>(3,042,073)</u>	<u>(2,864,510)</u>
Liability, June 30	<u>\$ 15,031,000</u>	<u>\$ 13,992,999</u>
Due within one year	\$ 3,349,312	\$ 2,582,479
Due in more than one year	<u>11,681,688</u>	<u>11,410,520</u>
	<u>\$ 15,031,000</u>	<u>\$ 13,992,999</u>
<u>Risk Management</u>		
Liability, July 1	\$ 6,715,617	\$ 4,264,000
Costs and claims incurred	767,795	3,622,896
Claim payments	<u>(1,697,412)</u>	<u>(1,171,279)</u>
Liability, June 30	<u>\$ 5,786,000</u>	<u>\$ 6,715,617</u>
Due within one year	\$ 1,444,422	\$ 888,442
Due in more than one year	<u>4,341,578</u>	<u>5,827,175</u>
	<u>\$ 5,786,000</u>	<u>\$ 6,715,617</u>

I. Public Employees Retirement System

1. Plan description

The City of Garden Grove's defined benefit pension plans, the Miscellaneous Plan of the City of Garden Grove and the Safety Plan of the City of Garden Grove, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan of the City of Garden Grove and the Safety Plan of the City of Garden Grove are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statues within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

2. Funding policy

Active plan members in the Miscellaneous Plan of the City are required to contribute 8% of their annual covered salary for a 2.5% at 55 retirement plan. Active plan members in the Safety Plan of the City are required to contribute 9% of their annual covered salary for a 3% at 50 retirement plan. To be eligible for CalPERS retirement, employees must be at least age 55 for the Miscellaneous Plan and age 50 for Safety Plan and have five years of service credit. Upon retirement, retirement benefits are calculated using a formula that includes using years of service credit at retirement age and final compensation. Final compensation is calculated from the highest average full-time monthly pay rate for a 1-year period. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members based on the Entry Age Normal Actuarial Cost Method. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administrations. The required employer contribution rate for fiscal year ended June 30, 2012 was 17.85% for miscellaneous employees and 33.18% for public safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

The funded status of the plans based on the actuarial valuations is as follows:

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability % of Payroll
<u>Miscellaneous Plan</u>						
2011	\$ 220,262,133	\$ 179,342,749	\$ 40,919,384	81.4%	\$ 25,999,452	157.4%
<u>Safety Plan</u>						
2011	372,523,372	290,213,239	82,310,133	77.9%	25,796,337	319.1%

The actuarial valuation for 6/30/2011 is the most recent valuation available.

The Schedule of Funding progress presented as Required Supplementary Information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

3. Annual pension cost

For the fiscal year ended June 30, 2012, the City of Garden Grove's annual pension cost of \$13,642,895 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year ended June 30, 2012 was determined as part of the June 30, 2009 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 expenses); (b) projected salary increases that vary by duration of service ranging from 3.55% to 14.45% for miscellaneous members and from 3.55% to

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

13.15% for safety members. Both (a) and (b) include an inflation component of 3.00%. The assumptions used for determining the contribution requirements are the same as the assumptions used in the calculation of the funded status.

FYE	Annual Pension Cost		% of Annual Pension Cost Contribution	Net Pension Obligation
	Miscellaneous	Safety		
6/30/2010	\$ 3,843,311	\$ 7,275,564	100%	\$ -
6/30/2011	3,723,192	7,037,328	100%	-
6/30/2012	4,773,578	8,869,317	100%	-

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year closed amortization period.

J. Postemployment benefits

1. Plan Description

The City provides retiree medical benefits under the CalPERS health plan, an agent multiple-employer public employee defined postemployment benefit plan, which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

2. Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of 529 eligible active employees and 241 enrolled eligible retirees at June 30, 2012. These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

3. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected pay-as-you-go financing requirements effective January 1, 2007. The City's contribution rate was \$80.80 per month for each retiree. For the year ended June 30, 2012, the City contributed \$308,320 to the plan. Plan members receiving benefits contributed \$1,723,883 (approximately 85% of total premiums) through their required contribution.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	<u>June 30, 2012</u>
Annual required contribution	\$ 883,991
Interest on net OPEB obligation	107,077
Adjustment to annual required contribution	<u>(107,077)</u>
Annual OPEB cost (expense)	883,991
Contributions made	<u>(308,320)</u>
Increase in net OPEB obligation	575,671
Net OPEB Obligation, Beginning of Year	<u>2,141,533</u>
Net OPEB Obligation, End of Year	<u><u>\$ 2,717,204</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	\$ 827,400	30.1%	\$ 1,572,258
6/30/11	883,991	35.6%	2,141,533
6/30/12	883,991	34.9%	2,717,204

4. Funding Status and Progress

<u>Valuation Date</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Liability % of Payroll</u>
3/1/2011	\$ 10,272,641	-	\$ 10,272,641	0.0%	\$ 6,128,115	167.6%

The actuarial valuation as of 3/1/2011 is the most recent actuarial valuation available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 5 percent investment rate of return, which is based on assumed long-term investment returns on plan assets and on the City's assets, as appropriate, and an annual healthcare cost trend rate of 4 percent annual. Both rates included a 3 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years using a closed amortization period. It is assumed the City's payroll will increase 3 percent per year. The assumptions used for determining the contribution requirements are the same as the assumptions used in the calculation of the funded status.

K. Non-committal debt:

- a. Garden Grove Industrial Development Authority Certificate of Deposit Revenue Bonds, Issue of 1982 for \$4,555,000, were issued as an obligation of the Authority. These bonds are not reflected in the City's financial statements since the use and disposition of the bond proceeds are controlled by an outside trustee, rather than the City, and since neither the Authority, nor the City, is, in any event, liable for the payment of the principal or interest on the bonds. The bond issue was publicly offered with a letter of credit issued by the trustee as security pledged for repayment of the bond issue. The bonds were issued for the acquisition, expansion and rehabilitation of commercial property.
- b. Garden Grove Housing Authority Variable Rate Demand Multifamily Housing Revenue Bonds, Series A of 1990, for \$12,000,000 were issued as an obligation of the Housing Authority. These bonds are not reflected in the City's financial statements since the use and disposition of the bond proceeds are controlled by an outside trustee, rather than the City, and since neither the Housing Authority, nor the City, is, in any event, liable for the payment of the principal or interest on the bonds. The bonds were issued to provide funds for the cost of developing the Valley View Senior Village, a multifamily rental housing project in the City.

9. Commitments and contingencies

A. Grants

Under the terms of federal, county and state grants, periodic audits are required and certain costs may be questioned as not appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. If some expenditures were disallowed, the City believes such disallowances, if any, would be immaterial.

B. Claims

There are certain claims against the City, which have been denied and referred to the City's insurance carrier. The City believes that none of these claims will exceed insurance coverage.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

10. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2012, fund balance for governmental funds are made up of the followings:

- Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).
- Assigned Fund Balance – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council to which the City Council has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.
- In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

11. Low Income Housing Loan Programs

The Garden Grove Agency for Community Development Low Income Housing capital projects fund and CDBG HOME other governmental fund provide down payment assistance to first time low or moderate income homebuyers and rental and home rehabilitation assistance to eligible low and moderate income persons. This financial assistance is provided in the form of deferred second mortgages, secured by promissory notes and deeds of trust on the property. These second mortgage loans become due upon the sale of the property or if the property no longer qualifies as the applicant’s principal residence. These loans are interest-free for up to thirty years. There is an equity participation interest on some of the loans. The balance of these loans at June 30, 2012 totaled \$16,949 in HOME Grant special revenue fund, \$750,796 in the Low and Moderate Income Housing Assets capital projects fund and \$2,056,164 in the Other Grants and Contributions special revenue fund. Since the loans do not bear interest for at least thirty years, the present value of the loans is significantly less than the principal amounts. For this reason and because collection may be dependent on equity in the home when sold, the loans are not included as an asset. These loans are expensed when made and repayments are recorded as revenues in the year received.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

12. Joint Venture

The City participates in the Anaheim-Garden Grove-Orange Fire Training Facility Authority (the "Authority"), a joint powers authority created to finance fire training and dispatching facilities. The City Council of each city appoints one representative to the three-member Board of Directors. The City's proportionate share in the authority is 26.67 %. Because the City is not financially accountable, the Authority is not considered part of the City's reporting entity. Separate financial statements are not issued.

13. Successor Agency Trust For Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action Impacted the reporting entity of the City of Garden Grove (City) that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On September 13, 2011, the City Council elected to become the Successor Agency to the Garden Grove Agency for Community Development (Successor Agency) in accordance with the Bill as part of City resolution number 9077-11.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Net extraordinary loss reported in governmental funds - increase to net assets of the Successor Agency Trust Fund	\$ 98,138,518
Capital assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	1,440,000
Certain notes receivable are not available to pay for current period expenditures, and therefore are offset by deferred revenue in the governmental funds - increase to net assets of the Successor Agency Trust Fund	3,932,234
Long-Term debt reported in the governmental-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	(85,399,881)
Unamortized bond issuance cost recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	829,786
RV Park enterprise fund's land was originally contributed from the former redevelopment agency. As the City discontinued the operations of the RV Park, the remaining net assets of RV Park fund were transferred to the Successor Agency Trust Fund.	2,917,948
Total extraordinary gain reported in the Successor Agency	<u>\$ 21,858,605</u>

14. Restatements of Fund Balances/ Net Assets

a. Accounting Changes

The beginning net asset/ fund balance of Housing Authority fund was restated due to accounting changes as follows:

	<u>Housing Authority</u>
Fund balance as of June 30, 2011	\$ 1,274,263
Capital assets net of depreciation have not been included as financial resources in governmental fund.	15,769
Net asset as of June 30, 2011 as restated	<u>\$ 1,290,032</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012 (CONTINUED)**

In fiscal year 2011, the Housing Authority fund, which accounts for the revenues and expenses pertaining to the Federal Section 8 Housing Program, was reported as a special revenue fund. The City elected to report the Housing Authority fund as an enterprise fund in the fiscal year 2012 as recommended by the Department of Housing and Urban Development (HUD).

b. Change in Reporting Entity

In fiscal year 2011, the Housing Authority Assets fund was reported in the Low Income Housing Capital Projects fund. The City elected to report the Housing Authority Assets fund separately as a nonmajor governmental fund in the fiscal year 2012.

In fiscal year 2011, 2008 RDA Loan Debt Service fund and 2003 Tax Allocation Capital Projects fund were reported separately as nonmajor governmental funds. In fiscal year 2012, the City elected to report these two funds together in RDA Debt Debt Service fund.

The beginning fund balances of the affected governmental funds were restated as follows:

	Nonmajor Governmental Funds				
	Low Income Housing Capital Projects Fund	Housing Authority Assets Capital Projects Fund	2008 RDA Loan Debt Service Fund	2003 Tax Allocation Capital Projects Fund	RDA Debt Debt Service Fund
Fund balance as of June 30, 2011	\$ 30,778,626	\$ -	\$ (147,820)	\$ 7,566,208	\$ -
Change in reporting entity	<u>(154,162)</u>	<u>154,162</u>	<u>147,820</u>	<u>(7,566,208)</u>	<u>7,418,388</u>
Fund balance as of June 30, 2011 as restated	<u>\$ 30,624,464</u>	<u>\$ 154,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,418,388</u>

15. Subsequent Event

a. Recognized Obligations Payments Schedule (ROPS) - Enforceable Obligations

On August 3, 2012, the Successor Agency submitted their ROPS covering enforceable obligations payable January 1, 2013 through June 30, 2013. Subsequently, the State has reviewed the ROPS and has approved the ROPS with the exception of certain items listed which the State has determined do not meet the definition of an enforceable obligation as noted in the Health and Safety Code. Such items questioned include Low and Moderate Housing Fund deficit related to ERAF and SERAF loans in the amount of \$13.8 million and Site C Development and Disposition Agreement (DDA) in the amount of \$48.4 million. The Successor Agency did not dispute the State's decision on the Low and Moderate Housing Fund deficit related to ERAF and SERAF loans. However, the Successor Agency has requested a meet and confer with the State to resolve the issue with site C DDA and is in the process of other administrative procedures to resolve this issue. Due to uncertainties with the results of the meet and confer, the ultimate outcome of this issue cannot presently be determined, and accordingly, no provision for any liability that may result has been recorded in the financial statements.



