

City of Garden Grove, California

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

July 1, 2013 - June 30, 2014

*This page is intentionally blank.*

City of Garden Grove, California

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the fiscal year ended  
**June 30, 2014**

**Department of Finance**

---

**Kingsley Okereke**  
Assistant City Manager / Finance Director

*This page is intentionally blank.*

**CITY OF GARDEN GROVE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

***TABLE OF CONTENTS***

<b>INTRODUCTORY SECTION</b>	<b>PAGE</b>
Letter of Transmittal.....	i
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	viii
Organization Chart.....	ix
List of Elected Officials.....	x
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report .....	1
Management’s Discussion and Analysis (Unaudited) .....	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position .....	13
Statement of Activities .....	14
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet .....	16
Reconciliation of Balance Sheet to the Statement of Net Position .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Proprietary Funds:	
Statement of Net Position .....	20
Statement of Revenues, Expenses and Changes in Net Position.....	22
Statement of Cash Flows .....	24
Private-Purpose Trust Fund:	
Statement of Fiduciary Net Position.....	28
Statement of Changes in Fiduciary Net Position.....	29
Notes to Basic Financial Statements.....	31
Required Supplementary Information (Unaudited)	
Schedule of Funding Progress – Public Employees Retirement System.....	67
Schedule of Funding Progress - Postemployment Benefits .....	68
Budgetary Comparison Schedules:	
General Fund .....	69
Home Grant Special Revenue Fund .....	70
Note to Required Supplementary Information .....	71

Other Supplementary Information

Nonmajor Governmental Funds:	
Combining Balance Sheet .....	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	80
Schedules of Revenues, Expenditures and Changes in Fund Balance Budget and Actual:	
Public Safety Special Revenue Fund.....	84
State Gas Tax Special Revenue Fund .....	85
Golf Course Special Revenue Fund .....	86
Self Supporting Revenue Special Revenue Fund .....	87
Developer Fees Special Revenue Fund .....	88
Garden Grove Cable Special Revenue Fund.....	89
Street Lighting Special Revenue Fund .....	90
Park Maintenance Special Revenue Fund .....	91
Main Street District Special Revenue Fund.....	92
Air Quality Improvement Special Revenue Fund .....	93
Garden Grove Tourism Improvement District Special Revenue Fund .....	94
Other Grants and Contributions Special Revenue Fund .....	95
Street Rehabilitation Special Revenue Fund .....	96
Housing Successor Agency Capital Projects Fund .....	97
Housing Authority Asset Capital Projects Fund.....	98
Internal Service Funds:	
Combining Statement of Net Position .....	100
Combining Statement of Revenues, Expenses and Changes in Net Position .....	102
Combining Statement of Cash Flows.....	104

**STATISTICAL SECTION (UNAUDITED)**

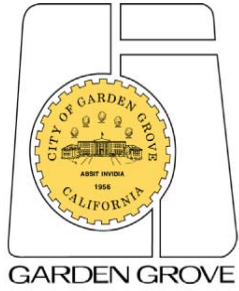
Government-wide Information:	
Net Position by Component – Last Ten Fiscal Years .....	108
Changes in Net Position – Last Ten Fiscal Years .....	110
Fund and Other Information:	
Balance of Governmental Funds – Last Ten Fiscal Years .....	114
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years .....	116
General Fund Major Tax Revenues by Source – Last Ten Fiscal Years .....	118
Assessed Value and Estimated Actual Values of Taxable Property – Last Ten Fiscal Years....	119
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years .....	120
Principal Property Tax Payers – Current Year and Nine Years Ago .....	121
Property Tax Levies and Collections – Last Ten Fiscal Years .....	122
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	124
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years .....	126
Direct and Overlapping Bonds and Debt.....	127
Legal Debt Margin Information – Last Ten Fiscal Years.....	128
Pledged-Revenue Coverage – Last Ten Fiscal Years .....	130
Demographic and Economic Statistics - Last Ten Calendar Years .....	132
Principal Employers – Current Year and Nine Years Ago .....	133
Full-Time and Part-Time City Employees by Department – Last Ten Fiscal Years .....	134
Operating Indicators by Function – Last Seven Fiscal Years .....	135
Capital Asset Statistics by Function – Last Seven Fiscal Years .....	136



# **Introductory Section**







# CITY OF GARDEN GROVE

Bruce A. Broadwater  
*Mayor*  
Dina Nguyen  
*Mayor Pro Tem*  
Steven R. Jones  
*Council Member*  
Christopher V. Phan  
*Council Member*  
Kris Beard  
*Council Member*

December 5, 2014

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, 2014. 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, including the Private Purpose Trust Fund. 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 unmodified 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 Honorable Mayor and Council  
Transmittal Letter Fiscal-Year 2013-2014 CAFR  
December 5, 2014

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 City Clerk's Office.

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 174,000. It is the fifth 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 Housing Authority, the Garden Grove Sanitary

The Honorable Mayor and Council  
Transmittal Letter Fiscal-Year 2013-2014 CAFR  
December 5, 2014

District, the Garden Grove Public Financing Authority, and the City of Garden Grove as Successor Agency to the Garden Grove Redevelopment Agency Private Purpose Trust Fund. Additional information is available on these blended component units in note A.1.a - d, 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**

Historically, previous recessions were followed by rapid economic growth; however, unlike past recoveries, this current recovery has been slow and fragile. Sluggish income gains, tight credit markets, and low consumer confidence have prevented any significant economic growth. Despite the slow growth, economic forecasts suggest the recovery will continue with modest growth through 2015 and 2016.

While revenues are expected to increase, so are expenses. Hence, the continuing structural budget deficit (gap between ongoing revenues and expenditures) challenge for the City. The City remains committed to addressing this structural deficit. The recent opening of Walmart, as well as the future additions of the Great Wolf Lodge Water Park Hotel and the Brookhurst Triangle residential mixed-use project, will provide much needed additional revenue to the City. Furthermore, the City has approached the dissolution of the Redevelopment Agency as an opportunity to reinvent economic development in Garden Grove. The City will be implementing a new Economic Development Strategic Plan, designed to increase the City's tax base, increase revenue sources, create and retain jobs within the City, and build local and regional mutually beneficial economic relationships. The continual pursuit of economic development in the City will help to ensure the City's current and future financial health.

Garden Grove, much like other Orange County, California cities, continues to actively manage its budget and finances in the face of the slow and uncertain

economic recovery. The City Council adopted the third and final year of the Three-Year Fiscal Plan, which was put in place starting fiscal year 2012-13 to help the city weather the impacts of the tepid economic recovery. 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 cost reduction initiatives, economic development and revenue generating priorities, and the use of reserves to close budget shortfalls over the short term. The City will continue to closely monitor its revenues and expenditures in order to make appropriate adjustments to maintain the City's financial health.

### **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, sewer and water systems. In addition, the City must develop and maintain its own buildings and infrastructure.

#### *Five-Year Financial Plan*

The City has successfully utilized the Three-Year Budget Plan to maintain a balanced budget and weather the impacts of the 2008 economic recession. As the Three-Year Budget Plan comes to an end in fiscal year 2014-15, a new effort is underway to develop a comprehensive and realistic five-year forecast/budget plan for the City, covering fiscal years 2015-16 through 2019-20. The plan will set forth a framework for Council and staff to examine the City's fiscal outlook, outline budget priorities, forecast expenditures and revenues, and assist in the development of annual strategies to address the City's structural deficit.

## 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: supervisory and leadership 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 the implementation of the Water Master Plan as evidenced by the completion of the West Garden Grove Supplemental Transmission Main, the Lilly-Trask and Buaro-Haster Fire Flow Water Improvements and the Stonegate Water Improvements. An engineering evaluation and condition assessment of concrete storage reservoirs was also completed during the current fiscal year.

Additional sewer main improvements construction work consistent with the Sewer System Management Plan were completed during the fiscal year including at Lampson-Twintree, Lampson-Elmwood, Traylor-Deannan, and on Chapman, between Brookhurst and Gilbert. The construction of the Belgrave Pump Station Replacement Project was also completed. Designs of the Capital Improvement Projects at Lampson-Brookhurst and on Lampson, between Leroy and Ocean Breeze, were also completed during the current fiscal year.

Various arterial rehabilitation projects, funded through federal grants and local revenues were completed during the fiscal year. They include the following segments: Valley View Street Reconstruction, from State Route 22 to north city limits; Euclid Street Rehabilitation, from Garden Grove Boulevard to Lampson Avenue; Chapman Avenue Rehabilitation, from Nelson to Euclid; Garden Grove Rehabilitation, from Magnolia to Gilbert; and Westminster Rehabilitation, from Brookhurst to Bowen.

The construction of The Great Wolf Lodge of Southern California is now well underway and projected to be completed in spring 2016. This development project consists of a 600-room hotel with a 100,000 square foot indoor water park and a 20,000 square foot conference center. The

project is estimated to generate new jobs and about \$8 million of annual revenue for the City. In addition, the Brookhurst Triangle development project is planned to consist of about 700 residential units with up to 200,000 square feet of retail/dining/entertainment uses. The developer has estimated to start construction on phase one, comprised of a 200-unit apartment and ancillary clubhouse with swimming pool in late January 2015.

## **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: (1) to break even and operate efficiently; and (2) 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 maximizing the value for the tax dollar.


## **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Garden Grove for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. 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.



Kingsley Okereke  
Assistant City Manager/Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Garden Grove  
California**

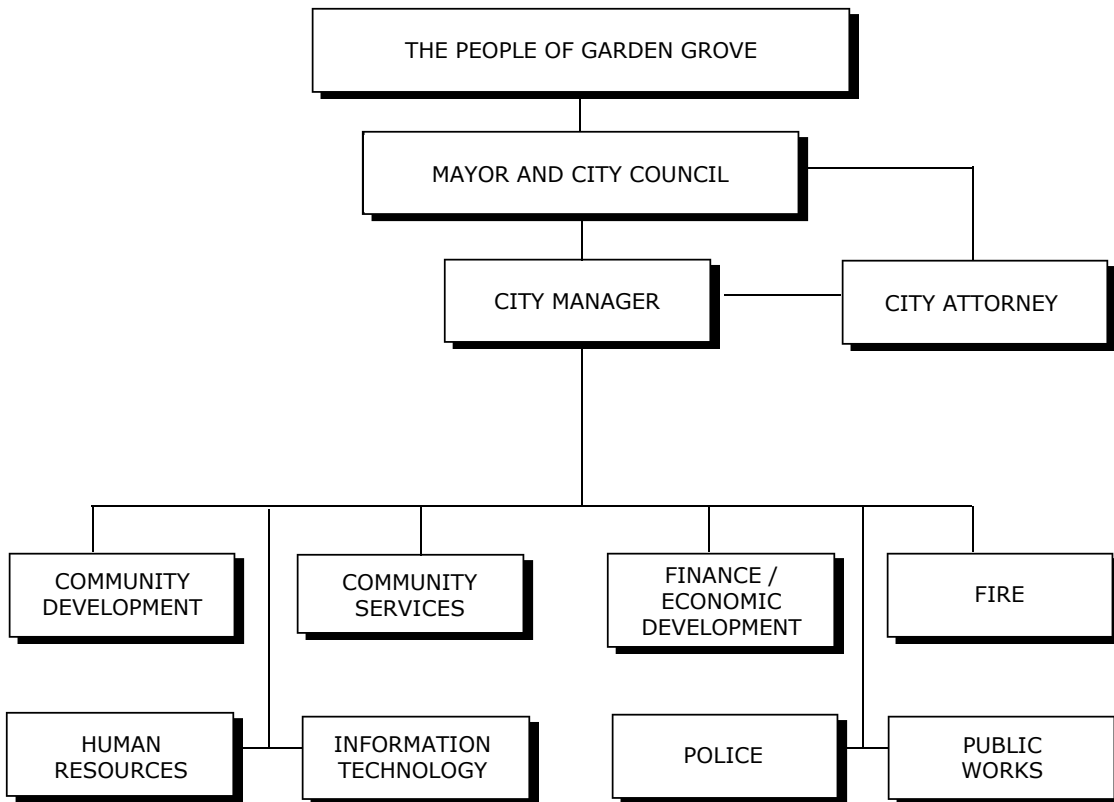
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



# CITY OF GARDEN GROVE



# CITY OF GARDEN GROVE

---

## CITY COUNCIL

**Bruce A Broadwater**  
*Mayor*

**Dina Nguyen**  
*Mayor Pro Tem*

**Steven R Jones**  
*Council Member*

**Kris Beard**  
*Council Member*

**Christopher V Phan**  
*Council Member*

## CITY OFFICIALS

**Matthew J Fertal**  
*City Manager*

**Tom Nixon**  
*City Attorney*

**Charles Kalil**  
*Information Technology Director*

**Kim Huy**  
*Community Services Director*

**Laura Stover**  
*Human Resources Director*

**William Murray**  
*Public Works Director*

**Kevin Raney**  
*Police Chief*

**Kingsley Okereke**  
*Assistant City Manager/Finance Director*

**Dave Barlag**  
*Fire Chief*

**Susan Emery**  
*Assistant City Manager/Community Development Director*



# **Financial Section**



## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Garden Grove, California

### Report on the Financial Statements

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 City of Garden Grove, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress of the public employees' retirement system and the postemployment benefits, and budgetary comparison information on pages 3–11 and 67–70 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules listed as other supplementary information in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic 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 do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Newport Beach, California  
December 5, 2014

## 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, 2014. 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 and deferred outflow of resources of the City, including all component units, exceeded its liabilities and deferred inflow of resources at June 30, 2014, by \$935.6 million. Of the \$935.6 million of net position, \$751.5 million represents net investment in capital assets and \$22.2 million is restricted for specific purposes. The unrestricted balance of \$161.9 million in resources are available to meet the City's ongoing obligations to citizens and creditors.

### OVERVIEW OF THE FINANCIAL STATEMENTS

These discussions and analyses 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 four components: 1) government-wide financial statements, 2) fund financial statements, 3) trust fund financial statements, and 4) 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 Position* presents information on all of the City of Garden Grove's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference reported as net position. Over time, increases or decreases in net position 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/or 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 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 and HOME grant special revenue fund both of which are considered to be major funds. Data from the other fifteen 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 16-19 of this report.

**Proprietary funds.** The City of Garden Grove maintains four 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 and Housing Authority operations. All are considered to be major funds of the City.

The City also uses internal service funds to account for its Workers' Compensation, Fleet Management, Employee Benefits, Information Systems, Warehouse Operations, Telephone System and Risk Management. All of the internal service funds provide services that predominantly benefit governmental rather than business-type functions. Therefore, they have been included within governmental activities in the government-wide financial statements. 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 20-27 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 the 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 28-29 of this report.

**Notes to basic financial statements.** The notes provide additional information essential to 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 31-66 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 67-71 of this report.

The combining statements referred to earlier in connection with nonmajor 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 76-105 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Garden Grove, assets and deferred outflow of resources exceeded liabilities by \$935.6 million at the close of the current fiscal year.

City of Garden Grove, Net Position  
(in millions)

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 190.0	\$ 188.4	\$ 55.7	\$ 50.8	\$ 245.7	\$ 239.2
Capital assets	668.1	669.2	149.0	140.1	817.1	809.3
Total assets	<u>858.1</u>	<u>857.6</u>	<u>204.7</u>	<u>190.9</u>	<u>1,062.8</u>	<u>1,048.5</u>
Deferred outflow of resources	-	-	0.2	0.2	0.2	0.2
Long-term liabilities	61.9	58.9	45.2	47.1	107.1	106.0
Other liabilities	12.2	10.0	8.1	6.9	20.3	16.9
Total liabilities	<u>74.1</u>	<u>68.9</u>	<u>53.3</u>	<u>54.0</u>	<u>127.4</u>	<u>122.9</u>
Net position	<u>\$ 784.0</u>	<u>\$ 788.7</u>	<u>\$ 151.6</u>	<u>\$ 137.1</u>	<u>\$ 935.6</u>	<u>\$ 925.8</u>
Net investment in capital assets	644.2	643.1	107.3	97.6	751.5	740.7
Restricted	22.2	22.1	-	-	22.2	22.1
Unrestricted	117.6	123.5	44.3	39.5	161.9	163.0
Total net position	<u>\$ 784.0</u>	<u>\$ 788.7</u>	<u>\$ 151.6</u>	<u>\$ 137.1</u>	<u>\$ 935.6</u>	<u>\$ 925.8</u>

At the end of the current fiscal year, the City of Garden Grove is able to report positive total net position balance for the government as a whole. The largest portion of the City's net position, 80.3%, reflects its net 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, still outstanding, used to acquire those assets. 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 position, \$22.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$161.9 million in resources, may be used to meet the government's ongoing obligations to citizens and creditors.

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

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 13.3	\$ 12.4	\$ 47.2	\$ 46.9	\$ 60.5	\$ 59.3
Operating grants and contributions	13.3	10.0	30.7	30.6	44.0	40.6
Capital grants and contributions	5.4	5.8	-	-	5.4	5.8
General revenues:						
Sales taxes	20.3	19.8	-	-	20.3	19.8
Property taxes	35.3	35.0	-	-	35.3	35.0
Other taxes	23.9	21.9	-	-	23.9	21.9
Earning on investments	1.9	1.8	0.7	0.4	2.6	2.2
Other	0.3	1.2	0.2	-	0.5	1.2
Loss on sale of capital assets	(1.0)	-	-	-	(1.0)	-
Capital contributions from Successor Agency	-	2.4	-	-	-	2.4
<b>Total revenues</b>	<b>112.7</b>	<b>110.3</b>	<b>78.8</b>	<b>77.9</b>	<b>191.5</b>	<b>188.2</b>
<b>Expenses:</b>						
Fire	20.9	20.3	-	-	20.9	20.3
Police	49.3	45.4	-	-	49.3	45.4
Traffic safety	3.9	3.1	-	-	3.9	3.1
Public right of way	14.1	16.5	-	-	14.1	16.5
Drainage	1.3	1.4	-	-	1.3	1.4
Community buildings	4.5	4.6	-	-	4.5	4.6
Community services	4.6	4.6	-	-	4.6	4.6
Parks and greenbelts	1.9	1.8	-	-	1.9	1.8
Community planning and development	8.5	8.0	-	-	8.5	8.0
Municipal support	7.1	6.3	-	-	7.1	6.3
Interest on Long-term debt	1.3	1.8	-	-	1.3	1.8
Water utility	-	-	26.7	26.4	26.7	26.4
Sewage collection	-	-	5.6	6.0	5.6	6.0
Solid waste disposal	-	-	1.5	2.6	1.5	2.6
Housing authority	-	-	30.5	31.6	30.5	31.6
<b>Total expenses</b>	<b>117.4</b>	<b>113.8</b>	<b>64.3</b>	<b>66.6</b>	<b>181.7</b>	<b>180.4</b>
<b>Change in net position</b>	<b>(4.7)</b>	<b>(3.5)</b>	<b>14.5</b>	<b>11.3</b>	<b>9.8</b>	<b>7.8</b>
Net position, beginning of year, as previously reported	788.7	792.5	137.1	126.5	925.8	919.0
Change in accounting principle (GASB65)*	-	(0.3)	-	(0.7)	-	(1.0)
Net position, beginning of year, as restated	788.7	792.2	137.1	125.8	925.8	918.0
Net position, June 30	\$ 784.0	\$ 788.7	\$ 151.6	\$ 137.1	\$ 935.6	\$ 925.8

\* - The City of Garden Grove implemented GASB 65, Items Previously Reported as Assets and Liabilities for the year ended June 30, 2013.

**Governmental Activities.** The City of Garden Grove governmental activities net position decreased by \$4.7 million from the prior fiscal year to an ending balance of \$784.0 million. Although revenue has slightly increased compared to the prior year due to the improved economy, expenses also grew albeit at a faster rate to accommodate increased retirement contribution requirements, and to restore critical public safety services to the community.

**Business-type activities.** Business-type activities excess of revenues over expenditures in the current fiscal year is \$14.5 million which is \$3.2 million higher than the prior fiscal year increase of \$11.3 million. Operating revenues have stayed roughly the same as the prior fiscal year. Reported operating expenses decreased by \$2.3 million largely due to the changes in the billing and collection charges of the solid waste operations, and reductions in the Housing Authority operating expenses to match federal allocation.

## **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 pages 16 and 18.

At the end of the current fiscal year, the City of Garden Grove's governmental funds reported combined fund balances of \$52.3 million, a decrease of \$4.9 million in comparison with the prior year. Non-spendable fund balance is \$13.4 million (25.6%), restricted fund balance is \$20.0 million (38.3%), and assigned fund balance is \$3.3 million (6.2%). The remainder of the fund balance of \$15.7 million (29.9%) represents unassigned governmental fund balance of the City.

- **General fund.** The general fund is the chief operating fund of the City of Garden Grove. At the end of the fiscal year, the fund balance had a net increase of \$0.4 million resulting in a \$32.8 million ending fund balance. The general fund continues to experience a structural deficit with expenses exceeding revenue by about \$3.4 million.
- **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 (see pages 20 - 27).

## GENERAL FUND BUDGETARY HIGHLIGHTS

**Original budget compared to final budget.** There was no significant budget amendment during the year (see page 69).

**Final budget compared to actual results.** The \$4.6 million net increase in actual revenues over estimated revenues was primarily as a result of \$4.0 million increase in taxes. Transient occupancy tax was higher than expected by \$1.6 million, property taxes increased by about \$1.0 million, and sales tax, franchise fees, etc. made up the remainder \$1.4 million of the tax revenue increase, all of which reflects a general postural trend in the economy.

The final budget appropriations were \$94.3 million and actual expenditures were \$92.6 million resulting in a positive balance of \$1.7 million due to concerted staff effort to contain costs.

## 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, 2014, amounts to \$817.1 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 1.0%. The value of the City's capital assets as of June 30, 2014 is as follows:

	Government activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 419.8	\$ 420.9	\$ 2.6	\$ 2.6	\$ 422.4	\$ 423.5
Construction in progress	5.0	7.9	31.9	19.8	36.9	27.7
Depreciable Capital Assets	243.3	240.4	114.5	117.7	357.8	358.1
Total capital assets	<u>\$ 668.1</u>	<u>\$ 669.2</u>	<u>\$ 149.0</u>	<u>\$ 140.1</u>	<u>\$ 817.1</u>	<u>\$ 809.3</u>

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

- Improvements to the City's water utility system of \$6.7 million
- Improvements to the City's sewer system of \$5.4 million

Additional information on the City of Garden Grove's capital assets can be found in the financial statements Note D6 of this report.

**Long-term debt.** The City's long-term debt was \$69.1 million at the end of the fiscal year. Debt decreased by \$4.2 million from the prior year as a result of principal reduction payments.

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, 2014 is \$10.9 billion. The current debt limitation for the City of Garden Grove is \$364.1 million. There are no outstanding general obligation bonds of the City for the fiscal year ended June 30, 2014.

Additional information on the City of Garden Grove's long-term debt can be found in the financial statements Note D7 of this report.

	Government activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Certificates of participation	\$ 17.8	\$ 18.4	\$ -	\$ -	\$ 17.8	\$ 18.4
Agreements payable	5.3	6.4	-	-	5.3	6.4
Capital lease purchase	0.8	1.4	-	-	0.8	1.4
Sewer revenue COP	-	-	19.8	20.3	19.8	20.3
Water revenue bonds	-	-	25.4	26.8	25.4	26.8
Total	<u>\$ 23.9</u>	<u>\$ 26.2</u>	<u>\$ 45.2</u>	<u>\$ 47.1</u>	<u>\$ 69.1</u>	<u>\$ 73.3</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Although employment rates, housing, and construction have rebounded since the 2008 recession, overall growth in the economy continues to be tepid at best. Despite the slow growth, economic forecasts suggest the recovery will continue with modest growth through 2015 and 2016.

While revenues are expected to increase, so are expenses. Hence, the continuing structural budget deficit (gap between ongoing revenues and expenditures) challenge for the city. The City remains committed to addressing this structural deficit. The recent opening of Walmart, as well as the future additions of the Great Wolf Lodge Water Park Hotel and the Brookhurst Triangle residential mixed-used project, will provide much needed additional revenue to the City. Furthermore, the City will be implementing a new Economic Development Strategic Plan, designed to expand the City's tax base, increase revenue sources, create and retain jobs within the City, and build local and regional relationships. The Strategic Plan will be especially important as the City adjusts to the anticipated increases in retirement contributions and the loss of OfficeMax, Inc. in FY 2014-15, which generated over \$1 million in annual sales tax revenue to the City. The continual pursuit of economic development in the City will help to ensure the City's current and future financial health.

The City remains cautiously optimistic for FY 2014-15. Revenues and expenditures will be closely monitored to maintain the City's financial health. The FY 2014-15 budget is balanced and includes a basic operating budget of \$101.5 million and capital budget of \$7.7 million. The basic operation budget was balanced using \$8.0 million in reserves and transfers. The budget implements the third and final year of the City's 3-Year Fiscal Plan to address the continuing effects of the economic recession 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.

*This page is intentionally blank*





# **Basic Financial Statements**



**CITY OF GARDEN GROVE  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 142,205,664	\$ 55,093,012	\$ 197,298,676
Cash and investments with fiscal agents	12,478	3,466,717	3,479,195
Taxes receivable	4,245,238	78,980	4,324,218
Accounts receivable	3,269,192	7,982,092	11,251,284
Interest receivable	382,084	191,144	573,228
Intergovernmental receivable	3,500,108	-	3,500,108
Internal balances	11,253,586	(11,253,586)	-
Inventory	693,982	-	693,982
Prepaid items	18,886	-	18,886
<b>Total current assets</b>	<b>165,581,218</b>	<b>55,558,359</b>	<b>221,139,577</b>
Noncurrent assets:			
Deposits	32,100	15,000	47,100
Notes receivable, net	19,389,192	9,011	19,398,203
Land held for resale	4,852,252	-	4,852,252
Prepaid bond insurance costs	172,177	109,606	281,783
Capital assets:			
Land	419,782,676	2,564,750	422,347,426
Construction in progress	4,986,739	31,885,174	36,871,913
Depreciable capital assets, net	243,362,095	114,535,457	357,897,552
<b>Total noncurrent assets</b>	<b>692,577,231</b>	<b>149,118,998</b>	<b>841,696,229</b>
<b>Total assets</b>	<b>858,158,449</b>	<b>204,677,357</b>	<b>1,062,835,806</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts from the refunding of debt	-	208,767	208,767
	-	208,767	208,767
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	7,407,484	7,202,066	14,609,550
Accrued liabilities	1,765,893	186,501	1,952,394
Refundable deposits	2,648,405	663,793	3,312,198
Interest payable	378,085	90,986	469,071
Current portion of long-term obligations	11,963,331	1,965,000	13,928,331
<b>Total current liabilities</b>	<b>24,163,198</b>	<b>10,108,346</b>	<b>34,271,544</b>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	49,979,672	43,187,511	93,167,183
<b>Total liabilities</b>	<b>74,142,870</b>	<b>53,295,857</b>	<b>127,438,727</b>
<b>NET POSITION</b>			
Net investment in capital assets	644,219,592	107,299,587	751,519,179
Restricted for:			
Public safety	2,813,590	-	2,813,590
Public right of way	3,529,162	-	3,529,162
Community planning and development	8,638,864	-	8,638,864
Developer impact projects	7,168,420	-	7,168,420
Unrestricted	117,645,951	44,290,680	161,936,631
<b>Total net position</b>	<b>\$ 784,015,579</b>	<b>\$ 151,590,267</b>	<b>\$ 935,605,846</b>