Required Supplemental Information

**CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
June 30, 2012**

Actuarial Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability % of Payroll
<u>Miscellaneous Plan</u>						
2009	\$ 196,093,694	\$ 163,533,008	\$ 32,560,686	83.4%	\$ 27,271,269	119.4%
2010	206,013,680	171,251,973	34,761,707	83.1%	27,751,566	125.3%
2011	220,262,133	179,342,749	40,919,384	81.4%	25,999,452	157.4%
<u>Safety Plan</u>						
2009	337,746,527	266,125,014	71,621,513	78.8%	27,159,540	263.7%
2010	350,374,623	278,146,251	72,228,372	79.4%	25,883,106	279.1%
2011	372,523,372	290,213,239	82,310,133	77.9%	25,796,337	319.1%

**CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
POSTEMPLOYMENT BENEFITS
June 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2005	\$ -	\$ 7,586,050	\$ 7,586,050	0.0%	\$ 5,437,434	139.5%
March 1, 2009	-	8,860,567	8,860,567	0.0%	5,943,594	149.1%
March 1, 2011	-	10,272,641	10,272,641	0.0%	6,127,376	167.7%

**CITY OF GARDEN GROVE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 64,189,000	\$ 64,189,000	\$ 68,858,608	\$ 4,669,608
Licenses and permits	834,000	834,000	916,423	82,423
Fines, forfeits and penalties	1,871,000	1,871,000	2,070,130	199,130
Investment earnings	591,000	591,000	886,346	295,346
Charges for current services	7,910,175	7,910,175	6,531,365	(1,378,810)
From other agencies	2,455,697	2,455,697	949,521	(1,506,176)
Other revenues	1,377,500	1,377,500	887,069	(490,431)
Total revenues	<u>79,228,372</u>	<u>79,228,372</u>	<u>81,099,462</u>	<u>1,871,090</u>
EXPENDITURES:				
Current:				
Fire	19,778,643	19,778,643	19,808,069	(29,426)
Police	43,541,427	43,541,427	43,864,635	(323,208)
Traffic safety	1,175,133	1,175,133	860,095	315,038
Public right of way	4,703,981	4,572,893	3,353,490	1,219,403
Water Utility	-	-	-	-
Drainage	-	-	-	-
Community buildings	3,553,529	3,953,529	3,492,077	461,452
Community services	2,605,266	2,605,266	2,666,404	(61,138)
Parks and greenbelts	1,113,405	1,113,405	1,087,760	25,645
Community planning and development	4,059,484	4,121,624	3,280,515	841,109
Municipal support	6,337,185	6,337,185	8,142,646	(1,805,461)
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	6,618	6,618	-	6,618
Traffic safety	-	-	-	-
Public right of way	391,731	122,819	105,659	17,160
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	7,500	7,500	-	7,500
Parks and greenbelts	-	-	-	-
Community planning and development	-	9,260,823	5,982,475	3,278,348
Municipal support	-	-	18,626	(18,626)
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	369,269	970,488	(601,219)
Interest and other charges	-	73,171	144,994	(71,823)
Total expenditures	<u>87,273,903</u>	<u>97,039,305</u>	<u>93,777,933</u>	<u>3,261,372</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,045,531)</u>	<u>(17,810,933)</u>	<u>(12,678,471)</u>	<u>5,132,462</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	22,387,094	22,387,094
Transfers out	-	-	(24,720,129)	(24,720,129)
Issuance of debt	-	1,837,500	1,856,127	18,627
Total other financing sources (uses)	<u>-</u>	<u>1,837,500</u>	<u>(476,908)</u>	<u>(2,314,408)</u>
Extraordinary gain (loss)	-	-	-	-
Net change in fund balance	(8,045,531)	(15,973,433)	(13,155,379)	2,818,054
Fund balance, July 1	47,940,780	47,940,780	47,940,780	-
Fund balance, June 30	<u>\$ 39,895,249</u>	<u>\$ 31,967,347</u>	<u>\$ 34,785,401</u>	<u>\$ 2,818,054</u>

**CITY OF GARDEN GROVE
HOME GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	347	347
Charges for current services	-	-	-	-
From other agencies	1,001,254	1,982,173	171,814	(1,810,359)
Other revenues	-	-	93,788	93,788
Total revenues	<u>1,001,254</u>	<u>1,982,173</u>	<u>265,949</u>	<u>(1,716,224)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	1,982,173	1,982,173	156,281	1,825,892
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>1,982,173</u>	<u>1,982,173</u>	<u>156,281</u>	<u>1,825,892</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(980,919)</u>	<u>-</u>	<u>109,668</u>	<u>109,668</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(980,919)	-	109,668	109,668
Fund balance, July 1	<u>161,030</u>	<u>161,030</u>	<u>161,030</u>	<u>-</u>
Fund balance, June 30	<u>\$ (819,889)</u>	<u>\$ 161,030</u>	<u>\$ 270,698</u>	<u>\$ 109,668</u>

CITY OF GARDEN GROVE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2012

Budgetary information

Under Article XIIB of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must be refunded to the taxpayers either through revised tax rates or revised fee schedules.

The City budget report is prepared under the direction of the City Manager in accordance with generally accepted accounting principles (GAAP) and the requirements of Municipal Code Section 2.08.150. Annual budgets are legally adopted for the general fund, debt service funds, special revenue funds, and capital projects funds. These funds are budgeted based on the modified accrual basis of accounting and include proposed expenditures and the means of financing them. The City Council approves the total budgeted appropriations and any amendments to total appropriations which may be required during the year. Revenues are budgeted by source, and expenditures are budgeted based by program. The City does not budget for the 2002 Capital Improvement Project debt service fund and Low and Moderate Income Housing Asset capital projects fund.

The legal level of budgetary control is considered to be at the fund level since management can reassign resources within a fund without special approval from City Council. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions which alter the total appropriations of any fund must be approved by City Council.

During the year, the budget is used as a management information, planning and control device. To facilitate this process, encumbrances are recorded for commitments of the City to acquire materials, supplies and services under purchase order or contract. All unexpended appropriations at year end lapse, unless City Council Resolution specifically designates them.

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Other Supplemental Information

**CITY OF GARDEN GROVE
COMMUNITY PROJECT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 21,340,000	\$ 21,340,000	\$ 7,194,875	\$ (14,145,125)
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>21,340,000</u>	<u>21,340,000</u>	<u>7,194,875</u>	<u>(14,145,125)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	9,700	9,700	3,650	6,050
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	1,945,000	1,945,000	-
Interest and other charges	2,487,388	2,402,238	1,220,569	1,181,669
Total expenditures	<u>2,497,088</u>	<u>4,356,938</u>	<u>3,169,219</u>	<u>1,187,719</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,842,912</u>	<u>16,983,062</u>	<u>4,025,656</u>	<u>(12,957,406)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	244,878	244,878
Transfers out	-	-	(10,493,586)	(10,493,586)
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(10,248,708)</u>	<u>(10,248,708)</u>
Extraordinary gain	<u>-</u>	<u>-</u>	<u>6,104,498</u>	<u>6,104,498</u>
Net change in fund balance	18,842,912	16,983,062	(118,554)	(17,101,616)
Fund balance, July 1	<u>118,554</u>	<u>118,554</u>	<u>118,554</u>	<u>-</u>
Fund balance, June 30	<u>\$ 18,961,466</u>	<u>\$ 17,101,616</u>	<u>\$ -</u>	<u>\$ (17,101,616)</u>

**CITY OF GARDEN GROVE
COMMUNITY PROJECT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	17,000	17,000	605,788	588,788
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	3,292,599	2,555,599	128,322	(2,427,277)
Total revenues	<u>3,309,599</u>	<u>2,572,599</u>	<u>734,110</u>	<u>(1,838,489)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	52,308	52,308	17,232	35,076
Drainage	-	-	-	-
Community buildings	-	-	5,289	(5,289)
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	16,928,226	16,928,226	1,903,515	15,024,711
Municipal support	449,552	449,552	271,661	177,891
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	2,568,596	2,568,596	-	2,568,596
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	580,472	668,191	(87,719)
Interest and other charges	574,055	1,732,025	1,490,046	241,979
Total expenditures	<u>20,572,737</u>	<u>22,311,179</u>	<u>4,355,934</u>	<u>17,955,245</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,263,138)</u>	<u>(19,738,580)</u>	<u>(3,621,824)</u>	<u>16,116,756</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	49,533,352	49,533,352
Transfers out	-	-	(244,878)	(244,878)
Issuance of debt	-	737,000	-	(737,000)
Total other financing sources (uses)	<u>-</u>	<u>737,000</u>	<u>49,288,474</u>	<u>48,551,474</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>(80,606,102)</u>	<u>(80,606,102)</u>
Net change in fund balance	(17,263,138)	(19,001,580)	(34,939,452)	(15,937,872)
Fund balance, July 1	<u>34,939,452</u>	<u>34,939,452</u>	<u>34,939,452</u>	<u>-</u>
Fund balance, June 30	<u>\$ 17,676,314</u>	<u>\$ 15,937,872</u>	<u>\$ -</u>	<u>\$ (15,937,872)</u>

**CITY OF GARDEN GROVE
LOW INCOME HOUSING CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ 5,435,000	\$ 3,255,023	\$ (2,179,977)
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	50,000	43,000	-	(43,000)
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	1,112,309	237,025	(875,284)
Total revenues	<u>50,000</u>	<u>6,590,309</u>	<u>3,492,048</u>	<u>(3,098,261)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	50,584	9,666	40,918
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	180,000	3,716,443	690,991	3,025,452
Municipal support	-	98,419	70,498	27,921
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	20,458,634	-	20,458,634
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>180,000</u>	<u>24,324,080</u>	<u>771,155</u>	<u>23,552,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(130,000)</u>	<u>(17,733,771)</u>	<u>2,720,893</u>	<u>20,454,664</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(18,601,219)	(18,601,219)
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(18,601,219)</u>	<u>(18,601,219)</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>(14,744,138)</u>	<u>(14,744,138)</u>
Net change in fund balance	(130,000)	(17,733,771)	(30,624,464)	(12,890,693)
Fund balance, July 1, as restated	<u>30,624,464</u>	<u>30,624,464</u>	<u>30,624,464</u>	<u>-</u>
Fund balance, June 30	<u>\$ 30,494,464</u>	<u>\$ 12,890,693</u>	<u>\$ -</u>	<u>\$ (12,890,693)</u>

SPECIAL REVENUE FUNDS

Public Safety Fund

Revenues received from the City's share of drug forfeit and seizure money, revenues received from the state under SB172, and various police grants are accounted for in this fund. These funds are used to help support the City's public safety operations.

State Gas Tax Fund

State gasoline taxes received by the City are accounted for in this fund. Revenue received is used for street maintenance, construction, and/or right of way acquisition.

Golf Course Fund

This fund was established to account for rental payments received from the lease of the Willowick Golf Course.

Self Supporting Revenue Fund

Recreation programs that are self supporting are accounted for in this fund.

Developer Fees Fund

Traffic mitigation and developer fees used to alleviate traffic and sewer problems caused by new development, cultural art fees to be used for City cultural arts projects and programs, part fees which are to be used for park development, drainage fees which are to be used to alleviate City drainage problems, are some of the fees that are accounted for in the fund.

Garden Grove Cable Fund

This fund represents a grant from a private cable corporation of 2% and its cable usage revenue. Expenditures are for public, educational, and governmental access.

Street Lighting Fund

The purpose of this fund is to provide an accounting for the installation, operation, and maintenance of street lighting within the City. Revenues for this fund are received from property taxes collected by the County of Orange.

Main Street District Fund

This fund is used to account for the maintenance of improvements on Main Street in downtown Garden Grove. Revenue for this fund are received from a property tax levy on the main street area.

Parking District Fund

This fund is used to account for the maintenance of improvements on Main Street in downtown Garden Grove, and for the operation, maintenance, and acquisition of public parking facilities within the district.

Air Quality Improvement Fund

This fund is used to account for revenue received from the State of California Air Quality Management District for the primary purpose of establishing a ride share program for City employees.

Garden Grove Tourism Improvement District

This fund is used to account for the tourism marketing efforts through the Anaheim/Orange County Visitors and Convention Bureau and other activities and improvements that promote tourism in the Garden Grove Tourism Improvement District area.

Other Grants and Contributions Fund

The City is the recipient of numerous other federal, state, and county grants, plus contributions from other sources. These grants and contributions are accounted for in this fund.

SPECIAL REVENUE FUNDS (continued)

Street Rehabilitation Fund

This fund is used to account for revenues received and expenditures made for the housing assistance program, which is funded by the U.S. Department of Housing and Urban Development.

DEBT SERVICE FUNDS

2002 Capital Improvement Project Fund

This fund accounts for the money held by fiscal agent in connection with the 2002-Series A Certificates of Participation issue.

Agency Debt Debt Service Fund

This fund is used to account for the issuance of debt and the resources provided to pay Agency for Community Development debt.

Buena-Clinton Project Fund

This fund is used to account for resources provided to pay principal and interest on Agency for Community Development debt in a specific geographic location of the City known as Buena-Clinton.

CAPITAL PROJECTS FUND

Buena-Clinton Project Fund

Capital projects within the Agency for Community Development Buena-Clinton Project Area are accounted for in this fund.

Low and Moderate Housing Assets Fund

Capital projects for low and moderate income housing are accounted for in this fund.

Housing Authority Assets Fund

Capital projects with the Civic Center area are accounted for in this fund.

**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

	Special Revenue Funds			
	Public Safety	State Gas Tax	Golf Course	Self Supporting Revenue
ASSETS				
Cash and investments	\$ 2,397,203	\$ 7,678,695	\$ 898,639	\$ 61,175
Taxes receivable	29,872	510,908	-	-
Accounts receivable	69,640	-	1,850	1,574
Interest receivable	11,129	38,842	-	-
Intergovernmental receivable	112,489	-	-	-
Intercity loans receivable	-	-	-	-
Notes receivable	-	-	-	-
Allowance	-	-	-	-
Land held for resale	-	-	-	-
Deposits	2,600	-	-	-
Total assets	<u>2,622,933</u>	<u>8,228,445</u>	<u>900,489</u>	<u>62,749</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	66,029	1,476,212	-	617
Other accrued liabilities	-	99,072	-	15,628
Refundable deposits	-	-	-	46,504
Due to other funds	-	163,633	-	-
Deferred revenue	-	-	33,125	-
Total liabilities	<u>66,029</u>	<u>1,738,917</u>	<u>33,125</u>	<u>62,749</u>
Fund balances (deficits):				
Restricted				
Police	2,556,904	-	-	-
Public Right of Way	-	6,489,528	-	-
Drainage	-	-	-	-
Community Services	-	-	-	-
Community Neighborhood	-	-	867,364	-
Municipal Support & Services	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>2,556,904</u>	<u>6,489,528</u>	<u>867,364</u>	<u>-</u>
Total liabilities and fund balances (deficits)	<u>\$ 2,622,933</u>	<u>\$ 8,228,445</u>	<u>\$ 900,489</u>	<u>\$ 62,749</u>

Special Revenue Funds

Developer Fees	Garden Grove Cable	Street Lighting	Park Maintenance	Main Street District	Air Quality Improvement
\$ 5,290,251	\$ -	\$ -	\$ 22,023	\$ 174,826	\$ 173,210
-	-	13,089	6,500	-	-
-	62,115	2,724	-	-	54,826
28,793	-	-	-	835	564
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,319,044</u>	<u>62,115</u>	<u>15,813</u>	<u>28,523</u>	<u>175,661</u>	<u>228,600</u>
37,808	-	-	-	-	-
1,746	2,635	2,377	24,457	-	-
-	-	-	-	-	-
-	101,087	13,382	-	-	-
-	-	-	-	-	-
<u>39,554</u>	<u>103,722</u>	<u>15,759</u>	<u>24,457</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
149,612	-	-	-	-	-
354,290	-	-	-	-	-
-	-	-	-	-	-
4,775,588	-	54	4,066	175,661	-
-	-	-	-	-	228,600
-	(41,607)	-	-	-	-
<u>5,279,490</u>	<u>(41,607)</u>	<u>54</u>	<u>4,066</u>	<u>175,661</u>	<u>228,600</u>
<u>\$ 5,319,044</u>	<u>\$ 62,115</u>	<u>\$ 15,813</u>	<u>\$ 28,523</u>	<u>\$ 175,661</u>	<u>\$ 228,600</u>

CONTINUED

**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2012**

	GG Tourism Improvement District	Other Grants and Contributions	Special Revenue Fund Street Rehabilitation	Debt Service Funds 2002 Capital Improvement Project
ASSETS				
Cash and investments	\$ 672,578	\$ 1,206,973	\$ 4,589,888	\$ -
Taxes receivable	-	-	-	-
Accounts receivable	222,524	-	416,809	-
Interest receivable	3,023	2,601	21,055	-
Intergovernmental receivable	-	1,755,019	445,665	-
Interfund receivable	-	-	-	-
Notes receivable	-	1,804,066	-	-
Allowance	-	-	-	-
Land held for resale	-	-	-	-
Deposits	-	-	-	-
Total assets	<u>898,125</u>	<u>4,768,659</u>	<u>5,473,417</u>	<u>-</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	122,913	186,463	207,906	-
Other accrued liabilities	-	27,651	10,352	-
Refundable deposits	-	1,379	-	-
Due to other funds	-	2,429,032	436,028	-
Deferred revenue	-	3,388,000	423,714	-
Total liabilities	<u>122,913</u>	<u>6,032,525</u>	<u>1,078,000</u>	<u>-</u>
Fund balances (deficits):				
Restricted				
Police	-	122,637	-	-
Public Right of Way	-	748,089	4,395,417	-
Drainage	-	-	-	-
Community Services	-	206,715	-	-
Community Neighborhood	775,212	2,170	-	-
Municipal Support & Services	-	-	-	-
Unassigned	-	(2,343,477)	-	-
Total fund balances (deficits)	<u>775,212</u>	<u>(1,263,866)</u>	<u>4,395,417</u>	<u>-</u>
Total liabilities and fund balances (deficits)	<u>\$ 898,125</u>	<u>\$ 4,768,659</u>	<u>\$ 5,473,417</u>	<u>\$ -</u>

Debt Service Funds		Capital Projects Fund			Total Nonmajor Governmental Funds
Agency Debt	Buena-Clinton Project	Buena-Clinton Project	Low and Moderate Income Housing Assets	Housing Authority Assets	
\$ -	\$ -	\$ -	\$ -	\$ 168,080	\$ 23,333,541
-	-	-	-	-	560,369
-	-	-	18,561	22,112	872,735
-	-	-	-	747	107,589
-	-	-	-	-	2,313,173
-	-	-	13,729,748	-	13,729,748
-	-	-	3,348,817	-	5,152,883
-	-	-	(13,759,748)	-	(13,759,748)
-	-	-	4,852,665	-	4,852,665
-	-	-	-	-	2,600
-	-	-	8,190,043	190,939	37,165,555
-	-	-	320	-	2,098,268
-	-	-	12,098	-	196,016
-	-	-	-	-	47,883
-	-	-	405,232	-	3,548,394
-	-	-	3,318,817	-	7,163,656
-	-	-	3,736,467	-	13,054,217
-	-	-	-	-	2,679,541
-	-	-	-	-	11,782,646
-	-	-	-	-	354,290
-	-	-	-	-	206,715
-	-	-	5,123,576	190,939	11,914,630
-	-	-	-	-	228,600
-	-	-	(670,000)	-	(3,055,084)
-	-	-	4,453,576	190,939	24,111,338
\$ -	\$ -	\$ -	\$ 8,190,043	\$ 190,939	\$ 37,165,555

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds			
	Public Safety	State Gas Tax	Golf Course	Self Supporting Revenue
REVENUES:				
Taxes	\$ 613,991	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	92,373	-	-	-
Investment earnings	5,368	29,489	-	-
Charges for current services	162,830	-	523,705	645,309
From other agencies	283,854	5,416,954	-	-
Other revenues	-	-	-	5,250
Total revenues	<u>1,158,416</u>	<u>5,446,443</u>	<u>523,705</u>	<u>650,559</u>
EXPENDITURES:				
Current:				
Fire	102,468	-	-	-
Police	909,250	-	-	-
Traffic safety	-	220,870	-	-
Public right of way	-	1,935,224	-	-
Community buildings	-	-	-	-
Community services	-	-	-	796,422
Parks and greenbelts	-	-	50,745	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	7,113	-	-	-
Police	20,463	-	-	-
Traffic safety	-	23,561	-	-
Public right of way	-	2,576,646	-	-
Drainage	-	11,908	-	-
Community buildings	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>1,039,294</u>	<u>4,768,209</u>	<u>50,745</u>	<u>796,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>119,122</u>	<u>678,234</u>	<u>472,960</u>	<u>(145,863)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	401,964	-	145,863
Transfers out	-	(402,429)	(600,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(465)</u>	<u>(600,000)</u>	<u>145,863</u>
Extraordinary gain (loss)	-	-	-	-
Net change in fund balances	119,122	677,769	(127,040)	-
Fund balances, July 1, as restated	<u>2,437,782</u>	<u>5,811,759</u>	<u>994,404</u>	<u>-</u>
Fund balances (deficits), June 30	<u>\$ 2,556,904</u>	<u>\$ 6,489,528</u>	<u>\$ 867,364</u>	<u>\$ -</u>

Special Revenue Funds

Developer Fees	Garden Grove Cable	Street Lighting	Park Maintenance	Main Street District	Air Quality Improvement
\$ -	\$ 38,113	\$ 47	\$ -	\$ -	\$ -
29,114	-	-	-	-	-
-	-	-	-	-	-
15,891	-	-	230	403	175
464,132	-	1,343,159	703,836	26,635	-
-	-	-	-	-	257,490
-	89,493	-	-	-	2,236
<u>509,137</u>	<u>127,606</u>	<u>1,343,206</u>	<u>704,066</u>	<u>27,038</u>	<u>259,901</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,283,898	-	-	-
-	-	16,601	-	45,541	-
-	-	-	-	-	-
17,162	169,213	-	-	-	-
44,933	-	-	700,000	-	-
61,096	-	-	-	-	15,671
-	-	42,653	-	-	214,812
-	-	-	-	-	-
-	-	-	-	-	-
3,376	-	-	-	-	-
15,654	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
365,809	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>508,030</u>	<u>169,213</u>	<u>1,343,152</u>	<u>700,000</u>	<u>45,541</u>	<u>230,483</u>
<u>1,107</u>	<u>(41,607)</u>	<u>54</u>	<u>4,066</u>	<u>(18,503)</u>	<u>29,418</u>
-	-	-	-	-	-
<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
(998,893)	(41,607)	54	4,066	(18,503)	29,418
<u>6,278,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,164</u>	<u>199,182</u>
<u>\$ 5,279,490</u>	<u>\$ (41,607)</u>	<u>\$ 54</u>	<u>\$ 4,066</u>	<u>\$ 175,661</u>	<u>\$ 228,600</u>

CONTINUED

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds			Debt Service Fund
	GG Tourism Improvement District	Other Grants and Contributions	Street Rehabilitation	2002 Capital Improvement Project
REVENUES:				
Taxes	\$ 2,313,190	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	510,598	-	-
Investment earnings	2,911	3,243	9,858	-
Charges for current services	-	-	-	-
From other agencies	-	5,367,012	3,170,607	-
Other revenues	-	11,543	4,553	-
Total revenues	<u>2,316,101</u>	<u>5,892,396</u>	<u>3,185,018</u>	<u>-</u>
EXPENDITURES:				
Current:				
Fire	-	84,995	-	-
Police	-	712,927	-	-
Traffic safety	-	529,097	-	-
Public right of way	-	79,482	432,870	-
Community buildings	-	1,942	-	-
Community services	-	674,861	117,389	-
Parks and greenbelts	-	-	-	-
Community planning and development	1,703,577	2,587,140	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	2,147	-	-
Traffic safety	-	-	22,753	-
Public right of way	-	-	4,891,025	-
Drainage	-	-	466,598	-
Community buildings	-	710,676	-	-
Parks and greenbelts	-	334,924	-	-
Community planning and development	-	-	-	-
Debt service:				
Principal retirement	-	850,000	-	-
Interest and other charges	-	234,308	-	-
Total expenditures	<u>1,703,577</u>	<u>6,802,499</u>	<u>5,930,635</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>612,524</u>	<u>(910,103)</u>	<u>(2,745,617)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	14,866	402,429	-
Transfers out	<u>(52,500)</u>	<u>(401,964)</u>	<u>-</u>	<u>(12,547)</u>
Total other financing sources (uses)	<u>(52,500)</u>	<u>(387,098)</u>	<u>402,429</u>	<u>(12,547)</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	560,024	(1,297,201)	(2,343,188)	(12,547)
Fund balances, July 1, as restated	<u>215,188</u>	<u>33,335</u>	<u>6,738,605</u>	<u>12,547</u>
Fund balances (deficits), June 30	<u>\$ 775,212</u>	<u>\$ (1,263,866)</u>	<u>\$ 4,395,417</u>	<u>\$ -</u>

Debt Service Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
Agency Debt	Buena-Clinton Project	Buena-Clinton Project	Low and Moderate Income Housing Assets	Housing Authority Assets	
\$ -	\$ 256,747	\$ -	\$ -	\$ -	\$ 3,222,088
-	-	-	-	-	29,114
-	-	-	-	-	602,971
-	-	104	-	-	67,672
-	-	-	-	-	3,869,606
-	-	-	-	-	14,495,917
-	-	-	111,417	41,256	265,748
-	256,747	104	111,417	41,256	22,553,116
-	-	-	-	-	187,463
-	-	71,093	-	-	1,693,270
-	-	-	-	-	2,033,865
-	-	-	-	-	2,509,718
-	-	-	10,054	-	11,996
-	-	7,918	-	-	1,782,965
-	-	-	-	-	795,678
-	-	7,818	456,517	4,479	4,836,298
-	-	-	62,741	-	320,206
-	-	-	-	-	7,113
-	-	-	-	-	22,610
-	-	-	-	-	49,690
-	-	-	-	-	7,483,325
-	-	-	-	-	478,506
-	-	-	-	-	710,676
-	-	-	-	-	700,733
-	-	9,793	-	-	9,793
-	-	-	-	-	850,000
135,867	-	-	-	-	370,175
135,867	-	96,622	529,312	4,479	24,854,080
(135,867)	256,747	(96,518)	(417,895)	36,777	(2,300,964)
-	752,925	90,690	4,871,471	-	6,680,208
(2)	(90,690)	(752,925)	-	-	(3,313,057)
(2)	662,235	(662,235)	4,871,471	-	3,367,151
(7,282,519)	(942,990)	(667,267)	-	-	(8,892,776)
(7,418,388)	(24,008)	(1,426,020)	4,453,576	36,777	(7,826,589)
7,418,388	24,008	1,426,020	-	154,162	31,937,927
\$ -	\$ -	\$ -	\$ 4,453,576	\$ 190,939	\$ 24,111,338

**CITY OF GARDEN GROVE
PUBLIC SAFETY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 547,630	\$ 547,630	\$ 613,991	\$ 66,361
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	92,373	92,373
Investment earnings	129,370	129,370	5,368	(124,002)
Charges for current services	48,000	48,000	162,830	114,830
From other agencies	-	332,296	283,854	(48,442)
Other revenues	20,000	20,000	-	(20,000)
Total revenues	<u>745,000</u>	<u>1,077,296</u>	<u>1,158,416</u>	<u>81,120</u>
EXPENDITURES:				
Current:				
Fire	113,803	89,257	102,468	(13,211)
Police	1,922,455	1,932,455	909,250	1,023,205
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	101,000	125,546	7,113	118,433
Police	199,571	509,571	20,463	489,108
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>2,336,829</u>	<u>2,656,829</u>	<u>1,039,294</u>	<u>1,617,535</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,591,829)</u>	<u>(1,579,533)</u>	<u>119,122</u>	<u>1,698,655</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,591,829)	(1,579,533)	119,122	1,698,655
Fund balance, July 1	<u>2,437,782</u>	<u>2,437,782</u>	<u>2,437,782</u>	<u>-</u>
Fund balance, June 30	<u>\$ 845,953</u>	<u>\$ 858,249</u>	<u>\$ 2,556,904</u>	<u>\$ 1,698,655</u>

**CITY OF GARDEN GROVE
STATE GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	159,000	159,000	29,489	(129,511)
Charges for current services	-	-	-	-
From other agencies	4,641,000	4,641,000	5,416,954	775,954
Other revenues	-	-	-	-
Total revenues	<u>4,800,000</u>	<u>4,800,000</u>	<u>5,446,443</u>	<u>646,443</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	286,242	286,242	220,870	65,372
Public right of way	1,545,752	1,545,752	1,935,224	(389,472)
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	26,988	26,988	23,561	3,427
Public right of way	5,181,371	5,387,336	2,576,646	2,810,690
Drainage	2,646,999	2,441,033	11,908	2,429,125
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>9,687,352</u>	<u>9,687,351</u>	<u>4,768,209</u>	<u>4,919,142</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,887,352)</u>	<u>(4,887,351)</u>	<u>678,234</u>	<u>5,565,585</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	401,964	401,964
Transfers out	-	-	(402,429)	(402,429)
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(465)</u>	<u>(465)</u>
Net change in fund balance	(4,887,352)	(4,887,351)	677,769	5,565,120
Fund balance, July 1	<u>5,811,759</u>	<u>5,811,759</u>	<u>5,811,759</u>	<u>-</u>
Fund balance, June 30	<u>\$ 924,407</u>	<u>\$ 924,408</u>	<u>\$ 6,489,528</u>	<u>\$ 5,565,120</u>

**CITY OF GARDEN GROVE
GOLF COURSE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	550,000	550,000	523,705	(26,295)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>550,000</u>	<u>550,000</u>	<u>523,705</u>	<u>(26,295)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	69,006	69,006	50,745	18,261
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>69,006</u>	<u>69,006</u>	<u>50,745</u>	<u>18,261</u>
Excess (deficiency) of revenues over (under) expenditures	<u>480,994</u>	<u>480,994</u>	<u>472,960</u>	<u>(8,034)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(600,000)	(600,000)
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(600,000)</u>	<u>(600,000)</u>
Net change in fund balance	480,994	480,994	(127,040)	(608,034)
Fund balance, July 1	<u>994,404</u>	<u>994,404</u>	<u>994,404</u>	<u>-</u>
Fund balance, June 30	<u>\$ 1,475,398</u>	<u>\$ 1,475,398</u>	<u>\$ 867,364</u>	<u>\$ (608,034)</u>