*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, 2014**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenue Operating Grants and Contributions</u>
Governmental activities:			
Fire	\$ 20,876,061	\$ 1,421,641	\$ 33,449
Police	49,288,859	3,169,357	1,154,353
Traffic safety	3,871,554	1,348,918	129,072
Public right of way	14,050,875	358,324	6,022,698
Drainage	1,284,126	-	-
Community buildings	4,504,193	-	-
Community services	4,678,862	859,214	-
Parks and greenbelts	1,972,804	1,281,762	482,477
Community planning and development	8,491,015	2,127,638	5,012,530
Municipal support	7,112,280	2,693,100	442,122
Interest on long term debt	1,305,366	-	-
Total governmental activities	<u>117,435,995</u>	<u>13,259,954</u>	<u>13,276,701</u>
Business-type activities:			
Water utility	26,760,542	35,185,988	-
Sewage collection	5,604,589	10,009,970	-
Solid waste disposal	1,487,870	2,040,535	-
Housing authority	30,488,502	-	30,656,451
Total business-type activities	<u>64,341,503</u>	<u>47,236,493</u>	<u>30,656,451</u>
<b>Total</b>	<u><b>\$ 181,777,498</b></u>	<u><b>\$ 60,496,447</b></u>	<u><b>\$ 43,933,152</b></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

Gain (loss) on sale of capital assets

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

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

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ -	\$ (19,420,971)	\$ -	\$ (19,420,971)
186,597	(44,778,552)	-	(44,778,552)
44,784	(2,348,780)	-	(2,348,780)
3,797,952	(3,871,901)	-	(3,871,901)
109,392	(1,174,734)	-	(1,174,734)
-	(4,504,193)	-	(4,504,193)
-	(3,819,648)	-	(3,819,648)
225,583	17,018	-	17,018
1,070,524	(280,323)	-	(280,323)
-	(3,977,058)	-	(3,977,058)
-	(1,305,366)	-	(1,305,366)
<u>5,434,832</u>	<u>(85,464,508)</u>	<u>-</u>	<u>(85,464,508)</u>
-	-	8,425,446	8,425,446
-	-	4,405,381	4,405,381
-	-	552,665	552,665
-	-	167,949	167,949
<u>-</u>	<u>-</u>	<u>13,551,441</u>	<u>13,551,441</u>
<u>\$ 5,434,832</u>	<u>(85,464,508)</u>	<u>13,551,441</u>	<u>(71,913,067)</u>
	20,285,111	-	20,285,111
	35,286,424	-	35,286,424
	2,483,878	-	2,483,878
	4,953,958	-	4,953,958
	16,442,817	-	16,442,817
	74,506	-	74,506
	1,945,255	715,254	2,660,509
	297,043	168,871	465,914
	(1,001,972)	40,895	(961,077)
	<u>80,767,020</u>	<u>925,020</u>	<u>81,692,040</u>
	(4,697,488)	14,476,461	9,778,973
	<u>788,713,067</u>	<u>137,113,806</u>	<u>925,826,873</u>
<u>\$ 784,015,579</u>	<u>\$ 151,590,267</u>	<u>\$ 935,605,846</u>	

**CITY OF GARDEN GROVE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	General Fund	HOME Grant Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash investments	\$ 18,715,527	\$ 332,756	\$ 18,418,669	\$ 37,466,952
Cash and cash investments with fiscal agents	12,478	-	-	12,478
Taxes receivable	4,227,429	-	17,809	4,245,238
Accounts receivable	2,927,103	7,403	190,520	3,125,026
Interest receivable	217,990	1,303	61,118	280,411
Intergovernmental receivable	-	105,550	3,394,558	3,500,108
Intercity loans receivable	37,932,999	-	13,729,748	51,662,747
Prepaid items	13,164	-	-	13,164
Notes receivable	2,636,097	12,475,362	4,550,969	19,662,428
Allowance	(24,558,020)	-	(14,002,985)	(38,561,005)
Land held for resale	-	-	4,852,252	4,852,252
Total assets	<u>\$ 42,124,767</u>	<u>\$ 12,922,374</u>	<u>\$ 31,212,658</u>	<u>\$ 86,259,799</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 681,585	\$ -	\$ 3,790,279	\$ 4,471,864
Accrued liabilities	1,483,006	-	61,744	1,544,750
Refundable deposits	2,594,501	10,176	42,208	2,646,885
Due to other funds	-	-	1,766,686	1,766,686
Total liabilities	<u>4,759,092</u>	<u>10,176</u>	<u>5,660,917</u>	<u>10,430,185</u>
Deferred inflows of resources				
Unavailable revenue	<u>4,519,204</u>	<u>12,475,362</u>	<u>6,492,673</u>	<u>23,487,239</u>
Fund balances				
Non-Spendable				
Intercity loan	13,374,979	-	-	13,374,979
Restricted				
Police	-	-	2,813,590	2,813,590
Public right of way	-	-	3,665,220	3,665,220
Drainage	-	-	568,537	568,537
Community planning and development	-	436,836	12,257,958	12,694,794
Municipal support & services	-	-	304,304	304,304
Assigned				
Post-employment benefits	1,000,000	-	-	1,000,000
Garden Grove tourism improvement district	231,011	-	-	231,011
Property tax lawsuit	500,000	-	-	500,000
Building improvements	1,300,000	-	-	1,300,000
General plan	222,764	-	-	222,764
Unassigned	16,217,717	-	(550,541)	15,667,176
Total fund balances	<u>32,846,471</u>	<u>436,836</u>	<u>19,059,068</u>	<u>52,342,375</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 42,124,767</u>	<u>\$ 12,922,374</u>	<u>\$ 31,212,658</u>	<u>\$ 86,259,799</u>

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

**CITY OF GARDEN GROVE  
RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

---

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

Fund balances - total governmental funds (page 16)	\$ 52,342,375
Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet.	662,473,894
Certain notes, grants, and accounts receivables are not available to pay for current period expenditures, and therefore are offset by deferred inflows of resources in the governmental funds.	23,487,239
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 position. Internal service funds net position is:	73,576,053
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 position. 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>(27,863,982)</u>
Net position of governmental activities	<u><u>\$ 784,015,579</u></u>

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

**CITY OF GARDEN GROVE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	General Fund	HOME Grant Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ 77,006,861	\$ -	\$ 3,003,291	\$ 80,010,152
Licenses and permits	1,374,997	-	30,439	1,405,436
Fines, forfeits and penalties	1,943,974	-	810,865	2,754,839
Investment earnings	1,483,214	4,220	292,605	1,780,039
Charges for current services	5,578,466	-	4,688,662	10,267,128
From other agencies	184,154	81,518	12,591,085	12,856,757
Other revenues	1,671,996	35,915	283,127	1,991,038
Total revenues	<u>89,243,662</u>	<u>121,653</u>	<u>21,700,074</u>	<u>111,065,389</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	19,741,276	-	401,653	20,142,929
Police	45,637,878	-	1,389,054	47,026,932
Traffic safety	1,300,673	-	1,804,316	3,104,989
Public right of way	3,923,526	-	1,738,220	5,661,746
Community buildings	3,086,169	-	-	3,086,169
Community services	2,770,034	-	1,792,466	4,562,500
Parks and greenbelts	1,221,611	-	797,411	2,019,022
Community planning and development	4,333,447	81,519	3,741,104	8,156,070
Municipal support	6,975,861	-	239,519	7,215,380
Capital outlay:				
Fire	-	-	29,467	29,467
Police	9,584	-	65,608	75,192
Traffic safety	-	-	25,493	25,493
Public right of way	277,846	-	13,183,086	13,460,932
Drainage	-	-	38,690	38,690
Community buildings	-	-	37,990	37,990
Community services	-	-	-	-
Parks and greenbelts	-	-	89,810	89,810
Community planning and development	1,198,245	-	-	1,198,245
Municipal support	-	-	-	-
Debt service:				
Principal retirement	1,055,553	-	980,000	2,035,553
Interest and other charges	1,114,663	-	165,326	1,279,989
Total expenditures	<u>92,646,366</u>	<u>81,519</u>	<u>26,519,213</u>	<u>119,247,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,402,704)</u>	<u>40,134</u>	<u>(4,819,139)</u>	<u>(8,181,709)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,855,770	-	376,106	3,231,876
Transfers out	(376,106)	-	(805,770)	(1,181,876)
Proceeds from sale of capital assets	1,307,264	-	-	1,307,264
Total other financing sources (uses)	<u>3,786,928</u>	<u>-</u>	<u>(429,664)</u>	<u>3,357,264</u>
Net change in fund balances	384,224	40,134	(5,248,803)	(4,824,445)
Fund balances, beginning of year	<u>32,462,247</u>	<u>396,702</u>	<u>24,307,871</u>	<u>57,166,820</u>
Fund balances, end of year	<u>\$ 32,846,471</u>	<u>\$ 436,836</u>	<u>\$ 19,059,068</u>	<u>\$ 52,342,375</u>

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



**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, 2014**

---

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

Net change in fund balances - total governmental funds (page 18)	\$ (4,824,445)
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 expenses exceeded capital outlays in the current period.	(628,331)
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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,176,746
Some revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,407,895
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 expenses of these internal service funds are reported with governmental activities.	<u>(4,829,353)</u>
Change in net position of governmental activities	<u><u>\$ (4,697,488)</u></u>

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

**CITY OF GARDEN GROVE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water Utility</b>	<b>Sewage Collection</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash investments	\$ 25,642,032	\$ 25,698,811
Cash and cash investments with fiscal agents	1,999,467	1,467,250
Taxes receivable	-	29,971
Accounts receivable	6,008,886	1,246,306
Interest receivable	86,748	91,973
Due from other funds	-	-
Intercity loans receivable	750,000	-
Allowance	(750,000)	-
Inventory	-	-
Prepaid items	-	-
Total current assets	<u>33,737,133</u>	<u>28,534,311</u>
Noncurrent assets:		
Deposits	15,000	-
Notes receivable	-	9,011
Prepaid bond insurance costs	36,860	72,746
Capital assets:		
Land	1,471,805	1,092,945
Construction in progress	21,955,289	9,929,885
Depreciable capital assets, net	<u>58,145,270</u>	<u>56,390,187</u>
Total noncurrent assets	<u>81,624,224</u>	<u>67,494,774</u>
Total assets	<u>115,361,357</u>	<u>96,029,085</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts from the refunding of debt	<u>208,767</u>	-
Total Deferred Outflows	<u>208,767</u>	<u>-</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	5,533,035	1,519,083
Accrued liabilities	124,939	53,074
Refundable deposits	497,616	8,383
Interest payable	52,322	38,664
Current portion		
of long-term obligations		
Capital leases	-	-
Accrued compensated absences	-	-
Claims payable	-	-
Long-term debt	<u>1,430,000</u>	<u>535,000</u>
Total current liabilities	<u>7,637,912</u>	<u>2,154,204</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>23,952,944</u>	<u>19,234,567</u>
Total noncurrent liabilities	<u>37,327,922</u>	<u>19,234,567</u>
Total liabilities	<u>44,965,834</u>	<u>21,388,771</u>
<b>NET POSITION</b>		
Net Investment in capital assets	58,188,887	49,110,700
Unrestricted	<u>12,415,403</u>	<u>25,529,614</u>
Total net position	<u>\$ 70,604,290</u>	<u>\$ 74,640,314</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund:  
Net position 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	Total	
\$ 3,279,977	\$ 472,192	\$ 55,093,012	\$ 104,738,712
-	-	3,466,717	-
49,009	-	78,980	-
722,462	4,438	7,982,092	144,166
11,357	1,066	191,144	101,673
-	-	-	1,766,686
-	-	750,000	-
-	-	(750,000)	-
-	-	-	693,982
-	-	-	5,722
<u>4,062,805</u>	<u>477,696</u>	<u>66,811,945</u>	<u>107,450,941</u>
-	-	15,000	32,100
-	-	9,011	-
-	-	109,606	-
-	-	2,564,750	-
-	-	31,885,174	-
-	-	114,535,457	5,657,616
-	-	149,118,998	5,689,716
<u>4,062,805</u>	<u>477,696</u>	<u>215,930,943</u>	<u>113,140,657</u>
-	-	208,767	-
-	-	208,767	-
59,347	90,601	7,202,066	2,935,620
8,488	-	186,501	221,143
-	157,794	663,793	1,520
-	-	90,986	116
-	-	-	83,220
-	-	-	6,680,321
-	-	-	3,262,635
-	-	1,965,000	-
<u>67,835</u>	<u>248,395</u>	<u>10,108,346</u>	<u>13,184,575</u>
-	-	13,374,978	-
-	-	-	149,192
-	-	-	1,670,080
-	-	-	22,439,365
-	-	43,187,511	-
-	-	56,562,489	24,258,637
<u>67,835</u>	<u>248,395</u>	<u>66,670,835</u>	<u>37,443,212</u>
-	-	107,299,587	5,425,204
3,994,970	229,301	42,169,288	70,272,241
<u>\$ 3,994,970</u>	<u>\$ 229,301</u>	<u>149,468,875</u>	<u>\$ 75,697,445</u>
		2,121,392	
		<u>\$ 151,590,267</u>	