**CITY OF GARDEN GROVE
 SELF SUPPORTING REVENUE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	595,000	595,000	645,309	50,309
From other agencies	-	-	-	-
Other revenues	5,000	5,000	5,250	250
Total revenues	<u>600,000</u>	<u>600,000</u>	<u>650,559</u>	<u>50,559</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	893,040	893,040	796,422	96,618
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>893,040</u>	<u>893,040</u>	<u>796,422</u>	<u>96,618</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(293,040)</u>	<u>(293,040)</u>	<u>(145,863)</u>	<u>147,177</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	145,863	145,863
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>145,863</u>	<u>145,863</u>
Net change in fund balance	(293,040)	(293,040)	-	293,040
Fund balance, July 1	-	-	-	-
Fund balance, June 30	<u>\$ (293,040)</u>	<u>\$ (293,040)</u>	<u>\$ -</u>	<u>\$ 293,040</u>

**CITY OF GARDEN GROVE
DEVELOPER FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	45,000	45,000	29,114	(15,886)
Fines, forfeits and penalties	-	-	-	-
Investment earnings	109,000	109,000	15,891	(93,109)
Charges for current services	471,000	471,000	464,132	(6,868)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>625,000</u>	<u>625,000</u>	<u>509,137</u>	<u>(115,863)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	28,794	28,794	17,162	11,632
Parks and greenbelts	71,566	171,227	44,933	126,294
Community planning and development	135,688	135,688	61,096	74,592
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	3,376	(3,376)
Public right of way	52,345	52,345	15,654	36,691
Drainage	100,000	214,000	-	214,000
Community buildings	-	-	-	-
Community services	87,695	87,695	-	87,695
Parks and greenbelts	1,322,432	1,222,771	365,809	856,962
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>1,798,520</u>	<u>1,912,520</u>	<u>508,030</u>	<u>1,404,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,173,520)</u>	<u>(1,287,520)</u>	<u>1,107</u>	<u>1,288,627</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(1,000,000)	(1,000,000)
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Net change in fund balance	(1,173,520)	(1,287,520)	(998,893)	288,627
Fund balance, July 1	<u>6,278,383</u>	<u>6,278,383</u>	<u>6,278,383</u>	<u>-</u>
Fund balance, June 30	<u>\$ 5,104,863</u>	<u>\$ 4,990,863</u>	<u>\$ 5,279,490</u>	<u>\$ 288,627</u>

**CITY OF GARDEN GROVE
GARDEN GROVE CABLE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ 38,113	\$ 38,113
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	105,000	105,000	89,493	(15,507)
Total revenues	<u>105,000</u>	<u>105,000</u>	<u>127,606</u>	<u>22,606</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	105,000	105,000	169,213	(64,213)
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>105,000</u>	<u>105,000</u>	<u>169,213</u>	<u>(64,213)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(41,607)</u>	<u>(41,607)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(41,607)	(41,607)
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41,607)</u>	<u>\$ (41,607)</u>

**CITY OF GARDEN GROVE
STREET LIGHTING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ 47	\$ 47
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	1,319,641	1,319,641	1,343,159	23,518
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>1,319,641</u>	<u>1,319,641</u>	<u>1,343,206</u>	<u>23,565</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	1,275,862	1,275,862	1,283,898	(8,036)
Public right of way	27,460	27,460	16,601	10,859
Drainage	-	-	-	-
Community buildings	228,198	228,198	-	228,198
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	16,319	16,319	42,653	(26,334)
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>1,547,839</u>	<u>1,547,839</u>	<u>1,343,152</u>	<u>204,687</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(228,198)</u>	<u>(228,198)</u>	<u>54</u>	<u>228,252</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(228,198)	(228,198)	54	228,252
Fund balance, July 1	-	-	-	-
Fund balance, June 30	<u>\$ (228,198)</u>	<u>\$ (228,198)</u>	<u>\$ 54</u>	<u>\$ 228,252</u>

**CITY OF GARDEN GROVE
PARK MAINTENANCE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	230	230
Charges for current services	700,000	700,000	703,836	3,836
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>704,066</u>	<u>4,066</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	700,000	700,000	700,000	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>4,066</u>	<u>4,066</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	4,066	4,066
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,066</u>	<u>\$ 4,066</u>

**CITY OF GARDEN GROVE
MAIN STREET DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	500	500	403	(97)
Charges for current services	26,700	26,700	26,635	(65)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>27,200</u>	<u>27,200</u>	<u>27,038</u>	<u>(162)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	126,597	126,597	45,541	81,056
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>126,597</u>	<u>126,597</u>	<u>45,541</u>	<u>81,056</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(99,397)</u>	<u>(99,397)</u>	<u>(18,503)</u>	<u>80,894</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(99,397)	(99,397)	(18,503)	80,894
Fund balance, July 1	<u>194,164</u>	<u>194,164</u>	<u>194,164</u>	<u>-</u>
Fund balance, June 30	<u>\$ 94,767</u>	<u>\$ 94,767</u>	<u>\$ 175,661</u>	<u>\$ 80,894</u>

**CITY OF GARDEN GROVE
AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	4,691	4,691	175	(4,516)
Charges for current services	-	-	-	-
From other agencies	192,404	269,783	257,490	(12,293)
Other revenues	-	-	2,236	2,236
Total revenues	<u>197,095</u>	<u>274,474</u>	<u>259,901</u>	<u>(14,573)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	15,426	15,426	15,671	(245)
Municipal support	299,048	299,048	214,812	84,236
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>314,474</u>	<u>314,474</u>	<u>230,483</u>	<u>83,991</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(117,379)</u>	<u>(40,000)</u>	<u>29,418</u>	<u>69,418</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(117,379)	(40,000)	29,418	69,418
Fund balance, July 1	<u>199,182</u>	<u>199,182</u>	<u>199,182</u>	<u>-</u>
Fund balance, June 30	<u>\$ 81,803</u>	<u>\$ 159,182</u>	<u>\$ 228,600</u>	<u>\$ 69,418</u>

**CITY OF GARDEN GROVE
GARDEN GROVE TOURISM IMPROVEMENT DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 1,680,000	\$ 1,680,000	\$ 2,313,190	\$ 633,190
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	2,911	2,911
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>1,680,000</u>	<u>1,680,000</u>	<u>2,316,101</u>	<u>636,101</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	2,000,000	2,000,000	1,703,577	296,423
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,703,577</u>	<u>296,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(320,000)</u>	<u>(320,000)</u>	<u>612,524</u>	<u>932,524</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(52,500)	(52,500)
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(52,500)</u>	<u>(52,500)</u>
Net change in fund balance	(320,000)	(320,000)	560,024	880,024
Fund balance, July 1	<u>215,188</u>	<u>215,188</u>	<u>215,188</u>	<u>-</u>
Fund balance, June 30	<u>\$ (104,812)</u>	<u>\$ (104,812)</u>	<u>\$ 775,212</u>	<u>\$ 880,024</u>

**CITY OF GARDEN GROVE
OTHER GRANTS AND CONTRIBUTIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	750,000	750,000	510,598	(239,402)
Investment earnings	-	-	3,243	3,243
Charges for current services	-	-	-	-
From other agencies	8,165,195	14,762,919	5,367,012	(9,395,907)
Other revenues	-	6,274	11,543	5,269
Total revenues	<u>8,915,195</u>	<u>15,519,193</u>	<u>5,892,396</u>	<u>(9,626,797)</u>
EXPENDITURES:				
Current:				
Fire	44,873	95,213	84,995	10,218
Police	1,048,264	1,263,499	712,927	550,572
Traffic safety	832,178	832,178	529,097	303,081
Public right of way	148,963	148,963	79,482	69,481
Drainage	-	-	-	-
Community buildings	731,004	731,004	1,942	729,062
Community services	890,016	860,107	674,861	185,246
Parks and greenbelts	-	-	-	-
Community planning and development	4,268,204	4,467,533	2,587,140	1,880,393
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	2,147	(2,147)
Traffic safety	-	-	-	-
Public right of way	1,135,622	500,000	-	500,000
Drainage	5,985,000	5,985,000	-	5,985,000
Community buildings	-	-	710,676	(710,676)
Community services	-	-	-	-
Parks and greenbelts	725,373	760,373	334,924	425,449
Community planning and development	275,196	96,714	-	96,714
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	850,000	(850,000)
Interest and other charges	-	-	234,308	(234,308)
Total expenditures	<u>16,084,693</u>	<u>15,740,584</u>	<u>6,802,499</u>	<u>8,938,085</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,169,498)</u>	<u>(221,391)</u>	<u>(910,103)</u>	<u>(688,712)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	14,866	14,866
Transfers out	-	-	(401,964)	(401,964)
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(387,098)</u>	<u>(387,098)</u>
Net change in fund balance	(7,169,498)	(221,391)	(1,297,201)	(1,075,810)
Fund balance, July 1	<u>33,335</u>	<u>33,335</u>	<u>33,335</u>	<u>-</u>
Fund balance (deficit), June 30	<u>\$ (7,136,163)</u>	<u>\$ (188,056)</u>	<u>\$ (1,263,866)</u>	<u>\$ (1,075,810)</u>

**CITY OF GARDEN GROVE
STREET REHABILITATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	11,000	11,000	9,858	(1,142)
Charges for current services	-	-	-	-
From other agencies	3,217,000	7,482,036	3,170,607	(4,311,429)
Other revenues	-	-	4,553	4,553
Total revenues	<u>3,228,000</u>	<u>7,493,036</u>	<u>3,185,018</u>	<u>(4,308,018)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	330,557	330,557	432,870	(102,313)
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	117,389	(117,389)
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee Benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	1,025,303	1,025,303	22,753	1,002,550
Public right of way	11,088,022	11,646,539	4,891,025	6,755,514
Drainage	-	500,000	466,598	33,402
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee Benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	1,606,550	-	-	-
Total expenditures	<u>14,050,432</u>	<u>13,502,399</u>	<u>5,930,635</u>	<u>7,571,764</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,822,432)</u>	<u>(6,009,363)</u>	<u>(2,745,617)</u>	<u>3,263,746</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	402,429	402,429
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>402,429</u>	<u>402,429</u>
Net change in fund balance	(10,822,432)	(6,009,363)	(2,343,188)	3,666,175
Fund balance, July 1	<u>6,738,605</u>	<u>6,738,605</u>	<u>6,738,605</u>	<u>-</u>
Fund balance, June 30	<u>\$ (4,083,827)</u>	<u>\$ 729,242</u>	<u>\$ 4,395,417</u>	<u>\$ 3,666,175</u>

**CITY OF GARDEN GROVE
 AGENCY DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	135,621	135,621	-	135,621
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee Benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee Benefits	-	-	-	-
Debt service:				
Principal retirement	-	65,000	-	65,000
Interest and other charges	-	1,601,450	135,867	1,465,583
Total expenditures	<u>135,621</u>	<u>1,802,071</u>	<u>135,867</u>	<u>1,666,204</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(135,621)</u>	<u>(1,802,071)</u>	<u>(135,867)</u>	<u>1,666,204</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(2)	(2)
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(2)</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>(7,282,519)</u>	<u>(7,282,519)</u>
Net change in fund balance	(135,621)	(1,802,071)	(7,418,388)	(5,616,317)
Fund balance, July 1, as restated	<u>7,418,388</u>	<u>7,418,388</u>	<u>7,418,388</u>	<u>-</u>
Fund balance, June 30	<u>\$ 7,282,767</u>	<u>\$ 5,616,317</u>	<u>\$ -</u>	<u>\$ (5,616,317)</u>

**CITY OF GARDEN GROVE
BUENA-CLINTON PROJECT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 500,000	\$ 256,746	\$ 256,747	\$ 1
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>500,000</u>	<u>256,746</u>	<u>256,747</u>	<u>1</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee Benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee Benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>500,000</u>	<u>256,746</u>	<u>256,747</u>	<u>1</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	752,925	752,925
Transfers out	-	-	(90,690)	(90,690)
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>662,235</u>	<u>662,235</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>(942,990)</u>	<u>(942,990)</u>
Net change in fund balance	500,000	256,746	(24,008)	(280,754)
Fund balance, July 1	<u>24,008</u>	<u>24,008</u>	<u>24,008</u>	<u>-</u>
Fund balance, June 30	<u>\$ 524,008</u>	<u>\$ 280,754</u>	<u>\$ -</u>	<u>\$ (280,754)</u>

**CITY OF GARDEN GROVE
BUENA-CLINTON PROJECT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	20,000	20,000	104	(19,896)
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>104</u>	<u>(19,896)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	142,800	142,800	71,093	71,707
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	15,000	15,000	7,918	7,082
Parks and greenbelts	-	-	-	-
Community planning and development	13,400	13,400	7,818	5,582
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee Benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	1,774,820	1,774,820	9,793	1,765,027
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee Benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>1,946,020</u>	<u>1,946,020</u>	<u>96,622</u>	<u>1,849,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,926,020)</u>	<u>(1,926,020)</u>	<u>(96,518)</u>	<u>1,829,502</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	90,690	90,690
Transfers out	-	-	(752,925)	(752,925)
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(662,235)</u>	<u>(662,235)</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>(667,267)</u>	<u>(667,267)</u>
Net change in fund balance	(1,926,020)	(1,926,020)	(1,426,020)	500,000
Fund balance, July 1	<u>1,426,020</u>	<u>1,426,020</u>	<u>1,426,020</u>	<u>-</u>
Fund balance, June 30	<u>\$ (500,000)</u>	<u>\$ (500,000)</u>	<u>\$ -</u>	<u>\$ 500,000</u>

**CITY OF GARDEN GROVE
HOUSING AUTHORITY ASSET CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	50,000	-	(50,000)
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	41,256	41,256
Total revenues	<u>-</u>	<u>50,000</u>	<u>41,256</u>	<u>(8,744)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	180,000	180,000	4,479	175,521
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee Benefits	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Sewer/Refuse	-	-	-	-
Employee Benefits	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>180,000</u>	<u>180,000</u>	<u>4,479</u>	<u>175,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(180,000)</u>	<u>(130,000)</u>	<u>36,777</u>	<u>166,777</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(180,000)	(130,000)	36,777	166,777
Fund balance, July 1, as restated	<u>154,162</u>	<u>154,162</u>	<u>154,162</u>	<u>-</u>
Fund balance, June 30	<u>\$ (25,838)</u>	<u>\$ 24,162</u>	<u>\$ 190,939</u>	<u>\$ 166,777</u>

INTERNAL SERVICE FUNDS

Workers' Compensation Fund

The City's self-funded workers' compensation program, which is accounted for in this fund, is financed by charges to all City departments based on number and classification of employees. Expenses include operating costs and all payments relating to injured employees.

Fleet Management Fund

The costs of operating and maintaining City owned vehicles and other gasoline-powered equipment are accounted for this fund. The fund is financed by charges to the various City departments for actual cost plus a contributory sum for vehicles/equipment replacement. Actual costs include depreciation, maintenance and other factors necessary for the provision of the service.

Employee Benefits Fund

This fund encompasses all other employee benefits such as retirement contributions, health, dental, disability, life insurance, and sick leave, vacation, and other paid leaves. Revenues for this fund are derived from periodic charges to all departments based on the number of employees, length of service and insurance coverage. Funds are used to pay actual expenses and to accrue existing liabilities.

Information Systems Fund

This fund encompasses the cost of operating and maintaining the City's computer system. The fund is financed by charges to the various City departments based on computer usage.

Warehouse Operations Fund

This fund is used to account for the provision of materials and supplies to the various City departments. Financing is provided by the user City departments by payment of costs of material and supplies plus an overhead charge.

Telephone System Fund

This fund accounts for the operation of the City's telephone system. The financing comes from charges to the various City departments based on actual toll charges and the lease cost prorated on the number of instruments.

Risk Management Fund

This fund is used to account for the City's self-insured liability program and for the purchase of various types of property and casualty insurance protection as required by the City. The funds are used to pay any liability losses, program operating costs, insurance premiums and insurance deductibles. Revenues for this fund are generated from assessments made to all City departments for their pro-rata share of the total costs of the insurance administration program.

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2012**

	<u>Workers' Compensation</u>	<u>Fleet Management</u>	<u>Employee Benefits</u>
ASSETS			
Current Assets:			
Cash and cash investments	\$ 34,671,142	\$ 16,587,127	\$ 15,314,966
Accounts receivable	-	39,183	82,539
Interest receivable	98,793	-	-
Due from other funds	3,548,394	-	-
Inventory	-	67,416	-
Prepaid Items	147,026	-	-
Total current assets	<u>38,465,355</u>	<u>16,693,726</u>	<u>15,397,505</u>
Noncurrent Assets:			
Deposits	-	-	32,100
Capital assets			
Depreciable buildings, property, and equipment, net	-	6,275,153	-
Total assets	<u>38,465,355</u>	<u>22,968,879</u>	<u>15,429,605</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	88,209	41,202	414,816
Accrued liabilities	48,155	16,072	-
Refundable deposits	-	1,520	-
Current portion of long term liabilities:			
Capital leases	-	342,161	-
Accrued compensated absences	-	-	6,119,966
Claims payable	3,349,312	-	-
Total current liabilities	<u>3,485,676</u>	<u>400,955</u>	<u>6,534,782</u>
Noncurrent liabilities:			
Capital leases	-	87,691	-
Accrued compensated absences	-	-	1,529,992
Claims payable - actuarially determined	11,681,688	-	-
Total noncurrent liabilities	<u>11,681,688</u>	<u>87,691</u>	<u>1,529,992</u>
Total liabilities	<u>15,167,364</u>	<u>488,646</u>	<u>8,064,774</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	5,845,301	-
Unrestricted	23,297,991	16,634,932	7,364,831
Total net assets	<u>\$ 23,297,991</u>	<u>\$ 22,480,233</u>	<u>\$ 7,364,831</u>

Information Systems	Warehouse Operations	Telephone System	Risk Management	Total
\$ 2,517,264	\$ 189,802	\$ 1,738,639	\$ 26,088,237	\$ 97,107,177
1,569	-	2,500	113,065	238,856
11,514	-	-	120,057	230,364
-	-	-	-	3,548,394
-	608,751	-	-	676,167
-	-	-	7,957	154,983
<u>2,530,347</u>	<u>798,553</u>	<u>1,741,139</u>	<u>26,329,316</u>	<u>101,955,941</u>
-	-	-	-	32,100
515,849	-	-	-	6,791,002
<u>3,046,196</u>	<u>798,553</u>	<u>1,741,139</u>	<u>26,329,316</u>	<u>108,779,043</u>
-	158,337	-	45,576	748,140
30,673	2,909	1,610	6,460	105,879
-	-	-	-	1,520
76,675	-	-	-	418,836
-	-	-	-	6,119,966
-	-	-	1,444,422	4,793,734
<u>107,348</u>	<u>161,246</u>	<u>1,610</u>	<u>1,496,458</u>	<u>12,188,075</u>
312,540	-	-	-	400,231
-	-	-	-	1,529,992
-	-	-	4,341,578	16,023,266
<u>312,540</u>	<u>-</u>	<u>-</u>	<u>4,341,578</u>	<u>17,953,489</u>
419,888	161,246	1,610	5,838,036	30,141,564
126,634	-	-	-	5,971,935
<u>2,499,674</u>	<u>637,307</u>	<u>1,739,529</u>	<u>20,491,280</u>	<u>72,665,544</u>
<u>\$ 2,626,308</u>	<u>\$ 637,307</u>	<u>\$ 1,739,529</u>	<u>\$ 20,491,280</u>	<u>\$ 78,637,479</u>

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Workers' Compensation</u>	<u>Fleet Management</u>
Operating revenues:		
Charges for services	\$ 5,272,331	\$ 6,817,828
Operating expenses:		
Salaries and wages	1,144,879	959,911
Contractual services	671,397	692,006
Liability claims	4,080,074	-
Materials and supplies	-	1,641,615
Depreciation	-	1,000,692
Total operating expenses	<u>5,896,350</u>	<u>4,294,224</u>
Operating income (loss)	<u>(624,019)</u>	<u>2,523,604</u>
Nonoperating revenues (expenses):		
Investment income	-	-
Gain (loss) on disposal of assets	-	(132,846)
Other nonoperating revenues	-	25,000
Interest expense	-	(26,295)
Total nonoperating revenues (expenses)	<u>-</u>	<u>(134,141)</u>
Income (loss) before transfers	(624,019)	2,389,463
Transfers out	<u>-</u>	<u>(1,000,000)</u>
Change in net assets	(624,019)	1,389,463
Total net assets, July 1	<u>23,922,010</u>	<u>21,090,770</u>
Total net assets, June 30	<u>\$ 23,297,991</u>	<u>\$ 22,480,233</u>

Employee Benefits	Information Systems	Warehouse Operations	Telephone System	Risk Management	Total
\$ 30,246,484	\$ 2,060,866	\$ 367,853	\$ 604,187	\$ 1,941,599	\$ 47,311,148
28,789,899	1,646,954	194,158	100,670	253,268	33,089,739
19,852	124,522	171,997	465,098	1,068,807	3,213,679
-	-	-	-	767,795	4,847,869
237,039	41,273	1,278	-	1,536	1,922,741
-	180,613	7,791	-	-	1,189,096
29,046,790	1,993,362	375,224	565,768	2,091,406	44,263,124
1,199,694	67,504	(7,371)	38,419	(149,807)	3,048,024
-	7,192	-	-	65,701	72,893
-	(129,095)	214	-	-	(261,727)
-	-	24,864	-	-	49,864
-	(6,194)	-	-	-	(32,489)
-	(128,097)	25,078	-	65,701	(171,459)
1,199,694	(60,593)	17,707	38,419	(84,106)	2,876,565
-	-	-	-	(100,000)	(1,100,000)
1,199,694	(60,593)	17,707	38,419	(184,106)	1,776,565
6,165,137	2,686,901	619,600	1,701,110	20,675,386	76,860,914
\$ 7,364,831	\$ 2,626,308	\$ 637,307	\$ 1,739,529	\$ 20,491,280	\$ 78,637,479

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Workers' Compensation</u>	<u>Fleet Management</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from user departments	\$ 5,203,040	\$ 6,845,633
Payments to suppliers	(3,595,756)	(2,372,540)
Payments to employees	(1,112,797)	(960,286)
Net cash provided (used) by operating activities	<u>494,487</u>	<u>3,512,807</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES		
Cash received from other funds	1,373,953	-
Transfers from (to) other funds	-	(1,000,000)
Net cash provided (used) by non capital financing activities	<u>1,373,953</u>	<u>(1,000,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	-	(663,605)
Payments on lease purchase agreement	-	(355,611)
Interest paid	-	(26,295)
Proceeds from issuance of long-term debts	-	-
Proceeds from disposal of capital assets	-	73,570
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(971,941)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,868,440	1,540,866
Cash and cash equivalents, July 1	<u>32,802,702</u>	<u>15,046,261</u>
Cash and cash equivalents, June 30	<u>34,671,142</u>	<u>16,587,127</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>(624,019)</u>	<u>2,523,604</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	-	1,000,692
Nonoperating revenue	-	25,000
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	107,240	2,805
(Increase) decrease in inventory	-	25,273
(Increase) decrease in prepaid expense	(147,026)	-
Increase (decrease) in accounts payable	88,209	(64,202)
Increase (decrease) in compensated absences	-	-
Increase (decrease) in other accrued liabilities	32,082	(375)
Increase (decrease) in refundable deposits	-	10
Increase (decrease) in claims payable	1,038,001	-
Total adjustments	<u>1,118,506</u>	<u>989,203</u>
Net cash provided (used) by operating activities	<u>\$ 494,487</u>	<u>\$ 3,512,807</u>

There were no noncash investing, capital, or financing activities for the year ended June 30, 2012.

Employee Benefits	Information Systems	Warehouse Operations	Telephone System	Risk Management	Total
\$ 31,607,496	\$ 2,060,866	\$ 115,133	\$ 603,702	\$ 1,813,251	\$ 48,249,121
(22,030,091)	(166,875)	159,952	(465,674)	(2,714,853)	(31,185,837)
(12,235,564)	(1,641,244)	(194,547)	(100,456)	(250,201)	(16,495,095)
(2,658,159)	252,747	80,538	37,572	(1,151,803)	568,189
-	-	-	-	-	1,373,953
-	-	-	-	(100,000)	(1,100,000)
-	-	-	-	(100,000)	273,953
-	(398,332)	-	-	-	(1,061,937)
-	(147,863)	-	-	-	(503,474)
-	(6,193)	-	-	-	(32,488)
-	398,332	-	-	-	398,332
-	35,379	214	-	-	109,163
-	(118,677)	214	-	-	(1,090,404)
-	10,472	-	-	115,777	126,249
-	10,472	-	-	115,777	126,249
(2,658,159)	144,542	80,752	37,572	(1,136,026)	(122,013)
17,973,125	2,372,722	109,050	1,701,067	27,224,263	97,229,190
15,314,966	2,517,264	189,802	1,738,639	26,088,237	97,107,177
1,199,694	67,504	(7,371)	38,419	(149,807)	3,048,024
-	180,613	7,791	-	-	1,189,096
-	-	24,864	-	-	49,864
30,502	-	3,602	-	(113,065)	31,084
-	-	-	-	-	25,273
26,349	-	-	-	(7,957)	(128,634)
(1,728,824)	(1,080)	52,040	(1,061)	45,576	(1,609,342)
(2,099,690)	-	-	-	-	(2,099,690)
(86,190)	5,710	(388)	214	3,067	(45,880)
-	-	-	-	-	10
-	-	-	-	(929,617)	108,384
(3,857,853)	185,243	87,909	(847)	(1,001,996)	(2,479,835)
\$ (2,658,159)	\$ 252,747	\$ 80,538	\$ 37,572	\$ (1,151,803)	\$ 568,189

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Statistical Section

STATISTICAL SECTION

This part of City of Garden Grove Comprehensive Annual Financial Report provides detailed information to better understand information presented within the Financial Statements, note disclosures, and required supplementary information say about the City's overall financial health.

Financial Trends

These schedules contain trend information to assist the reader understand and assess how the City's financial position has changed over time.

Schedule I	-	Net Assets by Component
Schedule II	-	Changes in Net Assets
Schedule III	-	Fund Balance of Governmental Funds
Schedule IV	-	Changes in Fund Balances of Governmental Funds
Schedule V	-	General Fund Major Tax Revenues by Sources

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Schedule VI	-	Assessed Value and Estimate Value of Taxable Property
Schedule VII	-	Property Tax Rates Direct and Overlapping Governments
Schedule VIII	-	Principal Property Taxpayers
Schedule IX	-	Property Tax Levies and Collections

Debt Capacity

This information is intended to assist the user in understanding and assessing the affordability of the City's outstanding debt and the City's ability issue additional debt

Schedule X	-	Ratio of Outstanding Debt by Type
Schedule XI	-	Ratio of General Bonded Debt Outstanding
Schedule XII	-	Direct and Overlapping Governmental Activities Debt
Schedule XIII	-	Legal Debt Margin Information
Schedule XIV	-	Pledged-Revenue Coverage

Demographics and Economic Information

This information assists the reader in understanding the socioeconomic environment within which the City's financial activities take place.

Schedule XV	-	Demographic and Economic Statistics
Schedule XVI	-	Principal Employers

Operating Information

Provides service and infrastructure information to assist readers using the City's financial statement to understand how it relates to the services and activities performed by the City.

Schedule XVII	-	Full-Time and Part-Time City Employees by Department
Schedule XVIII	-	Operating Indicators by Function
Schedule XXIV	-	Capital Assets Statistics by Function

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB 34 in FY 2002; the government-wide schedules include information beginning in that year. The City implemented GASB 54 in FY 2011; the balance of governmental funds schedule include information beginning in that year.