**CITY OF GARDEN GROVE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water Utility</b>	<b>Sewage Collection</b>
<b>Operating revenues:</b>		
Charges for services	\$ -	\$ -
Water sales	35,066,732	-
Section 8 grant revenue	-	-
Solid waste disposal fees	-	-
Property assessments	-	2,269,292
Sewer user fees	-	7,723,261
Other	119,256	17,417
Total operating revenues	<u>35,185,988</u>	<u>10,009,970</u>
<b>Operating expenses:</b>		
Salaries and wages	4,296,421	1,920,697
Employee benefits	-	-
Contractual services	4,269,782	1,201,769
Liability claims	-	-
Materials and supplies	536,933	141,945
Water production expenses	13,773,119	-
Housing assistance payment	-	-
Depreciation and amortization	2,369,593	1,468,192
Total operating expenses	<u>25,245,848</u>	<u>4,732,603</u>
Operating income (loss)	<u>9,940,140</u>	<u>5,277,367</u>
<b>Nonoperating revenues (expenses):</b>		
Investment income	325,663	351,423
Gain on disposal of assets	40,895	-
Other nonoperating revenues (expenses)	168,871	-
Interest expense	(1,813,627)	(947,683)
Total nonoperating revenues (expenses)	<u>(1,278,198)</u>	<u>(596,260)</u>
Income (loss) before transfers	8,661,942	4,681,107
Transfers out	-	-
Change in net position	8,661,942	4,681,107
<b>Total net position, beginning of year</b>	<u>61,942,348</u>	<u>69,959,207</u>
<b>Total net position, end of year</b>	<u>\$ 70,604,290</u>	<u>\$ 74,640,314</u>

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

Change in net position 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	Total	
\$ -	\$ -	\$ -	\$ 48,180,002
-	-	35,066,732	-
-	30,611,115	30,611,115	-
1,726,247	-	1,726,247	-
314,288	-	2,583,580	-
-	-	7,723,261	-
-	45,336	182,009	12,605
<u>2,040,535</u>	<u>30,656,451</u>	<u>77,892,944</u>	<u>48,192,607</u>
454,701	2,141,067	8,812,886	13,329,872
-	-	-	23,200,012
1,030,590	82,842	6,584,983	2,573,977
-	-	-	8,571,421
2,029	27,930	708,837	2,290,933
-	-	13,773,119	-
-	28,236,663	28,236,663	-
550	-	3,838,335	1,043,794
<u>1,487,870</u>	<u>30,488,502</u>	<u>61,954,823</u>	<u>51,010,009</u>
<u>552,665</u>	<u>167,949</u>	<u>15,938,121</u>	<u>(2,817,402)</u>
36,580	1,588	715,254	452,729
-	-	40,895	1,864
-	-	168,871	-
-	-	(2,761,310)	(41,914)
<u>36,580</u>	<u>1,588</u>	<u>(1,836,290)</u>	<u>412,679</u>
589,245	169,537	14,101,831	(2,404,723)
-	-	-	(2,050,000)
589,245	169,537	14,101,831	(4,454,723)
<u>3,405,725</u>	<u>59,764</u>		<u>80,152,168</u>
<u>\$ 3,994,970</u>	<u>\$ 229,301</u>		<u>\$ 75,697,445</u>
		<u>374,630</u>	
		<u>\$ 14,476,461</u>	

**CITY OF GARDEN GROVE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water Utility</b>	<b>Sewage Collection</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 35,577,726	\$ 10,026,044
Payments to suppliers	(17,767,027)	(128,544)
Payments to employees	(4,739,846)	(2,140,062)
Payments for employee benefits	-	-
Receipts from user departments	-	-
Net cash provided (used) by operating activities	<u>13,070,853</u>	<u>7,757,438</u>
<b>CASH FLOWS FROM (TO) NONCAPITAL FINANCING ACTIVITIES</b>		
Operating subsidies and transfers to other funds	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(7,241,122)	(5,506,439)
Proceeds from disposal of capital assets	40,895	-
Principal paid on capital debt	(1,375,000)	(515,000)
Interest paid on capital debt	(1,716,497)	(948,541)
Net cash provided (used) by capital and related financing activities	<u>(10,291,724)</u>	<u>(6,969,980)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earnings	<u>312,266</u>	<u>350,466</u>
Net cash provided by investing activities	<u>312,266</u>	<u>350,466</u>
Net increase (decrease) in cash and cash equivalents	3,091,395	1,137,924
Cash and cash equivalents, beginning of year	<u>24,550,104</u>	<u>26,028,137</u>
Cash and cash equivalents, end of year	<u>\$ 27,641,499</u>	<u>\$ 27,166,061</u>

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

<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
<b>Solid Waste Disposal</b>	<b>Housing Authority</b>	<b>Total</b>	
\$ 1,956,320	\$ 30,662,392	\$ 78,222,482	\$ -
(1,041,672)	(28,360,665)	(47,297,908)	(8,069,799)
(458,899)	(2,141,067)	(9,479,874)	(12,660,887)
-	-	-	(23,200,012)
-	-	-	48,209,709
<u>455,749</u>	<u>160,660</u>	<u>21,444,700</u>	<u>4,279,011</u>
-	-	-	(1,725,714)
-	-	-	(1,725,714)
-	-	(12,747,561)	(596,522)
-	-	40,895	5,251
-	-	(1,890,000)	(167,572)
-	-	(2,665,038)	(41,798)
-	-	(17,261,704)	(800,641)
35,247	2,240	700,219	501,800
<u>35,247</u>	<u>2,240</u>	<u>700,219</u>	<u>501,800</u>
490,996	162,900	4,883,215	2,254,456
<u>2,788,981</u>	<u>309,292</u>	<u>53,676,514</u>	<u>102,484,256</u>
<u>\$ 3,279,977</u>	<u>\$ 472,192</u>	<u>\$ 58,559,729</u>	<u>\$ 104,738,712</u>

*CONTINUED*

**CITY OF GARDEN GROVE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water Utility</b>	<b>Sewage Collection</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	<u>\$ 9,940,140</u>	<u>\$ 5,277,367</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense	2,369,593	1,468,192
Decrease (increase) in taxes receivable	-	5,247
Decrease (increase) in accounts receivable	391,738	10,250
Decrease (increase) in notes receivable	-	577
Decrease (increase) in inventory	-	-
Decrease (increase) in prepaid expenses	-	-
Increase (decrease) in accounts payable	810,160	1,215,170
Increase (decrease) in accrued compensated absences	-	-
Increase (decrease) in accrued liabilities	(443,425)	(219,365)
Increase (decrease) in refundable deposits	2,647	-
Increase (decrease) in claims payable	-	-
Total adjustments	<u>3,130,713</u>	<u>2,480,071</u>
Net cash provided by operating activities	<u>\$ 13,070,853</u>	<u>\$ 7,757,438</u>

There were no noncash investing, capital, or financing activities for the year ended June 30, 2014.

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



<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities- Internal Service Funds</b>
<b>Solid Waste Disposal</b>	<b>Housing Authority</b>	<b>Total</b>	
\$ 552,665	\$ 167,949	\$ 15,938,121	\$ (2,817,402)
550	-	3,838,335	1,043,794
3,935	-	9,182	-
(88,150)	5,941	319,779	29,918
-	-	577	-
-	-	-	(107,700)
-	-	-	5,722
(9,053)	89,011	2,105,288	1,328,694
-	-	-	516,161
(4,198)	-	(666,988)	152,824
-	(102,241)	(99,594)	-
-	-	-	4,127,000
(96,916)	(7,289)	5,506,579	7,096,413
<u>\$ 455,749</u>	<u>\$ 160,660</u>	<u>\$ 21,444,700</u>	<u>\$ 4,279,011</u>

**CITY OF GARDEN GROVE  
STATEMENT OF FIDUCIARY NET POSITION  
CITY OF GARDEN GROVE AS SUCCESSOR AGENCY  
TO THE GARDEN GROVE REDEVELOPMENT AGENCY  
PRIVATE PURPOSE TRUST FUND  
JUNE 30, 2014**

**ASSETS**

Current Assets:

Cash and cash investments	\$ 10,203,165
Cash and cash investments with fiscal agents	4,772,054
Accounts receivable	284,356
Interest receivable	451
Total current assets	15,260,026

Noncurrent assets:

Notes receivable	1,363,755
Prepaid bond insurance costs	490,399
Capital assets:	
Land	61,057,786
Depreciable capital assets, net	180,000
Total noncurrent assets	63,091,940

Total assets	78,351,966
--------------	------------

**LIABILITIES**

Current Liabilities:

Accounts payable	393,750
Accrued liabilities	12,703
Refundable deposits	726,990
Interest payable	572,206
Current portion	
of long-term obligations	6,327,180
Total current liabilities	8,032,829

Noncurrent liabilities:

Noncurrent portion of long-term obligations:	
Long-term debt	62,601,471
Total noncurrent liabilities	62,601,471

Total liabilities	70,634,300
-------------------	------------

**NET POSITION**

Held in trust for other purposes	\$ 7,717,666
----------------------------------	--------------

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

**CITY OF GARDEN GROVE  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CITY OF GARDEN GROVE AS SUCCESSOR AGENCY  
TO THE GARDEN GROVE REDEVELOPMENT AGENCY  
PRIVATE PURPOSE TRUST FUND  
JUNE 30, 2014**

<b>ADDITIONS</b>	
Taxes	\$ 20,205,156
Investment earnings	14,913
Other revenues	683,384
Total additions	20,903,453
 <b>DEDUCTIONS</b>	
Program expenses	13,173,713
Administrative expenses	525,566
Interest and fiscal agency expenses	2,596,561
Loss on asset disposal	14,958,894
Total deductions	31,254,734
 <b>CHANGE IN NET POSITION</b>	 (10,351,281)
 <b>NET POSITION, BEGINNING OF YEAR</b>	 18,068,947
 <b>NET POSITION, END OF YEAR</b>	 \$ 7,717,666

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

*This page is intentionally blank.*

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2014**

---

**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 Successor Agency to the Garden Grove Agency for Community Development (Successor Agency) was created on February 1, 2012 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.18 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).

- b. 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.
- c. 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

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

---

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.

- d. 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. The Authority's financial data and transactions are included within enterprise funds. The Authority is administered by the Board who are the members of the City Council and the Mayor. Council members approve the Authority budget and the City provides staffing.

Separate reports are not issued for the 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.

**2. Government-wide and fund financial statements**

The government-wide financial statements (i.e. the statement of net position 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.

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 unearned revenues.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

---

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.

***HOME Grant special revenue fund***

The HOME Grant special revenue 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.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

---

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.

***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.

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 position or fund balance**

***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.



**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2014**

---

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

Intercity loans 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 12, 2013	7% - 10%
December 3, 2013	5% - 10%
December 17, 2013	30% - 35%
January 14, 2014	1% - 5%
March 11, 2014	5% - 7%
April 24, 2014	30% - 35%
May 20, 2014	1% - 5%
July 15, 2014	1% - 2% (Collections through June 30)

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

---

***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, 2014 and is located in the Housing Successor Agency Capital Projects Fund.

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.

***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 \$820,799.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

---

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. *Deferred outflows/inflows of resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position and proprietary funds' statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position or balance sheet of governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from notes, accounts, and grant receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**g. *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 (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

***h. 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 position. Bond premiums and discounts, as well as prepaid insurance costs related to bond issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Prepaid insurance costs related to bond issuance costs are reported as prepaid insurance costs and amortized over the term of the related debt.

***i. 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.

**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 position**

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

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 Position* excluding internal service fund capital assets are as follows:

Capital assets	\$ 944,374,859
Accumulated depreciation	<u>(281,900,965)</u>
	<u>\$ 662,473,894</u>

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

Note receivables not available to pay for current period expenditures	\$ 19,389,191
Grant and accounts receivables not available to pay for current period expenditures	<u>4,098,048</u>
	<u>\$ 23,487,239</u>

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 position-beginning of year	\$ 80,152,168
Change in net position	<u>(4,454,723)</u>
Internal service funds net position - end of year	75,697,445
Less allocation to enterprise funds	<u>(2,121,392)</u>
Adjustment to statement of net position - Governmental	<u>\$ 73,576,053</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

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 \$27,863,982 adjustment are as follows:

Certificates of participation	\$	17,830,000
Agreements payable		5,276,878
Capital lease		585,106
Interest payable		377,969
Postemployment benefit obligation		3,966,206
Prepaid issuance costs		(172,177)
	\$	<u>27,863,982</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 position 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 expenditures capitalized, net of loss on disposal of capital assets	\$	12,646,583
Current year governmental depreciation		(13,274,914)
	\$	<u>(628,331)</u>

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 position. The details of this adjustment are as follows:

Debt principal repayments:		
Certificates of participation	\$	580,000
Agreements payable		1,068,735
Capital lease payable		386,818
Amortization of issuance costs		(9,565)
Change in interest payable		1,786,112
Change in postemployment benefit obligation		(635,354)
Total long term debt adjustment	\$	<u>3,176,746</u>

Some revenues in statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements.

Revenue from other agencies	\$	<u>2,407,895</u>
	\$	<u>2,407,895</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.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

Internal service funds change in net position	\$ (4,454,723)
Less change in net position allocated to enterprise funds	<u>(374,630)</u>
Adjustment to statement of activities - Governmental	<u><u>\$ (4,829,353)</u></u>

**C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**1. Budgetary information**

Under Article XIII B 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, 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 by program.

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.