**SCHEDULE I
CITY OF GARDEN GROVE
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(In Thousands)**

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 673,346	\$ 669,375	\$ 668,448	\$ 667,547
Restricted	27,433	40,237	42,863	48,109
Unrestricted	4,915	2,604	15,484	23,592
Total governmental activities net assets	<u>\$ 705,694</u>	<u>\$ 712,216</u>	<u>\$ 726,795</u>	<u>\$ 739,248</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 56,157	\$ 59,287	\$ 60,506	\$ 66,085
Restricted	53	-	-	-
Unrestricted	5,023	3,872	2,603	4,256
Total business-type activities net assets	<u>\$ 61,233</u>	<u>\$ 63,159</u>	<u>\$ 63,109</u>	<u>\$ 70,341</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 729,503	\$ 728,662	\$ 728,954	\$ 733,632
Restricted	27,486	40,237	42,863	48,109
Unrestricted	9,938	6,476	18,087	27,848
Total primary government net assets	<u>\$ 766,927</u>	<u>\$ 775,375</u>	<u>\$ 789,904</u>	<u>\$ 809,589</u>

The City of Garden Grove implemented GASB 34 for the fiscal year ended June 30, 2002.

Source: Finance Office, City of Garden Grove

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 666,751	\$ 662,476	\$ 661,323	\$ 553,141	\$ 560,993	\$ 643,306
52,214	79,980	68,985	94,568	97,634	29,976
35,623	13,004	22,510	129,445	129,866	119,190
<u>\$ 754,588</u>	<u>\$ 755,460</u>	<u>\$ 752,818</u>	<u>\$ 777,154</u>	<u>\$ 788,493</u>	<u>\$ 792,472</u>
\$ 64,996	\$ 65,581	\$ 75,932	\$ 85,079	\$ 88,713	\$ 89,607
-	-	-	-	-	-
14,855	26,444	25,543	28,226	45,395	36,861
<u>\$ 79,851</u>	<u>\$ 92,025</u>	<u>\$ 101,475</u>	<u>\$ 113,305</u>	<u>\$ 134,108</u>	<u>\$ 126,468</u>
\$ 731,747	\$ 728,057	\$ 737,255	\$ 638,220	\$ 649,706	\$ 732,913
52,214	79,980	68,985	94,568	97,634	29,976
50,478	39,448	48,053	157,671	175,261	156,051
<u>\$ 834,439</u>	<u>\$ 847,485</u>	<u>\$ 854,293</u>	<u>\$ 890,459</u>	<u>\$ 922,601</u>	<u>\$ 918,940</u>

SCHEDULE II
CITY OF GARDEN GROVE
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
Municipal support	\$ 5,384	\$ 5,224	\$ 6,967	\$ 7,700
Fire	13,847	14,048	16,288	18,152
Police	28,229	29,078	33,519	36,207
Traffic safety	3,164	2,500	2,309	2,956
Public right of way	12,116	12,419	13,910	14,677
Drainage	1,426	1,411	871	1,479
Community buildings	2,352	2,580	1,818	(288)
Community services	5,024	3,319	3,377	3,132
Parks and greenbelts	1,558	1,338	1,526	3,648
Community planning and development	32,809	36,715	40,820	47,611
Interest on long-term debt	6,427	8,018	5,585	6,730
Total governmental activities expenses	<u>112,336</u>	<u>116,650</u>	<u>126,990</u>	<u>142,004</u>
Business-type activities:				
Water	17,697	19,141	20,066	19,673
Housing authority	-	-	-	-
Sanitary District	8,217	9,576	10,010	11,482
Mobile home parks/RV park	1,512	1,483	1,498	1,965
Total business-type activities expenses	<u>27,426</u>	<u>30,200</u>	<u>31,574</u>	<u>33,120</u>
Total primary government expenses	<u>139,762</u>	<u>146,850</u>	<u>158,564</u>	<u>175,124</u>
Program revenues:				
Governmental activities:				
Charges for services:				
Municipal support	2,012	1,912	1,974	2,375
Fire	771	793	663	712
Police	2,191	2,958	3,144	3,509
Traffic safety	1,738	1,326	1,324	1,318
Public right of way	135	229	413	314
Drainage	64	-	-	-
Community services	901	884	923	841
Parks and greenbelts	1,434	1,406	1,372	1,424
Community planning and development	1,716	1,887	1,879	3,324
Operating grants and contributions	37,354	38,267	38,343	41,590
Capital grants and contributions	4,563	3,099	7,442	10,931
Total governmental activities program revenues	<u>52,879</u>	<u>52,761</u>	<u>57,477</u>	<u>66,338</u>
Business-type activities:				
Charges for services:				
Water	16,547	18,828	17,899	18,413
Sanitary District	8,807	10,238	10,311	12,563
Mobile home parks	1,886	1,975	2,063	2,761
Operating grants and contributions	443	526	595	732
Capital grants and contributions	286	356	300	5,317
Total business-type activities program revenues	<u>27,969</u>	<u>31,923</u>	<u>31,168</u>	<u>39,786</u>
Total primary government program revenues	<u>80,848</u>	<u>84,684</u>	<u>88,645</u>	<u>106,124</u>
Net revenues (expenses):				
Governmental activities	(59,457)	(63,889)	(69,513)	(75,666)
Business-type activities	543	1,723	(406)	6,666
Total net revenues (expenses)	<u>\$ (58,914)</u>	<u>\$ (62,166)</u>	<u>\$ (69,919)</u>	<u>\$ (69,000)</u>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 6,678	\$ 8,405	\$ 8,543	\$ 5,157	\$ 3,154	\$ 6,443
17,465	19,778	21,279	18,756	18,710	19,497
38,013	45,333	47,004	42,554	44,898	44,751
3,264	3,273	4,135	3,570	2,905	3,197
15,073	13,989	14,859	16,143	13,013	14,768
1,538	1,372	1,482	1,352	1,374	1,417
97	4,442	4,268	4,519	4,319	4,961
3,629	4,383	4,702	4,388	4,088	4,430
1,787	2,016	1,628	2,098	1,584	1,785
42,847	46,061	44,429	44,682	49,088	10,945
6,854	7,768	8,161	5,795	5,132	3,783
<u>137,245</u>	<u>156,820</u>	<u>160,490</u>	<u>149,014</u>	<u>148,265</u>	<u>115,977</u>
20,398	20,557	24,339	25,251	26,152	24,213
-	-	-	-	-	30,894
11,188	13,295	13,418	13,088	8,709	7,672
2,079	2,339	2,172	2,205	1,497	565
<u>33,665</u>	<u>36,191</u>	<u>39,929</u>	<u>40,544</u>	<u>36,358</u>	<u>63,344</u>
<u>170,910</u>	<u>193,011</u>	<u>200,419</u>	<u>189,558</u>	<u>184,623</u>	<u>179,321</u>
2,464	2,223	2,384	5,729	2,636	2,540
705	884	1,377	1,115	3,400	1,051
3,100	3,564	3,431	3,592	3,607	3,321
1,306	1,314	1,341	1,350	1,342	1,343
350	291	157	117	146	137
-	90	-	-	-	-
855	849	849	878	915	856
1,457	1,394	1,382	1,368	1,368	1,346
2,449	1,403	1,179	1,114	1,384	1,303
43,709	42,980	36,053	42,980	46,464	19,574
2,534	4,890	9,599	14,462	6,361	4,847
<u>58,929</u>	<u>59,882</u>	<u>57,752</u>	<u>72,705</u>	<u>67,623</u>	<u>36,318</u>
20,786	25,573	27,846	28,878	30,261	34,318
16,941	16,445	16,208	16,848	12,187	12,294
2,699	3,033	2,910	3,027	318	1
538	804	785	-	-	30,662
754	-	-	2,038	-	-
<u>41,718</u>	<u>45,855</u>	<u>47,749</u>	<u>50,791</u>	<u>42,766</u>	<u>77,275</u>
<u>100,647</u>	<u>105,737</u>	<u>105,501</u>	<u>123,496</u>	<u>110,389</u>	<u>113,593</u>
(78,316)	(96,938)	(102,738)	(76,309)	(80,642)	(79,659)
8,053	9,664	7,820	10,247	6,408	13,931
<u>\$ (70,263)</u>	<u>\$ (87,274)</u>	<u>\$ (94,918)</u>	<u>\$ (66,062)</u>	<u>\$ (74,234)</u>	<u>\$ (65,728)</u>

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**SCHEDULE II
CITY OF GARDEN GROVE
CHANGES IN NET ASSETS (Continued)
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(In Thousands)**

	Fiscal Year			
	2003	2004	2005	2006
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	\$ 25,974	\$ 27,468	\$ 31,070	\$ 34,439
Sales taxes	17,913	18,556	19,492	19,453
Transient occupancy taxes	5,862	8,628	9,820	11,411
Other taxes	4,208	4,361	4,438	4,729
Motor vehicle in lieu, unrestricted	9,983	7,598	14,494	13,129
Investment income	2,857	2,460	3,963	3,248
Other general revenues	950	1,271	746	1,642
Extraordinary loss	-	-	-	-
Transfers	70	70	70	70
Total governmental activities	<u>67,817</u>	<u>70,412</u>	<u>84,093</u>	<u>88,121</u>
Business-type activities:				
Investment income	454	274	424	637
Gain on disposal of assets	-	-	-	-
Other general revenues	-	-	-	-
Special item - Discontinued operations	-	-	-	-
Transfers	(70)	(70)	(70)	(70)
Total business-type activities	<u>384</u>	<u>204</u>	<u>354</u>	<u>567</u>
Total primary government	<u>68,201</u>	<u>70,616</u>	<u>84,447</u>	<u>88,688</u>
Governmental activities	67,817	70,412	84,093	88,121
Business-type activities	384	204	354	567
Total primary government	<u>\$ 68,201</u>	<u>\$ 70,616</u>	<u>\$ 84,447</u>	<u>\$ 88,688</u>

The City of Garden Grove implemented GASB 34 for the fiscal year ended June 30, 2002.

Source: Finance Office, City of Garden Grove

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 36,251	\$ 39,144	\$ 43,786	\$ 42,212	\$ 52,268	\$ 43,920
19,696	19,780	16,236	14,076	16,776	18,461
12,180	12,673	11,257	10,196	11,697	12,320
4,952	4,934	4,825	4,863	5,775	7,297
13,603	14,011	14,088	513	801	87
4,747	5,687	6,257	8,830	4,240	760
3,095	1,511	3,579	2,153	425	651
-	-	-	-	-	(18,941)
70	70	70	-	-	20,373
<u>94,594</u>	<u>97,810</u>	<u>100,098</u>	<u>82,844</u>	<u>91,982</u>	<u>84,928</u>
1,527	2,579	1,701	1,583	1,510	334
-	-	-	-	12,886	-
-	-	-	-	-	95
-	-	-	-	-	(2,918)
(70)	(70)	(70)	-	-	(20,373)
<u>1,457</u>	<u>2,509</u>	<u>1,631</u>	<u>1,583</u>	<u>14,396</u>	<u>(22,862)</u>
<u>96,051</u>	<u>100,319</u>	<u>101,729</u>	<u>84,427</u>	<u>106,378</u>	<u>62,066</u>
94,594	97,810	100,098	82,844	11,340	5,269
<u>1,457</u>	<u>2,509</u>	<u>1,631</u>	<u>1,583</u>	<u>20,804</u>	<u>(8,930)</u>
<u>\$ 96,051</u>	<u>\$ 100,319</u>	<u>\$ 101,729</u>	<u>\$ 84,427</u>	<u>\$ 32,144</u>	<u>\$ (3,662)</u>

**SCHEDULE III
CITY OF GARDEN GROVE
BALANCE OF GOVERNMENTAL FUNDS
THE LAST TEN FISCAL YEAR
(Modified Accrual Basis of Accounting)
(In Thousands)**

	Fiscal Year			
	2003	2004	2005	2006
General fund:				
Reserved	\$ 34,909	\$ 42,290	\$ 41,624	\$ 43,299
Non-Spendable:				
Agency reimbursement agreement	-	-	-	-
COP reimbursement agreement	-	-	-	-
Intercity loan	-	-	-	-
Land held for resale	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Committed:				
Post-Employment Benefits	-	-	-	-
Community planning and development	-	-	-	-
Assigned:				
Post-Employment Benefits	-	-	-	-
Garden Grove tourism improvement	-	-	-	-
Property tax lawsuit	-	-	-	-
Building improvements	-	-	-	-
General Plan	-	-	-	-
Other purposes	-	-	-	-
Unreserved	10,307	6,693	19,122	27,006
Unassigned	-	-	-	-
Total general fund	<u>\$ 45,216</u>	<u>\$ 48,983</u>	<u>\$ 60,746</u>	<u>\$ 70,305</u>
All other governmental funds:				
Reserved	\$ 53,589	\$ 55,528	\$ 58,881	\$ 49,018
Non-Spendable:				
Intercity loan	-	-	-	-
Land held for resale	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Restricted:				
Fire	-	-	-	-
Police	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Committed:				
Post-Employment Benefits	-	-	-	-
Community planning and development	-	-	-	-
Assigned:				
Property tax lawsuit	-	-	-	-
Building improvements	-	-	-	-
Other purposes	-	-	-	-
Unreserved, reported in:				
Special revenue funds	5,649	5,685	720	10,071
Debt service funds	-	2	5	2
Capital projects funds	(16,051)	(16,031)	(18,025)	(21,607)
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 43,187</u>	<u>\$ 45,184</u>	<u>\$ 41,581</u>	<u>\$ 37,484</u>

The City of Garden Grove implemented GASB 54 for the fiscal year ended June 30, 2011.

Source: Finance Office, City of Garden Grove

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 46,878	\$ 50,999	\$ 48,176	\$ 47,951	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	40,056	13,375
-	-	-	-	135	-
-	-	-	-	-	-
-	-	-	-	1,000	-
-	-	-	-	-	-
-	-	-	-	-	1,000
-	-	-	-	-	53
-	-	-	-	500	500
-	-	-	-	1,300	1,300
-	-	-	-	-	113
-	-	-	-	384	-
25,482	14,721	6,479	71	-	-
-	-	-	-	4,566	18,444
<u>\$ 72,360</u>	<u>\$ 65,720</u>	<u>\$ 54,655</u>	<u>\$ 48,022</u>	<u>\$ 47,941</u>	<u>\$ 34,785</u>
\$ 57,165	\$ 136,252	\$ 158,393	\$ 142,099	\$ -	\$ -
-	-	-	-	13,829	-
-	-	-	-	73,994	-
-	-	-	-	4	-
-	-	-	-	815	-
-	-	-	-	1	-
-	-	-	-	2,457	2,680
-	-	-	-	13,080	11,734
-	-	-	-	287	354
-	-	-	-	1,450	207
-	-	-	-	23,115	12,185
-	-	-	-	199	229
-	-	-	-	1,000	-
-	-	-	-	994	-
-	-	-	-	500	-
-	-	-	-	1,300	-
-	-	-	-	384	-
10,724	(27,845)	(41,485)	(11,371)	-	-
(8)	(576)	4,463	1,399	-	-
(26,409)	(26,691)	(33,563)	(39,251)	-	-
-	-	-	-	(31,170)	(3,006)
<u>\$ 41,472</u>	<u>\$ 81,140</u>	<u>\$ 87,808</u>	<u>\$ 92,876</u>	<u>\$ 102,239</u>	<u>\$ 24,382</u>

**SCHEDULE IV
CITY OF GARDEN GROVE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(In Thousands)**

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Taxes	\$ 64,392	\$ 67,876	\$ 79,808	\$ 83,684
Licenses and permits	1,119	1,303	1,380	1,672
Fines and forfeitures	1,515	2,094	2,323	2,939
Investment earnings	3,565	3,223	4,409	3,803
Charges for services	10,724	11,027	10,839	12,614
From other agencies	39,152	36,574	39,016	40,825
Other	2,864	2,760	2,788	3,477
Total revenues	<u>123,331</u>	<u>124,857</u>	<u>140,563</u>	<u>149,014</u>
Expenditures				
Current:				
Municipal support	5,213	5,321	6,628	7,198
Fire	14,054	14,551	15,874	17,189
Police	28,593	30,297	32,537	34,803
Traffic safety	2,121	2,295	2,680	2,818
Public right of way	5,476	4,368	4,233	5,380
Drainage				
Community buildings	2,575	2,033	2,088	2,738
Community services	5,583	3,574	3,347	3,409
Parks and greenbelts	1,307	1,285	1,460	5,558
Community planning and development	26,957	28,227	28,929	31,057
Capital outlay	21,039	19,756	28,040	28,138
Debt service:				
Principal retirement	3,981	5,609	4,850	4,909
Interest and other charges	6,342	9,058	5,907	6,738
Total expenditures	<u>123,241</u>	<u>126,374</u>	<u>136,573</u>	<u>149,935</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90</u>	<u>(1,517)</u>	<u>3,990</u>	<u>(921)</u>
Other financing sources (uses):				
Transfers in	17,579	28,766	22,836	29,549
Transfers out	(17,409)	(27,517)	(22,666)	(29,379)
Issuance of debt	6,833	58,356	4,001	1,500
Proceeds of debt	-	-	-	-
Gain(Loss) on sale of capital assets	-	-	-	612
Contribution to Housing Authority	-	-	-	-
Extraordinary Gain/Loss	-	-	-	-
Payment to bond escrow agent	-	(52,325)	-	-
Total other financing sources (uses)	<u>7,003</u>	<u>7,280</u>	<u>4,171</u>	<u>2,282</u>
Net change in fund balances	<u>\$ 7,093</u>	<u>\$ 5,763</u>	<u>\$ 8,161</u>	<u>\$ 1,361</u>
Debt service as a percentage of noncapital expenditures	10.1%	13.8%	9.9%	9.6%

Source: Finance Office, City of Garden Grove

Fiscal Year						
2007	2008	2009	2010	2011	2012	
\$ 87,437	\$ 91,292	\$ 90,692	\$ 85,353	\$ 91,330	\$ 82,531	
1,859	1,068	818	1,553	962	946	
2,567	2,870	2,761	3,103	2,911	2,673	
5,148	6,576	7,219	7,689	4,859	1,560	
11,401	10,083	11,065	11,413	12,002	10,401	
42,230	42,295	39,707	55,879	50,336	15,617	
3,597	2,516	3,053	2,100	6,393	1,612	
<u>154,239</u>	<u>156,700</u>	<u>155,315</u>	<u>167,090</u>	<u>168,793</u>	<u>115,340</u>	
6,367	7,163	7,079	7,639	7,359	8,805	
17,946	19,724	20,769	19,331	18,862	19,996	
38,600	43,048	44,787	43,863	44,727	45,558	
3,274	3,026	2,896	2,967	2,733	2,894	
6,881	5,973	8,130	7,373	5,865	5,880	
		148	13	-	-	
3,529	3,581	3,935	3,366	3,188	3,519	
3,846	4,208	4,433	4,428	4,037	4,449	
1,653	1,925	1,804	1,649	1,664	1,883	
29,537	30,076	31,145	59,813	51,950	10,871	
19,233	26,290	23,162	16,671	15,754	15,569	
4,621	3,971	3,519	4,956	4,214	4,434	
6,873	7,783	8,076	7,726	4,938	3,226	
<u>142,360</u>	<u>156,768</u>	<u>159,883</u>	<u>179,795</u>	<u>165,291</u>	<u>127,085</u>	
<u>11,879</u>	<u>(68)</u>	<u>(4,568)</u>	<u>(12,705)</u>	<u>3,502</u>	<u>(11,746)</u>	
26,474	48,225	32,608	52,785	41,588	78,846	
(26,251)	(48,394)	(32,438)	(47,597)	(41,492)	(57,373)	
-	41,675	-	-	2500	-	
-	-	-	-	-	1856	
(1,322)	-	-	2,320	-	-	
(3,796)	-	-	-	-	-	
-	-	-	-	-	(98,139)	
-	(8,410)	-	-	-	-	
<u>(4,895)</u>	<u>33,096</u>	<u>170</u>	<u>7,508</u>	<u>2,596</u>	<u>(74,810)</u>	
<u>\$ 6,984</u>	<u>\$ 33,028</u>	<u>\$ (4,398)</u>	<u>\$ (5,197)</u>	<u>\$ 6,098</u>	<u>\$ (86,555)</u>	
9.3%	9.0%	8.5%	7.8%	6.1%	6.9%	

**SCHEDULE V
CITY OF GARDEN GROVE
GENERAL FUND MAJOR TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	Sales Tax	Property Tax	Franchise Tax	Business Operation Tax	Transient Occupancy Tax	Motor Vehicle Tax	Total
2003	\$ 17,913,119	\$ 9,633,188	\$ 1,909,152	\$ 2,298,509	\$ 5,861,586	\$ 9,982,677	\$ 47,598,231
2004	18,555,795	10,275,238	2,045,711	2,315,429	8,628,343	7,598,457	49,418,973
2005	19,492,358	11,421,673	2,088,276	2,349,706	9,820,457	14,494,383	59,666,853
2006	19,452,971	13,262,684	2,234,667	2,494,139	11,410,684	13,128,604	61,983,749
2007	19,695,520	14,177,626	2,413,279	2,538,442	12,179,453	13,603,437	64,607,757
2008	19,780,085	14,892,274	2,337,053	2,596,833	12,672,985	14,011,002	66,290,232
2009	16,235,658	15,661,734	2,293,500	2,530,725	11,257,402	14,087,771	62,066,790
2010	14,075,879	14,400,002	2,482,292	2,381,098	10,195,885	513,106	44,048,262
2011	16,776,350	17,254,068	2,349,125	3,425,691	11,696,706	800,742	52,302,682
2012	18,461,031	19,519,146	2,540,297	4,756,384	12,319,744	86,882	57,683,484

Source: Finance Office, City of Garden Grove

**SCHEDULE VI
CITY OF GARDEN GROVE
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year Ended June 30	City			Redevelopment Agency			Total Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2003	\$ 6,237,992,510	\$ 302,092,895	\$ 6,540,085,405	\$ 1,714,550,729	\$ 216,938,691	\$ 1,931,489,420	1.034%
2004	6,690,748,967	299,913,148	6,990,662,115	1,864,235,792	238,481,088	2,102,716,880	1.031%
2005	7,256,567,260	300,044,644	7,556,611,904	1,958,660,897	242,816,738	2,201,477,635	1.031%
2006	8,044,198,853	282,323,725	8,326,522,578	2,154,902,094	258,917,408	2,413,819,502	1.030%
2007	8,876,151,469	321,202,996	9,197,354,465	2,312,965,202	277,545,166	2,590,510,368	1.030%
2008	9,569,536,594	324,403,747	9,893,940,341	2,513,875,820	275,426,527	2,789,302,347	1.030%
2009	9,729,883,933	346,877,295	10,076,761,228	2,770,894,375	309,968,838	3,080,863,213	1.029%
2010	9,306,476,987	370,449,626	9,676,926,613	2,813,238,670	327,815,104	3,141,053,774	1.029%
2011	9,304,082,238	321,496,548	9,625,578,786	2,707,065,764	302,619,033	3,009,684,797	1.064%
2012	9,492,745,733	303,025,114	9,795,770,847	2,689,600,119	299,937,044	2,989,537,163	1.064%

NOTE: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Orange County Assessor's Office

**SCHEDULE VII
CITY OF GARDEN GROVE
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	Basic Levy	City Paramedic	Metropolitan Water District	Orange County	Sanitation and Water	School Services	Other	Total
2003	1.0000	0.02500	0.00890	-	-	-	-	1.03390
2004	1.0000	0.02500	0.00610	-	-	-	-	1.03110
2005	1.0000	0.02500	0.00580	-	-	-	-	1.03080
2006	1.0000	0.02500	0.00470	-	-	-	-	1.02970
2007	1.0000	0.02500	0.00470	-	-	-	-	1.02970
2008	1.0000	0.02500	0.00450	-	-	-	-	1.02950
2009	1.0000	0.02500	0.00430	-	-	-	-	1.02930
2010	1.0000	0.02500	0.00430	-	-	-	-	1.02930
2011	1.0000	0.06000	0.00430	-	-	-	-	1.06430
2012	1.0000	0.06000	0.00370	-	-	-	-	1.06370

Assessed values are expressed as 100% of "full value" as prescribed by California Revenue and Taxation Code Section 135.

Property tax in California is levied in accordance with Article 13A of the State Constitution at \$1 per \$100 county-wide assessed valuations plus other voter approved debt. Rates shown above are \$100 of assessed valuation. The one percent is allocated pursuant to State law to the appropriate units of local government.

Source: Orange County Tax Rates Book

**SCHEDULE VIII
CITY OF GARDEN GROVE
PRICIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2012		2003	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Landmark Marriott Suites	\$ 96,590,256	0.76%		
American Lodging	55,212,639	0.43%		
Newage Garden Grove	41,754,998	0.33%		
Car Noa GGT	35,411,511	0.28%		
Ohi Resort Hotels	40,196,781	0.31%	66,484,506	1.02%
Chatham Rigg	33,248,490	0.26%		
Walton CWCA Garden Grove	54,378,992	0.43%		
Swedlow Inc.	25,280,557	0.20%	18,859,955	0.29%
MPT of Garden Grove Hospital	25,128,544	0.20%		
BB Promenade	25,571,348	0.20%	26,054,323	0.40%
Landmark Hospitality			67,561,367	1.03%
Atrium Plaza			58,644,518	0.90%
Saint-Gobain Perfomance			35,155,405	0.54%
Linfinity Microelectronics			25,064,495	0.38%
American Medical			23,930,204	0.38%
Kaiser Foundation			20,258,423	0.31%
AIC Investment Co, Inc.			19,799,194	0.30%
	<u>\$ 336,183,860</u>	<u>2.63%</u>	<u>\$ 361,812,390</u>	<u>5.55%</u>

Source: Coren & Cone's 2011/12 Preliminaty Property Tax Reports

**SCHEDULE IX
CITY OF GARDEN GROVE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	City Tax Rate (Per \$100)	Total Tax Levied	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2003	0.0025	\$ 9,881,291	\$ 9,454,838	95.6	\$ 178,350	\$ 9,633,188	97.5	\$ 24,620	0.2%
2004	0.0025	10,585,265	10,090,195	95.3	185,043	10,275,238	97.1	26,158	0.2%
2005	0.0025	11,751,160	11,303,045	96.2	118,628	11,421,673	97.2	46,308	0.4%
2006	0.0025	12,913,558	12,338,230	95.5	156,891	12,495,121	96.8	114,095	0.9%
2007	0.0025	13,989,410	13,080,248	93.5	197,376	13,277,624	94.9	286,295	2.0%
2008	0.003	14,804,471	13,934,785	94.1	366,321	14,301,107	96.6	196,069	1.3%
2009	0.003	14,783,375	13,920,288	94.2	640,136	14,560,424	98.5	139,682	0.9%
2010	0.003	14,063,297	13,732,288	97.6	719,481	14,451,770	102.8	422,664	3.0%
2011	0.060	17,407,275	16,491,089	94.7	520,209	17,011,298	97.7	302,494	1.7%
2012	0.060	17,792,829	16,539,285	93.0	277,560	16,816,846	94.5	333,343	1.9%

In implementing Article XIIIa of the State Constitution, the Revenue and Taxation Code provides for a single Basic Tax Rate Levy for County/City/School/Special Districts and other rates necessary to retire bonded and other indebtedness.

Source: Orange County Property Tax Ledger
Finance Office, City of Garden Grove

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**SCHEDULE X
CITY OF GARDEN GROVE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Governmental Activities						Total Governmental Activities
	Certificates of Participation	Revenue Bonds	RDA 2008 Bonds	Tax Allocation Bonds ¹	Loans ^{2 3}	Capital Leases ⁴	
2003	\$ 22,735,000	\$ -	\$ -	\$ 52,325,000	\$ 24,142,198	\$ 3,916,355	\$ 103,118,553
2004	22,735,000	-	-	57,025,000	19,032,833	3,416,890	102,209,723
2005	22,325,000	-	-	57,025,000	17,371,380	4,639,399	101,360,779
2006	21,895,000	-	-	57,025,000	15,159,293	3,872,578	97,951,871
2007	21,455,000	-	-	55,400,000	13,414,185	3,061,446	93,330,631
2008	20,995,000	-	2,015,000	53,740,000	43,225,054	2,993,427	122,968,481
2009	20,525,000	-	2,015,000	52,030,000	42,331,431	2,498,371	119,399,802
2010	20,025,000	-	1,955,000	50,265,000	42,304,693	3,221,506	117,771,199
2011	19,510,000	-	1,890,000	48,415,000	44,157,481	2,850,033	116,822,514
2012	18,970,000	-	-	-	7,380,266	2,134,919	28,485,185

¹ The City refunded the \$52,325,000 of tax allocation bonds in 2003.