**2. Deficit fund equity**

The following fund had a deficit at June 30, 2014:

<u>Fund</u>	<u>Type of Fund</u>	<u>Deficit Fund Equity</u>
Street Rehabilitation	Special Revenue	\$ 550,541

The deficit in the Street Rehabilitation special revenue fund is expected to be eliminated with future revenues and transfers.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

---

**D. DETAILED NOTES ON ALL FUNDS**

**1. Cash and investments**

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position:

City of Garden Grove:	
Cash and investments	\$ 197,298,676
Cash and investments with fiscal agent	<u>3,479,195</u>
	200,777,871
Successor Agency (Private Purpose Trust Fund):	
Cash and investments	10,203,165
Cash and investments with fiscal agent	<u>4,772,054</u>
	14,975,219
Total cash and investments	<u><u>\$ 215,753,090</u></u>

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 43,730
Deposits with financial institutions	1,858,643
Investments	<u>213,850,717</u>
Total cash and investments	<u><u>\$ 215,753,090</u></u>

**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.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

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 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.



**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

Authorized Investment Type	Amount	Weighted Average Maturity (in years)
U.S. Treasury	\$ 55,541,310	2.01
U.S. Agency Securities		
FHLB	33,971,502	2.14
FFCB	33,692,755	1.80
FNMA	34,419,772	2.56
Local Agency Investment Fund (LAIF)	47,974,120	0.50
Held by fiscal agent:		
Investments Contracts	2,770,500	0.50
Money Market Funds	5,480,758	0.50
<b>Total</b>	<b>\$ 213,850,717</b>	

**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	\$ 55,541,310	N/A	\$ 55,541,310	\$ -	\$ -
U.S. Agency Securities					
FHLB	33,971,502	N/A	-	33,971,502	-
FFCB	33,692,755	N/A	-	33,692,755	-
FNMA	34,419,772	N/A	-	34,419,772	-
Local Agency Investment Fund	47,974,120	N/A	-	-	47,974,120
Held by fiscal agent:					
Investment Contracts	2,770,500	N/A	-	-	2,770,500
Money Market Funds	5,480,758	AAA	-	5,480,758	-
<b>Total</b>	<b>\$ 213,850,717</b>		<b>\$ 55,541,310</b>	<b>\$ 107,564,787</b>	<b>\$ 50,744,620</b>

**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:

Issuer	Investment Type	Investment Type
FHLB	U.S. Agency Securities	\$ 33,971,502
FFCB	U.S. Agency Securities	33,692,755
FNMA	U.S. Agency Securities	34,419,772

**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, 2014 was \$21.1 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2014 had a balance of \$64.8 billion, of that amount, 1.86% was invested in medium-term and short-term structured notes and asset-backed securities.

**2. Intercity loans receivable/payable at June 30, 2014 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.

\$13,374,979

***b. Loan from General fund to the former redevelopment agency:***

The General fund has loaned to the former redevelopment agency 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 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

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

---

***c. Loan from the General fund to former redevelopment agency:***

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 former redevelopment agency:***

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 former redevelopment agency:***

The former redevelopment agency 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 Assets capital project fund to the former redevelopment agency:***

The former redevelopment agency has five loans from the Low Income Housing Assets 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 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

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

establishment except for 2009-10 and 2010-11 loans which are due on May 10, 2015 and June 30, 2016, respectively. The former redevelopment agency has one additional loan of \$100,000 from the Low Income Housing Assets 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** 52,412,747

Less: Allowance (39,037,768)

**TOTAL INTERCITY LOANS RECEIVABLE, NET** \$13,374,979

**3. Interfund receivables , payables, and transfers**

**a. The composition of interfund receivable/payable balances as of June 30, 2014 is as follows:**

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Nonmajor governmental funds	\$ -	\$ 1,766,686
Internal service funds	1,766,686	-
Total	<u>\$ 1,766,686</u>	<u>\$ 1,766,686</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.

**b. The composition of interfund transfer balances for the year ended June 30, 2014 is as follows:**

	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Nonmajor governmental funds</u>	<u>Total</u>
<u>Transfers out:</u>			
General Fund	\$ -	\$ 376,106	\$ 376,106
Nonmajor governmental funds	805,770	-	805,770
Internal service funds	<u>2,050,000</u>	<u>-</u>	<u>2,050,000</u>
Total	<u>\$ 2,855,770</u>	<u>\$ 376,106</u>	<u>\$ 3,231,876</u>

Nonmajor governmental fund transfers to the General Fund of \$805,770 included a \$700,000 transfer from the Golf Course special revenue fund in accordance with budgetary policy.

Internal service funds transfers to the General fund of \$2,050,000 were generated by short-term budgetary policy changes and cost cutting measures that resulted in temporary expense reductions in the indicated internal service funds. The transfers included a \$500,000 transfer from the Workers Compensation internal service fund, a \$800,000 transfer from the Fleet Management internal service fund, and a \$750,000 transfer from the Risk Management fund.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

---

**4. Notes receivable at June 30, 2014, consisted of the following:**

***a. Neighborhood Stabilization Program (NSP) Loan - Other nonmajor governmental funds:***

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 unearned revenue in other governmental funds. Revenue will be recognized when received.

948,638

***b. Rental rehabilitation - Other nonmajor governmental funds:***

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 unearned revenue in the governmental funds. Revenue will be recognized when received.

2,786,967

***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 unearned revenue in other governmental funds. Revenue will be recognized when received.

13,290,727

***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 unearned revenue in the General fund. Revenue will be recognized when received.

2,636,097

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

---

*e. Private Sewer Lateral Loan Agreement – Sewer fund:*

The Garden Grove Sanitary District has entered into a Private Sewer Lateral Loan Agreement with The Helen Brooks Montgomery Revocable Trust on October 1, 2012. The loan is due and payable at the simple annual interest rate of 2.24%. Monthly payments in the amount of \$65.47 are required. Loan principal is amortized over the 15-year life and the principal portion of monthly payment reduces the loan payable.

	<u>9,011</u>
<b>TOTAL NOTES RECEIVABLE</b>	19,671,440
Less: Allowance	<u>(273,237)</u>
<b>TOTAL NOTES RECEIVABLE, NET</b>	<u>\$19,398,203</u>

**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, 2014 is \$4,852,252.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

**6. Capital assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 420,893,665	\$ 1,198,244	\$ (2,309,233)	\$ 419,782,676
Construction in progress	7,864,941	13,653,015	(16,531,217)	4,986,739
Total capital assets, not being depreciated	428,758,606	14,851,259	(18,840,450)	424,769,415
Capital assets, being depreciated:				
Infrastructure				
Street system	369,064,507	16,403,417	-	385,467,924
Storm drain assets	71,659,795	-	-	71,659,795
Buildings and park assets	50,542,884	127,800	-	50,670,684
Furniture and equipment	31,018,125	753,234	(963,941)	30,807,418
Total capital assets, being depreciated	522,285,311	17,284,451	(963,941)	538,605,821
Less accumulated depreciated for:				
Infrastructure				
Street system	(195,018,214)	(9,639,932)	-	(204,658,146)
Storm drain assets	(40,915,171)	(1,422,720)	-	(42,337,891)
Buildings and park assets	(22,790,413)	(1,606,586)	-	(24,396,999)
Furniture and equipment	(23,109,619)	(1,649,470)	908,399	(23,850,690)
Total accumulated depreciation	(281,833,417)	(14,318,708)	908,399	(295,243,726)
Total capital assets, being depreciated, net	240,451,894	2,965,743	(55,542)	243,362,095
Governmental activities capital assets, net	\$ 669,210,500	\$ 17,817,002	\$ (18,895,992)	\$ 668,131,510
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 2,564,750	\$ -	\$ -	\$ 2,564,750
Construction in progress	19,822,527	12,657,799	(595,152)	31,885,174
Total capital assets, not being depreciated	22,387,277	12,657,799	(595,152)	34,449,924
Capital assets, being depreciated:				
Buildings and structures	15,000	-	-	15,000
Water system	106,073,639	534,041	(14,768)	106,592,912
Sewer system	101,487,881	61,112	(127,359)	101,421,634
Machinery and equipment	412,961	89,761	-	502,722
Total capital assets, being depreciated:	207,989,481	684,914	(142,127)	208,532,268
Less accumulated depreciated for:				
Buildings and structures	-	-	-	-
Water system	(46,118,772)	(2,407,502)	14,768	(48,511,506)
Sewer system	(43,779,638)	(1,475,539)	127,359	(45,127,818)
Machinery and equipment	(346,538)	(10,949)	-	(357,487)
Total accumulated depreciation	(90,244,948)	(3,893,990)	142,127	(93,996,811)
Total capital assets, being depreciated, net	117,744,533	(3,209,076)	-	114,535,457
Business-type activities capital assets, net	\$ 140,131,810	\$ 9,448,723	\$ (595,152)	\$ 148,985,381
<b>Private-purpose trust fund</b>				
Land	\$ 76,016,680	\$ -	\$ (14,958,894)	\$ 61,057,786
Capital assets, being depreciated:				
Buildings and structures	400,000	-	-	400,000
Machinery and equipment	6,609	-	-	6,609
Total capital assets, being depreciated:	406,609	-	-	406,609
Less accumulated depreciated for:				
Buildings and structures	(200,000)	(20,000)	-	(220,000)
Machinery and equipment	(6,609)	-	-	(6,609)
Total accumulated depreciation	(206,609)	(20,000)	-	(226,609)
Total capital assets, being depreciated, net	200,000	(20,000)	-	180,000
Private-purpose trust fund capital assets, net	\$ 76,216,680	\$ (20,000)	\$ (14,958,894)	\$ 61,237,786

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

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

	Governmental Activities	Business-type Activities	Successor Agency Activities
Traffic safety	\$ 605,676	\$ -	\$ -
Right of way	9,639,932	-	-
Drainage	1,422,720	-	-
Community buildings	1,606,586	-	20,000
Water	-	2,413,825	-
Sewage collection	-	1,479,615	-
Solid waste disposal	-	550	-
Housing Authority	-	-	-
Internal service fund	1,043,794	-	-
<b>Total</b>	<b>\$ 14,318,708</b>	<b>\$ 3,893,990</b>	<b>\$ 20,000</b>

**7. Long-Term Debt**

*a. Following is a summary of long-term debt transactions for the City for the year ended June 30, 2014.*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Certificates of participation	\$ 18,410,000	\$ -	\$ (580,000)	\$ 17,830,000	\$ 620,000
Agreements payable	6,345,613	-	(1,068,734)	5,276,879	1,147,966
Capital lease payable	1,371,910	-	(554,393)	817,517	252,409
Governmental activities long-term debt	26,127,523	-	(2,203,127)	23,924,396	2,020,375
Other non-current liabilities:					
Claims payable	21,575,000	8,571,421	(4,444,421)	25,702,000	3,262,635
Compensated absences	7,834,240	7,415,540	(6,899,379)	8,350,401	6,680,321
OPEB liabilities	3,330,851	981,172	(345,817)	3,966,206	-
Governmental activities long-term liabilities	<b>\$ 58,867,614</b>	<b>\$ 16,968,133</b>	<b>\$ (13,892,744)</b>	<b>\$ 61,943,003</b>	<b>\$ 11,963,331</b>
<u>Business-type activities</u>					
Water revenue COP	\$ 10,870,000	\$ -	\$ (800,000)	\$ 10,070,000	\$ 830,000
Add: premium	116,203	-	(10,564)	105,639	-
Water revenue bonds	15,200,000	-	(575,000)	14,625,000	600,000
Add: premium/discount	640,535	-	(58,229)	582,306	-
Sewer revenue COP	19,975,000	-	(515,000)	19,460,000	535,000
Add: premium	323,745	-	(14,179)	309,566	-
Business-type activities long- term liabilities	<b>\$ 47,125,483</b>	<b>\$ -</b>	<b>\$ (1,972,972)</b>	<b>\$ 45,152,511</b>	<b>\$ 1,965,000</b>
<u>Private-purpose trust fund</u>					
Tax allocation bonds	\$ 44,450,000	\$ -	\$ (2,105,000)	\$ 42,345,000	\$ 2,195,000
Unamortized premium	838,312	-	(49,313)	788,999	-
2008 Subordinate Note	1,755,000	-	(75,000)	1,680,000	80,000
Agreements payable	28,742,595	-	(4,627,943)	24,114,652	4,052,180
Private-purpose trust fund long-term liabilities	<b>\$ 75,785,907</b>	<b>\$ -</b>	<b>\$ (6,857,256)</b>	<b>\$ 68,928,651</b>	<b>\$ 6,327,180</b>



**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

---

**b. Governmental long-term debt at June 30, 2014 consisted of the following:**

**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, 2014.

17,830,000

**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 \$4,744,205. Pledged revenue recognized during the year was \$1.2 million against the total debt service payment of \$1.2 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.

3,370,000

\$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.

197,754

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.

1,709,125

***Total agreements payable***

\$5,276,879

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

**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. 79,891

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. 495,564

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. 6,397

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. 9,650

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. 226,015

**Total capital leases payable** \$817,517

**TOTAL GOVERNMENTAL LONG TERM DEBT** \$23,924,396

**c. Proprietary long-term debt at June 30, 2014 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 reported as deferred outflows of resources 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, 2014. \$10,070,000

Unamortized bond premium 105,639

**Total 2004 Revenue certificates of participation** \$10,175,639

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

**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, 2014 total interest and principal remaining on the certificates is \$12,664,681. Revenue recognized during the year was \$35.72 million against debt service payments of \$1,284,462. 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:

Operating revenues	\$ 35,185,988
Non-operating revenues	535,429
Gross revenue	<u>35,721,417</u>
Less: Expenses (excluding depreciation, amortization, interest and fiscal charges)	<u>(22,876,255)</u>
Net revenues	<u>\$ 12,845,162</u>
Debt service requirement for next year:	
\$1,279,787 x 125%	<u>\$ 1,599,734</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 \$35.72 million against debt service payments of \$1,377,263. The remaining principal and interest requirements on the debt is \$22,752,088. 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.

	\$14,625,000
Unamortized bond premium	<u>582,306</u>
Total 2010 Revenue bonds	<u>\$15,207,306</u>

**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, 2014 total interest and principal remaining on the certificates is \$32,230,552. Net revenue recognized during the

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

year was \$7.10 million against debt service payments of \$1,463,541. 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 certificates are subject to federal arbitrage regulations. No arbitrage liability is reported at June 30, 2014.

\$19,460,000

Unamortized bond premium

309,566

***Total 2006 revenue certificates of participation***

**\$19,769,566**

**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	\$ 10,009,970
Non-operating revenues	<u>351,423</u>
Gross revenue	10,361,393
Less: Expenses (excluding depreciation, amortization, interest and fiscal charges)	<u>(3,264,411)</u>
Net revenues	<u><u>\$ 7,096,982</u></u>
Debt service requirement for next year:	
\$1,462,941x 115%	<u><u>\$ 1,682,382</u></u>

**TOTAL PROPRIETARY LONG TERM DEBT**

**\$45,152,511**

**TOTAL LONG TERM DEBT**

**\$69,076,907**

- d. Private-purpose trust activity long-term debt at June 30, 2014 consisted of the following items:**

**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 former redevelopment agency's previously issued \$62,000,000 community project tax allocation bonds, Series 1993, which refunded the former redevelopment 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 former redevelopment agency. The tax allocation refunding bonds were secured and to be serviced from tax increment revenues excluding dedicated housing tax increment, through the fiscal year 2029. The remaining principal and interest requirements on the debt is \$60,539,944.

Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the bonds was transferred to the Successor Agency. Upon dissolution, former tax increment revenues are deposited into the Orange County Redevelopment Property Tax Trust Fund (RPTTF) and are distributed to Successor Agencies based on approved enforceable

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

---

obligations. The City does not believe the dissolution bill changes the pledged nature of the former tax increment and considers all deposits related to 2003 tax allocation refunding bonds to the RPTTF pledge for debt service until the full debt service obligation for the fiscal year is reached. Pledged revenue recognized during the year was \$4.3 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, 2014.

\$42,345,000

Unamortized bond premium

788,999

***Total Tax allocation refunding bonds issue of 2003***

**\$43,133,999**

**Subordinate Note:**

On June 1, 2008, the former redevelopment 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.

\$1,680,000

**Agreements payable:**

\$829,159 real property purchase. On March 13, 2002 the former redevelopment 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.

\$447,985

On June 2, 2008, the former redevelopment 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.

23,666,667

***Total Agreements payable***

**\$24,114,652**

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

*e. The scheduled annual requirements to amortize all governmental long-term debt outstanding as of June 30, 2014, including interest payments, are as follows.*

Year Ending June 30	2002 Certificates of Participation		
	Principal	Interest	Total
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	715,000	844,438	1,559,438
2019	750,000	805,112	1,555,112
2020-2024	4,425,000	3,358,138	7,783,138
2025-2029	5,770,000	2,013,919	7,783,919
2030-2032	4,230,000	440,750	4,670,750
Total	<u>\$ 17,830,000</u>	<u>\$ 10,202,990</u>	<u>\$ 28,032,990</u>

Year Ending June 30	Agreements Payable		
	Principal	Interest	Total
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	46,094	2,309	48,403
2019	23,732	470	24,202
Total	<u>\$ 5,276,879</u>	<u>\$ 486,949</u>	<u>\$ 5,763,828</u>

Year Ending June 30	Capital leases payable		
	Principal	Interest	Total
2015	\$ 252,409	\$ 30,368	\$ 282,777
2016	178,739	21,670	200,409
2017	159,633	14,102	173,735
2018	97,953	8,584	106,537
2019	102,446	4,092	106,538
2020	26,337	297	26,634
Total	<u>\$ 817,517</u>	<u>\$ 79,113</u>	<u>\$ 896,630</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

*f. The scheduled annual requirements to amortize all proprietary long-term debt outstanding as of June 30, 2014, including interest payments, are as follows.*

Year Ending June 30	2004 Water Utility Revenue Certificates of Participation		
	Principal	Interest	Total
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	940,000	339,413	1,279,413
2019	975,000	298,719	1,273,719
2020-2024	5,560,000	715,000	6,275,000
Total	<u>\$ 10,070,000</u>	<u>\$ 2,594,681</u>	<u>\$ 12,664,681</u>

Year Ending June 30	2006 Sewage Collection Revenue Certificates of Participation		
	Principal	Interest	Total
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	605,000	860,216	1,465,216
2019	630,000	834,806	1,464,806
2020-2024	3,580,000	3,742,813	7,322,813
2025-2029	4,490,000	2,834,294	7,324,294
2030-2034	5,755,000	1,573,800	7,328,800
2035-2036	2,725,000	206,000	2,931,000
Total	<u>\$ 19,460,000</u>	<u>\$ 12,770,552</u>	<u>\$ 32,230,552</u>

Year Ending June 30	2010 Water Revenue Bonds		
	Principal	Interest	Total
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	685,000	696,115	1,381,115
2019	705,000	671,740	1,376,740
2020-2024	4,040,000	2,811,805	6,851,805
2025-2029	5,030,000	1,549,922	6,579,922
2030-2031	2,290,000	147,586	2,437,586
Total	<u>\$ 14,625,000</u>	<u>\$ 8,127,088</u>	<u>\$ 22,752,088</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

*g. The scheduled annual requirements to amortize all the Successor Agency long-term debt outstanding as of June 30, 2014, including interest payments, are as follows.*

Year Ending June 30	Tax Allocation Refunding Bonds Issue of 2003		
	Principal	Interest	Total
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	2,560,000	1,755,138	4,315,138
2019	2,700,000	1,613,775	4,313,775
2020-2024	12,310,000	5,782,750	18,092,750
2025-2029	9,465,000	2,384,875	11,849,875
2030	8,375,000	628,125	9,003,125
Total	<u>\$ 42,345,000</u>	<u>\$ 18,194,944</u>	<u>\$ 60,539,944</u>

Year Ending June 30	2008 Subordinate Note		
	Principal	Interest	Total
2015	\$ 80,000	\$ 98,400	\$ 178,400
2016	85,000	93,450	178,450
2017	90,000	88,200	178,200
2018	95,000	82,650	177,650
2019	100,000	79,800	179,800
2020-2024	605,000	300,900	905,900
2025-2028	625,000	96,300	721,300
Total	<u>\$ 1,680,000</u>	<u>\$ 839,700</u>	<u>\$ 2,519,700</u>

Year Ending June 30	Agreements Payable		
	Principal	Interest	Total
2015	4,052,180	627,744	\$ 4,679,924
2016	4,395,805	513,180	4,908,985
2017	4,000,000	391,667	4,391,667
2018	4,000,000	291,667	4,291,667
2019	4,000,000	191,667	4,191,667
2020	3,666,667	91,667	3,758,334
Total	<u>\$ 24,114,652</u>	<u>\$ 2,107,592</u>	<u>\$ 26,222,244</u>

**8. 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, 2014 is \$8,350,401.

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.



**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

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 \$4,902,146 at June 30, 2014.

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. 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 28 percent of all accumulated sick leave is actually used by employees, therefore, the sick leave liability is estimated at 28 percent of the total accumulated benefit, or \$3,448,255 at June 30, 2014.

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	\$ 4,939,455	\$ 5,057,945	\$ (5,095,254)	\$ 4,902,146	\$ 3,921,717
Sick leave	2,894,785	2,357,595	(1,804,125)	3,448,255	2,758,604
	<u>\$ 7,834,240</u>	<u>\$ 7,415,540</u>	<u>\$ (6,899,379)</u>	<u>\$ 8,350,401</u>	<u>\$ 6,680,321</u>

**9. 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 the statutory limit per occurrence. This self-insurance program is accounted for in the Workers' Compensation internal service fund. There is an estimated liability of \$20,626,000 for claims outstanding including claims incurred but not reported on June 30, 2014, 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 \$30 million per occurrence with commercial insurers. Claims administration 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, 2014, in the amount of \$5,076,000 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.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014. 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, 2014 and June 30, 2013 are as follows:

<u>Workers' Compensation</u>	<b>2014</b>	<b>2013</b>
Liability, July 1	\$ 15,908,000	\$ 15,031,000
Costs and claims incurred	8,339,519	3,448,744
Claim payments	(3,621,519)	(2,571,744)
Liability, June 30	<u>\$ 20,626,000</u>	<u>\$ 15,908,000</u>
Due within one year	\$ 3,014,132	\$ 3,451,982
Due in more than one year	17,611,868	12,456,018
	<u>\$ 20,626,000</u>	<u>\$ 15,908,000</u>
<u>Risk Management</u>		
Liability, July 1	\$ 5,667,000	\$ 5,786,000
Costs and claims incurred	231,902	231,902
Claim payments	(822,902)	(350,902)
Liability, June 30	<u>\$ 5,076,000</u>	<u>\$ 5,667,000</u>
Due within one year	\$ 248,503	\$ 1,141,491
Due in more than one year	4,827,497	4,406,509
	<u>\$ 5,076,000</u>	<u>\$ 5,548,000</u>

**10. Public Employees Retirement System**

**a. 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 statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and 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.

**b. 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

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

the CalPERS Board of Administrations. The required employer contribution rate for fiscal year ended June 30, 2014 was 20.15% for miscellaneous employees and 35.80% 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.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013.

Key components of the legislation are as follows:

- Establishes PEPRA which applies to all public employers and public pension plans on and after January 1, 2013 (except specific exemptions);
- Establishes new retirement tiers/benefits for new public employees;
- Prohibits certain cash payment from being counted as compensation; and
- Increases retirement age for all new public employees.

Active plan members in the Miscellaneous Plan of the City are required to contribute 6.75% of reportable for a 2.0% at 62 retirement plan under PEPRA. Active plan members in the Safety Plan of the City are required to contribute 12.25% of reportable for a 2.7% at 57 retirement plan under PEPRA. The member rates will be reviewed once a year when the actuarial valuation of the plans are performed.

The required employer contribution rates for fiscal year ended June 30, 2014 under PEPRA are the same as the employer contribution rates for existing miscellaneous employees and public safety employees.

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>						
2013	\$ 241,817,365	\$ 171,340,680	\$ 70,476,685	70.9%	\$ 26,272,389	268.3%
<u>Safety Plan</u>						
2013	\$ 403,774,300	\$ 275,610,840	\$ 128,163,460	68.3%	\$ 25,817,694	496.4%

*The actuarial valuation for 6/30/2013 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.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

**c. Annual pension cost**

For the fiscal year ended June 30, 2014, the City of Garden Grove’s annual pension cost of \$14,454,106 for CalPERS was equal to the City’s required and actual contributions. The required contribution for fiscal year ended June 30, 2014 was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.30% to 14.20% for miscellaneous members and from 3.30% to 14.20% for safety members; and (c) 3.00% cost of living adjustment. Both (a) and (b) include an inflation component of 2.75%. The actuarial assumptions used for the funded status are the same as those used to determine the annual required contribution.

FYE	Annual Pension Cost		% of Annual Pension Cost Contribution	Net Pension Obligation
	Miscellaneous	Safety		
6/30/2012	\$ 4,773,578	\$ 8,869,317	100%	\$ -
6/30/2013	4,485,458	8,803,724	100%	-
6/30/2014	5,159,458	9,294,648	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 percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year period with Direct Rate Smoothing with a 5-year ramp up/down. 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 amortization period.

**11. Postemployment benefits**

**a. 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.

**b. 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 627 eligible active employees and 244 enrolled eligible retirees at June 30, 2014. 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.

**c. 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 \$115.00 per month for each retiree. For the year ended June 30, 2014, the City contributed \$345,817 to the plan. Plan members receiving benefits contributed \$1,818,500 (approximately 85% of total premiums) through their required contribution.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

*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.

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, 2014</u>
Annual required contribution	\$ 925,657
Interest on net OPEB obligation	166,543
Adjustment to annual required contribution	<u>(111,028)</u>
Annual OPEB cost (expense)	981,172
Contributions made	<u>(345,817)</u>
Increase in net OPEB obligation	635,355
Net OPEB Obligation, Beginning of Year	<u>3,330,851</u>
Net OPEB Obligation, End of Year	<u>\$ 3,966,206</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 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>
6/30/12	\$ 883,991	34.9%	\$ 2,717,204
6/30/13	941,164	34.8%	3,330,851
6/30/14	981,172	35.2%	3,966,206

**d. 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>
3/1/2013	\$ 10,633,859	\$ -	\$ 10,633,859	0.0%	\$ 6,528,958	162.9%

The actuarial valuation as of 3/1/2013 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.

*e. 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.

**12. 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.

**13. 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.

**14. Classification of Net Position and Fund Balances**

**a. Government-wide Financial Statements**

In the government-wide financial statements, net position is classified in the following categories:

- Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation on these assets and the outstanding principal of related debt reduce this category.
- Restricted Net Position – This category consists of restricted assets reduced by liabilities related to those assets.
- Unrestricted Net Position – This category represents the net position of the City that are not externally restricted for any project or other purpose.

Restricted resources are used first to fund appropriations.

**b. 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, 2014, 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 via an ordinance that imposed the constraint originally.
- 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.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2014**

---

**15. New Accounting Standards Implemented**

In April 2013, the GASB issued GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. GASB Statement No. 70 is effective for financial reporting periods beginning after June 15, 2013. The City implemented adoption of GASB Statement No. 70 effective June 30, 2014 and the adoption of the pronouncement did not have a material impact on the City's financial position for the year ended June 30, 2014.