² The City borrowed \$32,000,000 from Union Bank for the Redevelopment Agency in 2008.

³ The City refunded the \$9,010,000 HUD Section 108 loan, of which \$7,660,000 was borrowed from HUD in 2008.

⁴ The City financed new copiers with a \$376,774 Capital lease.

⁵ The City issues \$21,845,000 is Sewer COP in 2006.

⁶ These ratios are calculated using personal income and population for the prior calendar year.

⁷ The City issues \$16,625,000 is Water Revenue Bond in 2010.

Source: Finance Office, City of Garden Grove

Business-type Activities

Water Revenue Bonds ⁷	Sewer Revenue COP ⁵	Certificates of Participation	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ⁶	Debt Per Capita ⁶
\$ 17,020,000	\$ -	\$ 13,360,000	\$ 30,380,000	\$ 133,498,553	0.46%	786
16,845,000	-	13,010,000	29,855,000	132,064,723	0.43%	777
16,410,000	-	12,640,000	29,050,000	130,410,779	0.40%	758
15,775,000	21,845,000	12,250,000	49,870,000	147,821,871	0.42%	861
15,130,000	21,845,000	11,840,000	48,815,000	142,145,631	0.40%	823
14,465,000	21,845,000	11,405,000	47,715,000	170,683,481	0.46%	986
13,790,000	21,845,000	10,950,000	46,585,000	165,984,802	0.42%	950
29,720,000	21,405,000	10,465,000	61,590,000	179,361,199	0.42%	1021
28,670,000	20,945,000	-	49,615,000	166,437,514	0.36%	974
27,390,000	20,470,000	-	47,860,000	76,345,185	0.17%	442

**SCHEDULE XI
CITY OF GARDEN GROVE
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(In Thousands, except Per Capita)**

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value ¹	Per Capita
	Certificates of Participation	Tax Allocation Bonds	Total		
2003	\$ 22,735	\$ 52,325	\$ 75,060	0.89%	442
2004	22,735	57,025	79,760	0.88%	469
2005	22,325	57,025	79,350	0.81%	461
2006	21,895	57,025	78,920	0.73%	459
2007	21,455	55,400	76,855	0.65%	445
2008	20,995	53,740	74,735	0.59%	432
2009	20,525	52,030	72,555	0.55%	415
2010	20,025	50,265	70,290	0.55%	400
2011	19,510	48,415	67,925	0.54%	397
2012	18,970	-	18,970	0.15%	110

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

1 Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Source: Finance Office, City of Garden Grove

**SCHEDULE XII
CITY OF GARDEN GROVE
DIRECT AND OVERLAPPING BONDS AND DEBT
JUNE 30, 2012**

2011-12 Assessed Valuation:	\$12,296,178,414
Redevelopment Incremental Valuation:	<u>2,500,407,567</u>
Adjusted Assessed Valuation:	\$9,795,770,847

	%		
	<u>Applicable</u>	Total Debt	City's Share of
	(1)	6/30/2012	Debt 6/30/12
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	0.542 %	\$ 196,545,000	\$ 1,065,274
Coast Community College District	5.750	317,803,867	18,273,722
North Orange County Joint Community College District	2.644	206,464,001	5,458,908
Rancho Santiago Community College District	5.283	302,555,660	15,984,016
Garden Grove Unified School District	60.931	128,500,160	78,296,432
Anaheim Union High School District	0.082	110,073,955	90,261
Huntington Beach Union High School District	1.443	225,384,998	3,252,306
Anaheim School District	0.099	157,099,605	155,529
Magnolia School District	0.264	14,618,305	38,592
Westminster School District	11.064	33,735,681	<u>3,732,516</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 126,347,556

Ratios to 2011-12 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.03%

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Orange County General Fund Obligations	2.600 %	\$ 233,751,000	\$ 6,077,526
Orange County Pension Obligations	2.600	214,405,353	5,574,539
Orange County Board of Education Certificates of Participation	2.600	16,000,000	416,000
Municipal Water District of Orange County Water Facilities Corporation	3.066	12,145,000	372,366
North Orange Regional Occupation Program Certificates of Participation	0.031	11,130,000	3,450
Coast Community College District Certificates of Participation	5.750	20,240,000	1,163,800
Orange Unified School District Certificates of Participation	1.278	48,555,000	620,533
Orange Unified School District Benefit Obligations	1.278	89,865,000	1,148,475
Anaheim Union High School District Certificates of Participation	0.082	37,488,095	30,740
Huntington Beach Union High School District Certificates of Participation	1.443	59,666,090	860,982
Westminster School District Certificates of Participation	11.064	23,740,000	2,626,594
City of Garden Grove Certificates of Participation	100.000	18,970,000	<u>18,970,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 37,865,005
Less: MWDOC Water Facilities Corporation (100% self-supporting)			<u>372,366</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 37,492,639

TOTAL DIRECT DEBT	\$ 18,970,000
TOTAL GROSS OVERLAPPING DEBT	\$ 145,242,561
TOTAL NET OVERLAPPING DEBT	\$ 144,870,195

GROSS COMBINED TOTAL DEBT	(2) \$ 164,212,561
NET COMBINED TOTAL DEBT	\$ 163,840,195

(1) Percentage of overlapping agency's assessed valuation located within the 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. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to Adjusted Assessed Valuation:

Total Direct Debt (\$18,970,000)	0.19%
Gross Combined Total Debt	1.68%
Net Combined Total Debt	1.67%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: \$0

Prepared for the City of Garden Grove
Source: California Municipal Statistics, Inc.

**SCHEDULE XIII
CITY OF GARDEN GROVE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2003	2004	2005	2006
Assessed valuation	\$ 6,540,085,405	\$ 6,990,662,115	\$ 7,556,611,904	\$ 8,326,522,578
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,635,021,351	1,747,665,529	1,889,152,976	2,081,630,645
Debt limit percentage	15%	15%	15%	15%
Debt limit	245,253,203	262,149,829	283,372,946	312,244,597
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 245,253,203</u>	<u>\$ 262,149,829</u>	<u>\$ 283,372,946</u>	<u>\$ 312,244,597</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: Finance Office, City of Garden Grove
Orange County Tax Assessor's Office

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 9,197,354,465	\$ 9,893,940,341	\$ 10,076,761,228	\$ 9,676,926,613	\$ 9,625,578,786	\$ 9,795,770,847
25%	25%	25%	25%	25%	25%
2,299,338,616	2,473,485,085	2,519,190,307	2,419,231,653	2,406,394,697	2,448,942,712
15%	15%	15%	15%	15%	15%
344,900,792	371,022,763	377,878,546	362,884,748	360,959,204	367,341,407
-	-	-	-	-	-
<u>\$ 344,900,792</u>	<u>\$ 371,022,763</u>	<u>\$ 377,878,546</u>	<u>\$ 362,884,748</u>	<u>\$ 360,959,204</u>	<u>\$ 367,341,407</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**SCHEDULE XIV
CITY OF GARDEN GROVE
PLEGGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Water Revenue Bonds							
Fiscal Year	Gross Revenue	Expenses(1)	Resources	Debt Service Requirement			Coverage
			Available for Debt Service	Principal	Interest	Total	
2003	\$ 16,609,786	\$ 14,252,431	\$ 2,357,355	\$ 470,000	\$ 892,464	\$ 1,362,464	1.73
2004	18,484,674	15,604,390	2,880,284	435,000	727,982	1,162,982	2.48
2005	18,145,714	16,809,774	1,335,940	635,000	657,500	1,292,500	1.03
2006	18,651,805	17,225,625	1,426,180	645,000	644,700	1,289,700	1.11
2007	20,516,447	17,921,191	2,595,256	665,000	629,938	1,294,938	2.00
2008	26,049,669	18,065,826	7,983,843	675,000	612,344	1,287,344	6.20
2009	29,025,085	19,581,536	9,443,549	695,000	592,638	1,287,638	7.33
2010	29,312,717	20,713,227	8,599,490	1,040,000	1,299,320	2,339,320	3.68
2011	30,651,300	21,520,593	9,130,707	1,280,000	1,386,327	2,666,327	3.42
2012	34,492,870	21,413,634	13,079,236	1,320,000	1,495,448	2,815,448	4.65

Source: Finance Office, City of Garden Grove

Tax Allocation Bonds				
Debt Service Requirement				
Tax Increment	Principal	Interest	Total	Coverage
\$ -	\$ -	\$ -	\$ -	N/A
13,403,657	-	3,004,843	3,004,843	4.46
14,607,268	-	2,759,550	2,759,550	5.29
16,339,702	1,625,000	2,741,269	4,366,269	3.74
17,250,293	1,660,000	2,698,088	4,358,088	3.96
18,915,215	1,710,000	2,647,537	4,357,537	4.34
21,808,918	1,765,000	2,577,763	4,342,763	5.02
21,107,303	1,850,000	2,533,638	4,383,638	4.82
19,632,456	1,945,000	2,402,238	4,347,238	4.52
7,194,875	2,020,000	2,320,413	4,340,413	1.66

**SCHEDULE XV
CITY OF GARDEN GROVE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2003	169,911	\$ 2,891,439	\$ 17,088	4.8%
2004	169,911	3,039,717	17,890	4.2%
2005	172,042	3,243,822	19,091	5.2%
2006	171,765	3,479,894	20,227	4.8%
2007	172,781	3,595,557	20,933	4.3%
2008	173,067	3,735,525	21,620	5.0%
2009	174,715	3,979,307	22,993	11.7%
2010	175,618	4,272,291	24,453	12.2%
2011	170,883	4,567,065	26,006	11.2%
2012	172,648	4,371,270	25,580	9.6%

Source: State Employment Development Department
California Department of Finance

**SCHEDULE XVI
CITY OF GARDEN GROVE
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2012	
	Number of Employees	Percent of Total Employment
Prime Healthcare Services	516	0.67%
Air Industries Corp	465	0.60%
Driessen Aircraft Interioir Systems, Inc.	370	0.48%
Saint Gobain Performance Plastics	363	0.47%
Office Max, Inc.	360	0.47%
Hyatt Regency Orange County	350	0.45%
GKN Aerospace Transparency Systems, Inc.	331	0.43%
NBTY Acquisition, LLC	298	0.39%
C & D Zodiac	286	0.37%
Costco Wholesale Corp.	265	0.34%

2003 data was not available

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: City of Garden Grove BusinessTax Dept.

**SCHEDULE XVII
CITY OF GARDEN GROVE
FULL-TIME AND PART-TIME CITY EMPLOYEES
BY DEPARTMENT
LAST TEN FISCAL YEARS**

Department	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administrative Services	-	-	31	34	-	-	-	-	-	-
City Manager	43	39	13	14	9	13	12	10	10	9
Community Development	50	48	45	44	56	58	59	59	59	65
Community Services	148	143	149	155	146	149	148	145	143	159
Economic Development	-	-	-	-	12	13	13	13	13	13
Finance	33	32	32	32	34	35	37	37	37	37
Fire	113	111	109	110	112	112	112	111	110	110
Information Technology	-	-	-	-	20	20	20	20	20	20
Personnel	57	13	13	13	9	10	10	9	9	10
Police	321	316	316	314	328	334	334	334	333	302
Public Works	<u>185</u>	<u>177</u>	<u>179</u>	<u>192</u>	<u>192</u>	<u>197</u>	<u>197</u>	<u>196</u>	<u>196</u>	<u>199</u>
Total	<u>950</u>	<u>879</u>	<u>887</u>	<u>908</u>	<u>918</u>	<u>941</u>	<u>942</u>	<u>934</u>	<u>930</u>	<u>924</u>
Full Time employees	687	633	637	647	661	676	685	682	681	676
Part time employees	263	246	250	261	257	265	257	252	249	248

Source: City Budget/Department Budgets

**SCHEDULE XVIII
CITY OF GARDEN GROVE
OPERATING INDICATORS
BY FUNCTION
LAST SIX FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police:						
Arrests	7,767	6,951	7,316	7,195	6,920	6,651
Traffic citations issued	11,574	13,627	12,787	15,490	14,945	11,393
Fire:						
Number of emergency calls	15,534	16,279	16,548	16,306	23,381	25,586
Public Right-of-Way:						
Parking citations issued	30,052	32,718	30,464	26,660	24,800	24,590
Permits issued	3,175	1,525	276	269	201	314
Community Services:						
Number of recreation classes	1,525	1,534	1,544	1,398	1,817	1,540
Housing vouchers	2,337	2,337	2,337	2,337	2,337	2,337
Community Planning and Development						
Building permits issued	2,213	2,879	3,878	3,514	3,881	2,036
Water:						
Number of accounts	34,090	34,152	34,217	34,239	33,689	33,751
Average daily consumption (thousands of gallons)	49,864	24,851	23,345	21,843	20,528	21,480
Solid Waste Disposal:						
Number of accounts	30,928	30,938	30,895	30,723	33,308	33,424
Drainage:						
Channels cleaned (miles)	5	5	5	5	5	5
Municipal Support:						
Passports issued	723	569	500	463	292	624

Source: City of Garden Grove

**SCHEDULE XIV
CITY OF GARDEN GROVE
CAPITAL ASSET STATISTICS
BY FUNCTION
LAST SIX FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police:						
Stations	1	1	1	1	1	1
Fire:						
Fire stations	7	7	7	7	7	7
Public Right-of-Way:						
Streets (miles)	305	305	305	305	305	305
Community Services:						
Parks	16	16	16	16	16	16
Park acreage	142	142	142	142	142	142
Community centers	1	1	1	1	2	2
Water:						
Water mains (miles)	360	360	433	433	433	433
Number of connections	34,090	34,152	34,217	34,239	33,689	33,751
Sewage Collection:						
Sanitary sewers (miles)	312	312	320	320	320	320
Drainage:						
Storm drains (miles)	35	35	35	35	35	35
Source: City of Garden Grove						



GARDEN GROVE