**16. Low Income Housing Loan Programs**

The former Garden Grove Agency for Community Development 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, 2014 totaled \$1,192 in HOME Grant special revenue fund, \$587,532 in the Housing Successor Agency capital projects fund and \$2,669,139 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.

**17. 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.

**18. Subsequent Event**

In July 2014, the Successor Agency to the Garden Grove Agency for Community Development issued 2014 Tax Allocation Refunding Bonds \$38,810,000 for the purpose of refunding outstanding 2003 Tax Allocation Refunding Bonds. The 2014 Bonds are secured by and payable from pledged tax revenues which are deposited into the Redevelopment Property Tax Trust Fund.

The City has evaluated subsequent events and transactions for potential recognition of disclosure through December 5, 2014, the date of the Comprehensive Annual Financial Report was issued.





# **Required Supplemental Information**



**CITY OF GARDEN GROVE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
June 30, 2014**

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>						
2011	\$ 220,262,133	\$ 179,342,749	\$ 40,919,384	81.4%	\$ 25,999,452	157.4%
2012	231,098,351	186,575,813	44,522,538	80.7%	26,848,493	165.8%
2013	241,817,365	171,340,680	70,476,685	70.9%	26,272,389	268.3%
<u>Safety Plan</u>						
2011	\$ 372,523,372	\$ 290,213,239	\$ 82,310,133	77.9%	\$ 25,796,337	319.1%
2012	387,791,595	301,757,326	86,034,269	77.8%	25,780,951	333.7%
2013	403,774,300	275,610,840	128,163,460	68.3%	25,817,694	496.4%

**CITY OF GARDEN GROVE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
POSTEMPLOYMENT BENEFITS  
June 30, 2014**

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)
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%
March 1, 2013	-	10,633,859	10,633,859	0.0%	6,528,958	162.9%

**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, 2014**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 72,977,000	\$ 72,977,000	\$ 77,006,861	\$ 4,029,861
Licenses and permits	1,094,000	1,094,000	1,374,997	280,997
Fines, forfeits and penalties	2,371,000	2,371,000	1,943,974	(427,026)
Investment earnings	1,350,000	1,350,000	1,483,214	133,214
Charges for current services	5,320,984	5,320,984	5,578,466	257,482
From other agencies	260,000	260,000	184,154	(75,846)
Other revenues	1,238,000	1,238,000	1,671,996	433,996
Total revenues	<u>84,610,984</u>	<u>84,610,984</u>	<u>89,243,662</u>	<u>4,632,678</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	19,779,538	19,779,538	19,741,276	38,262
Police	44,445,005	44,445,005	45,637,878	(1,192,873)
Traffic safety	1,154,968	1,179,968	1,300,673	(120,705)
Public right of way	4,836,269	4,811,269	3,923,526	887,743
Community buildings	3,390,192	3,390,192	3,086,169	304,023
Community services	2,837,768	2,837,768	2,770,034	67,734
Parks and greenbelts	1,344,568	1,344,568	1,221,611	122,957
Community planning and development	4,685,802	4,685,802	4,333,447	352,355
Municipal support	6,677,596	6,677,596	6,975,861	(298,265)
Capital outlay:				
Fire	-	-	-	-
Police	-	-	9,584	(9,584)
Traffic safety	-	-	-	-
Public right of way	234,000	234,000	277,846	(43,846)
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	23,000	23,000	-	23,000
Parks and greenbelts	20,000	20,000	-	20,000
Community planning and development	3,000,000	3,000,000	1,198,245	1,801,755
Municipal support	-	-	-	-
Debt service:				
Principal retirement	872,381	872,381	1,055,553	(183,172)
Interest and other charges	1,021,528	1,021,528	1,114,663	(93,135)
Total expenditures	<u>94,322,615</u>	<u>94,322,615</u>	<u>92,646,366</u>	<u>1,676,249</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,711,631)</u>	<u>(9,711,631)</u>	<u>(3,402,704)</u>	<u>6,308,927</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	2,855,770	2,855,770
Transfers out	-	-	(376,106)	(376,106)
Proceeds from sale of capital assets	1,000,000	1,000,000	1,307,264	307,264
Total other financing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>3,786,928</u>	<u>2,786,928</u>
Net change in fund balance	(8,711,631)	(8,711,631)	384,224	9,095,855
Fund balance, beginning of year	<u>32,462,247</u>	<u>32,462,247</u>	<u>32,462,247</u>	<u>-</u>
Fund balance, end of year	<u>\$ 23,750,616</u>	<u>\$ 23,750,616</u>	<u>\$ 32,846,471</u>	<u>\$ 9,095,855</u>

See accompanying note to required supplementary information.

**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, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	4,220	4,220
Charges for current services	-	-	-	-
From other agencies	3,030,191	3,030,191	81,518	(2,948,673)
Other revenues	-	-	35,915	35,915
Total revenues	<u>3,030,191</u>	<u>3,030,191</u>	<u>121,653</u>	<u>(2,908,538)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	3,030,191	3,030,191	81,519	2,948,672
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>3,030,191</u>	<u>3,030,191</u>	<u>81,519</u>	<u>2,948,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>40,134</u>	<u>40,134</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	40,134	40,134
Fund balance, beginning of year	<u>396,702</u>	<u>396,702</u>	<u>396,702</u>	<u>-</u>
Fund balance, end of year	<u>\$ 396,702</u>	<u>\$ 396,702</u>	<u>\$ 436,836</u>	<u>\$ 40,134</u>

See accompanying note to required supplementary information.

**CITY OF GARDEN GROVE**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2014**

---

Under Article XIII B 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, 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 by program.

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 an amendments to total appropriations which may be required during the year. Revenues are budgeted by source, and expenditures are budgeted by program.

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.

*This page is intentionally blank*





# **Other Supplemental Information**



## 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.

### ***Park Maintenance***

The purpose of this fund is to provide an accounting for the maintenance of parks 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.

### ***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.

## **SPECIAL REVENUE FUNDS (continued)**

### ***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.

### ***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.

## **CAPITAL PROJECTS FUND**

### ***Housing Successor Agency 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.

*This page is intentionally blank*

**CITY OF GARDEN GROVE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<b>Special Revenue Funds</b>			
	<b>Public Safety</b>	<b>State Gas Tax</b>	<b>Golf Course</b>	<b>Self Supporting Revenue</b>
<b>ASSETS</b>				
Cash and investments	\$ 2,621,058	\$ 3,432,711	\$ 445,673	\$ 79,457
Taxes receivable	-	-	-	-
Accounts receivable	122,085	-	1,879	1,506
Interest receivable	6,804	16,211	-	-
Intergovernmental receivable	-	-	-	-
Intercity loan receivable	-	-	-	-
Notes receivable	-	-	-	-
Allowance	-	-	-	-
Land held for resale	-	-	-	-
Total assets	<u>\$ 2,749,947</u>	<u>\$ 3,448,922</u>	<u>\$ 447,552</u>	<u>\$ 80,963</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 125,657	\$ 623,699	\$ -	\$ 16,995
Other accrued liabilities	5,859	22,657	-	21,760
Refundable deposits	-	-	-	42,208
Due to other funds	-	-	-	-
Total liabilities	<u>131,516</u>	<u>646,356</u>	<u>-</u>	<u>80,963</u>
Deferred Inflows of Resources:				
Unavailable Revenue	<u>-</u>	<u>-</u>	<u>538</u>	<u>-</u>
Fund balances:				
Restricted				
Police	2,618,431	-	-	-
Public Right of Way	-	2,802,566	-	-
Drainage	-	-	-	-
Community planning and development	-	-	447,014	-
Municipal Support & Services	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>2,618,431</u>	<u>2,802,566</u>	<u>447,014</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,749,947</u>	<u>\$ 3,448,922</u>	<u>\$ 447,552</u>	<u>\$ 80,963</u>

**Special Revenue Funds**

<b>Developer Fees</b>	<b>Garden Grove Cable</b>	<b>Street Lighting</b>	<b>Park Maintenance</b>	<b>Main Street District</b>	<b>Air Quality Improvement</b>
\$ 7,144,109	\$ 1,959	\$ 134,793	\$ 5,915	\$ 178,013	\$ 190,289
-	-	11,099	5,714	996	-
-	-	2,988	-	-	4,316
24,878	-	-	-	624	419
-	-	-	-	-	110,993
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 7,168,987</b>	<b>\$ 1,959</b>	<b>\$ 148,880</b>	<b>\$ 11,629</b>	<b>\$ 179,633</b>	<b>\$ 306,017</b>
\$ 722	\$ 98	\$ 126,805	\$ 10,967	\$ 120	\$ 1,713
-	1,861	1,156	507	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>722</b>	<b>1,959</b>	<b>127,961</b>	<b>11,474</b>	<b>120</b>	<b>1,713</b>
-	-	-	-	-	-
-	-	-	-	-	-
136,058	-	20,919	-	179,513	-
568,537	-	-	-	-	-
6,463,670	-	-	155	-	-
-	-	-	-	-	304,304
-	-	-	-	-	-
<b>7,168,265</b>	<b>-</b>	<b>20,919</b>	<b>155</b>	<b>179,513</b>	<b>304,304</b>
<b>\$ 7,168,987</b>	<b>\$ 1,959</b>	<b>\$ 148,880</b>	<b>\$ 11,629</b>	<b>\$ 179,633</b>	<b>\$ 306,017</b>

**CITY OF GARDEN GROVE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (Continued)  
JUNE 30, 2014**

	<b>Special Revenue Funds</b>		
	<b>GG Tourism Improvement District</b>	<b>Other Grants and Contributions</b>	<b>Street Rehabilitation</b>
<b>ASSETS</b>			
Cash and investments	\$ 670,057	\$ 1,568,084	\$ 1,649,934
Taxes receivable	-	-	-
Accounts receivable	-	41,483	-
Interest receivable	2,295	887	8,070
Intergovernmental receivable	-	1,148,798	2,134,767
Intercity loan receivable	-	-	-
Notes receivable	-	1,764,002	-
Allowance for note receivable	-	-	-
Land held for resale	-	-	-
Total assets	<u>\$ 672,352</u>	<u>\$ 4,523,254</u>	<u>\$ 3,792,771</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 670,058	\$ 166,652	\$ 2,046,727
Other accrued liabilities	-	5,322	2,622
Refundable deposits	-	-	-
Due to other funds	-	955,972	810,714
Total liabilities	<u>670,058</u>	<u>1,127,946</u>	<u>2,860,063</u>
Deferred Inflows of Resources:			
Unavailable Revenue	<u>-</u>	<u>2,495,156</u>	<u>1,483,249</u>
Fund balances:			
Restricted			
Police	-	195,159	-
Public Right of Way	-	526,164	-
Drainage	-	-	-
Community planning and development	2,294	178,829	-
Municipal Support & Services	-	-	-
Unassigned	-	-	(550,541)
Total fund balances	<u>2,294</u>	<u>900,152</u>	<u>(550,541)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 672,352</u>	<u>\$ 4,523,254</u>	<u>\$ 3,792,771</u>



<b>Capital Projects Funds</b>			<b>Total Nonmajor Governmental Funds</b>
<b>Housing Successor Agency Fund</b>	<b>Housing Authority Assets</b>		
\$ 252,996	\$ 43,621	\$ 18,418,669	
-	-	17,809	
-	16,263	190,520	
930	-	61,118	
-	-	3,394,558	
13,729,748	-	13,729,748	
2,786,967	-	4,550,969	
(14,002,985)	-	(14,002,985)	
4,852,252	-	4,852,252	
<u>\$ 7,619,908</u>	<u>\$ 59,884</u>	<u>\$ 31,212,658</u>	
\$ 66	\$ -	\$ 3,790,279	
-	-	61,744	
-	-	42,208	
-	-	1,766,686	
<u>66</u>	<u>-</u>	<u>5,660,917</u>	
<u>2,513,730</u>	<u>-</u>	<u>6,492,673</u>	
-	-	2,813,590	
-	-	3,665,220	
-	-	568,537	
5,106,112	59,884	12,257,958	
-	-	304,304	
-	-	(550,541)	
<u>5,106,112</u>	<u>59,884</u>	<u>19,059,068</u>	
<u>\$ 7,619,908</u>	<u>\$ 59,884</u>	<u>\$ 31,212,658</u>	

**CITY OF GARDEN GROVE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<b>Special Revenue Funds</b>			
	<b>Public Safety</b>	<b>State Gas Tax</b>	<b>Golf Course</b>	<b>Self Supporting Revenue</b>
<b>REVENUES:</b>				
Taxes	\$ 660,849	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	54,210	-	-	-
Investment earnings	27,632	60,183	-	-
Charges for current services	80,370	-	447,151	685,832
From other agencies	131,322	4,959,273	-	-
Other revenues	-	-	-	1,358
Total revenues	<u>954,383</u>	<u>5,019,456</u>	<u>447,151</u>	<u>687,190</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	384,877	-	-	-
Police	656,593	-	-	-
Traffic safety	-	223,567	-	-
Public right of way	-	1,580,373	-	-
Community buildings	-	-	-	-
Community services	-	-	-	890,046
Parks and greenbelts	-	-	44,679	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	29,467	-	-	-
Police	57,957	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	6,032,942	-	-
Drainage	-	38,690	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>1,128,894</u>	<u>7,875,572</u>	<u>44,679</u>	<u>890,046</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(174,511)</u>	<u>(2,856,116)</u>	<u>402,472</u>	<u>(202,856)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	202,856
Transfers out	-	-	(700,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(700,000)</u>	<u>202,856</u>
Net change in fund balances	(174,511)	(2,856,116)	(297,528)	-
Fund balances, beginning of year	<u>2,792,942</u>	<u>5,658,682</u>	<u>744,542</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,618,431</u>	<u>\$ 2,802,566</u>	<u>\$ 447,014</u>	<u>\$ -</u>

<b>Special Revenue Funds</b>					
<b>Developer Fees</b>	<b>Garden Grove Cable</b>	<b>Street Lighting</b>	<b>Park Maintenance</b>	<b>Main Street District</b>	<b>Air Quality Improvement</b>
\$ -	\$ -	\$ 19,017	\$ -	\$ -	\$ -
30,439	-	-	-	-	-
-	-	-	-	-	-
69,472	-	-	102	1,906	1,550
1,393,484	-	1,348,918	706,229	26,678	-
-	-	-	-	-	271,186
-	52,576	-	-	-	4,140
<u>1,493,395</u>	<u>52,576</u>	<u>1,367,935</u>	<u>706,331</u>	<u>28,584</u>	<u>276,876</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,280,271	-	-	-
-	-	30,143	-	17,076	-
-	-	-	-	-	-
25,000	105,000	-	-	-	-
46,401	-	-	706,331	-	-
48,488	-	-	-	-	17,735
25,000	-	17,912	-	-	196,607
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
89,451	-	-	-	-	-
-	-	-	-	-	-
37,990	-	-	-	-	-
-	-	-	-	-	-
89,810	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>362,140</u>	<u>105,000</u>	<u>1,328,326</u>	<u>706,331</u>	<u>17,076</u>	<u>214,342</u>
<u>1,131,255</u>	<u>(52,424)</u>	<u>39,609</u>	<u>-</u>	<u>11,508</u>	<u>62,534</u>
-	100,269	-	-	-	-
-	-	-	-	-	-
-	100,269	-	-	-	-
1,131,255	47,845	39,609	-	11,508	62,534
<u>6,037,010</u>	<u>(47,845)</u>	<u>(18,690)</u>	<u>155</u>	<u>168,005</u>	<u>241,770</u>
<u>\$ 7,168,265</u>	<u>\$ -</u>	<u>\$ 20,919</u>	<u>\$ 155</u>	<u>\$ 179,513</u>	<u>\$ 304,304</u>

**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, 2014**

	<b>Special Revenue Funds</b>		
	<b>GG Tourism Improvement District</b>	<b>Other Grants and Contributions</b>	<b>Street Rehabilitation</b>
<b>REVENUES:</b>			
Taxes	\$ 2,323,425	\$ -	\$ -
Licenses and permits	-	-	-
Fines, forfeits and penalties	-	756,655	-
Investment earnings	6,081	2,560	26,653
Charges for current services	-	-	-
From other agencies	-	3,431,352	3,797,952
Other revenues	-	141,090	-
Total revenues	<u>2,329,506</u>	<u>4,331,657</u>	<u>3,824,605</u>
<b>EXPENDITURES:</b>			
Current:			
Fire	-	16,776	-
Police	-	732,461	-
Traffic safety	-	300,478	-
Public right of way	-	110,628	-
Community buildings	-	-	-
Community services	-	617,838	154,582
Parks and greenbelts	-	-	-
Community planning and development	2,604,418	952,692	-
Municipal support	-	-	-
Capital outlay:			
Fire	-	-	-
Police	-	7,651	-
Traffic safety	-	-	25,493
Public right of way	-	270,732	6,789,961
Drainage	-	-	-
Community buildings	-	-	-
Community services	-	-	-
Parks and greenbelts	-	-	-
Community planning and development	-	-	-
Municipal support	-	-	-
Debt service:			
Principal retirement	-	980,000	-
Interest and other charges	-	165,326	-
Total expenditures	<u>2,604,418</u>	<u>4,154,582</u>	<u>6,970,036</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(274,912)</u>	<u>177,075</u>	<u>(3,145,431)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	72,981	-
Transfers out	(105,770)	-	-
Total other financing sources (uses)	<u>(105,770)</u>	<u>72,981</u>	<u>-</u>
Net change in fund balances	(380,682)	250,056	(3,145,431)
Fund balances, July 1	<u>382,976</u>	<u>650,096</u>	<u>2,594,890</u>
Fund balances, June 30	<u>\$ 2,294</u>	<u>\$ 900,152</u>	<u>\$ (550,541)</u>

Capital Projects Funds		Total Nonmajor Governmental Funds
Housing Successor Agency Fund	Housing Authority Assets	
\$ -	\$ -	\$ 3,003,291
-	-	30,439
-	-	810,865
7,732	88,734	292,605
-	-	4,688,662
-	-	12,591,085
83,963	-	283,127
<u>91,695</u>	<u>88,734</u>	<u>21,700,074</u>
-	-	401,653
-	-	1,389,054
-	-	1,804,316
-	-	1,738,220
-	-	-
-	-	1,792,466
-	-	797,411
28,268	89,503	3,741,104
-	-	239,519
-	-	29,467
-	-	65,608
-	-	25,493
-	-	13,183,086
-	-	38,690
-	-	37,990
-	-	-
-	-	89,810
-	-	-
-	-	-
-	-	980,000
-	-	165,326
<u>28,268</u>	<u>89,503</u>	<u>26,519,213</u>
<u>63,427</u>	<u>(769)</u>	<u>(4,819,139)</u>
-	-	376,106
-	-	(805,770)
-	-	(429,664)
63,427	(769)	(5,248,803)
<u>5,042,685</u>	<u>60,653</u>	<u>24,307,871</u>
<u>\$ 5,106,112</u>	<u>\$ 59,884</u>	<u>\$ 19,059,068</u>

**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, 2014**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 575,000	\$ 575,000	\$ 660,849	\$ 85,849
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	90,000	90,000	54,210	(35,790)
Investment earnings	420,000	420,000	27,632	(392,368)
Charges for current services	100,000	100,000	80,370	(19,630)
From other agencies	-	-	131,322	131,322
Other revenues	-	-	-	-
Total revenues	<u>1,185,000</u>	<u>1,185,000</u>	<u>954,383</u>	<u>(230,617)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	331,092	331,092	384,877	(53,785)
Police	1,706,734	1,706,734	656,593	1,050,141
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	121,000	121,000	29,467	91,533
Police	600,275	600,275	57,957	542,318
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>2,759,101</u>	<u>2,759,101</u>	<u>1,128,894</u>	<u>1,630,207</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,574,101)</u>	<u>(1,574,101)</u>	<u>(174,511)</u>	<u>1,399,590</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,574,101)	(1,574,101)	(174,511)	1,399,590
Fund balance, beginning of year	<u>2,792,942</u>	<u>2,792,942</u>	<u>2,792,942</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,218,841</u>	<u>\$ 1,218,841</u>	<u>\$ 2,618,431</u>	<u>\$ 1,399,590</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, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	60,183	60,183
Charges for current services	-	-	-	-
From other agencies	2,600,000	2,600,000	4,959,273	2,359,273
Other revenues	-	-	-	-
Total revenues	<u>2,600,000</u>	<u>2,600,000</u>	<u>5,019,456</u>	<u>2,419,456</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	265,445	265,445	223,567	41,878
Public right of way	1,534,555	1,584,555	1,580,373	4,182
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	1,595	1,595	-	1,595
Public right of way	7,677,142	7,627,142	6,032,942	1,594,200
Drainage	139,492	139,492	38,690	100,802
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>9,618,229</u>	<u>9,618,229</u>	<u>7,875,572</u>	<u>1,742,657</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,018,229)</u>	<u>(7,018,229)</u>	<u>(2,856,116)</u>	<u>4,162,113</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(7,018,229)	(7,018,229)	(2,856,116)	4,162,113
Fund balance, beginning of year	<u>5,658,682</u>	<u>5,658,682</u>	<u>5,658,682</u>	<u>-</u>
Fund balance, end of year	<u>\$ (1,359,547)</u>	<u>\$ (1,359,547)</u>	<u>\$ 2,802,566</u>	<u>\$ 4,162,113</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, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	525,000	525,000	447,151	(77,849)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>525,000</u>	<u>525,000</u>	<u>447,151</u>	<u>(77,849)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	72,271	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	72,271	44,679	27,592
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>72,271</u>	<u>72,271</u>	<u>44,679</u>	<u>27,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>452,729</u>	<u>452,729</u>	<u>402,472</u>	<u>(50,257)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(700,000)	(700,000)
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(700,000)</u>	<u>(700,000)</u>
Net change in fund balance	452,729	452,729	(297,528)	(750,257)
Fund balance, beginning of year	<u>744,542</u>	<u>744,542</u>	<u>744,542</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,197,271</u>	<u>\$ 1,197,271</u>	<u>\$ 447,014</u>	<u>\$ (750,257)</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, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	668,000	668,000	685,832	17,832
From other agencies	-	-	-	-
Other revenues	7,000	7,000	1,358	(5,642)
Total revenues	<u>675,000</u>	<u>675,000</u>	<u>687,190</u>	<u>12,190</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	890,046	890,046	890,046	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>890,046</u>	<u>890,046</u>	<u>890,046</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(215,046)</u>	<u>(215,046)</u>	<u>(202,856)</u>	<u>12,190</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	202,856	202,856
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>202,856</u>	<u>202,856</u>
Net change in fund balance	(215,046)	(215,046)	-	215,046
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ (215,046)</u>	<u>\$ (215,046)</u>	<u>\$ -</u>	<u>\$ 215,046</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, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	31,000	31,000	30,439	(561)
Fines, forfeits and penalties	-	-	-	-
Investment earnings	13,000	13,000	69,472	56,472
Charges for current services	421,000	421,000	1,393,484	972,484
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>465,000</u>	<u>465,000</u>	<u>1,493,395</u>	<u>1,028,395</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	40,139	40,139	25,000	15,139
Parks and greenbelts	64,383	64,383	46,401	17,982
Community planning and development	145,507.00	145,507	48,488	97,019
Municipal support	25,000.00	25,000	25,000	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	50,000.00	50,000.00	-	50,000
Public right of way	98,702	98,702	89,451	9,251
Drainage	430,000	430,000	-	430,000
Community buildings	-	-	37,990	(37,990)
Community services	-	-	-	-
Parks and greenbelts	1,139,241	1,139,241	89,810	1,049,431
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>1,992,972</u>	<u>1,992,972</u>	<u>362,140</u>	<u>1,630,832</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,527,972)</u>	<u>(1,527,972)</u>	<u>1,131,255</u>	<u>2,659,227</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,527,972)	(1,527,972)	1,131,255	2,659,227
Fund balance, beginning of year	<u>6,037,010</u>	<u>6,037,010</u>	<u>6,037,010</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,509,038</u>	<u>\$ 4,509,038</u>	<u>\$ 7,168,265</u>	<u>\$ 2,659,227</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, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	105,000	105,000	52,576	(52,424)
Total revenues	<u>105,000</u>	<u>105,000</u>	<u>52,576</u>	<u>(52,424)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	105,000	105,000	105,000	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(52,424)</u>	<u>(52,424)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	100,269	100,269
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>100,269</u>	<u>100,269</u>
Net change in fund balance	-	-	47,845	47,845
Fund deficit, beginning of year	<u>(47,845)</u>	<u>(47,845)</u>	<u>(47,845)</u>	<u>-</u>
Fund deficit, end of year	<u>\$ (47,845)</u>	<u>\$ (47,845)</u>	<u>\$ -</u>	<u>\$ 47,845</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, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 19,017	\$ 19,017
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	1,328,326	1,328,326	1,348,918	20,592
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>1,328,326</u>	<u>1,328,326</u>	<u>1,367,935</u>	<u>39,609</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	1,284,373	1,284,373	1,280,271	4,102
Public right of way	27,061	27,061	30,143	(3,082)
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	16,892	16,892	17,912	(1,020)
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>1,328,326</u>	<u>1,328,326</u>	<u>1,328,326</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>39,609</u>	<u>39,609</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	39,609	39,609
Fund balance, beginning of year	<u>(18,690)</u>	<u>(18,690)</u>	<u>(18,690)</u>	<u>-</u>
Fund deficit, end of year	<u>\$ (18,690)</u>	<u>\$ (18,690)</u>	<u>\$ 20,919</u>	<u>\$ 39,609</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, 2014**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	102	102
Charges for current services	700,000	706,331	706,229	(102)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>700,000</u>	<u>706,331</u>	<u>706,331</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	700,000	706,331	706,331	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>700,000</u>	<u>706,331</u>	<u>706,331</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>155</u>	<u>155</u>	<u>155</u>	<u>-</u>
Fund balance, end of year	<u>\$ 155</u>	<u>\$ 155</u>	<u>\$ 155</u>	<u>\$ -</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, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	1,906	1,906
Charges for current services	27,200	27,200	26,678	(522)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>27,200</u>	<u>27,200</u>	<u>28,584</u>	<u>1,384</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	147,088	147,088	17,076	130,012
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>147,088</u>	<u>147,088</u>	<u>17,076</u>	<u>130,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(119,888)</u>	<u>(119,888)</u>	<u>11,508</u>	<u>131,396</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(119,888)	(119,888)	11,508	131,396
Fund balance, July 1	<u>168,005</u>	<u>168,005</u>	<u>168,005</u>	<u>-</u>
Fund balance, June 30	<u>\$ 48,117</u>	<u>\$ 48,117</u>	<u>\$ 179,513</u>	<u>\$ 131,396</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, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	1,550	1,550
Charges for current services	-	-	-	-
From other agencies	193,123	193,123	271,186	78,063
Other revenues	-	-	4,140	4,140
Total revenues	<u>193,123</u>	<u>193,123</u>	<u>276,876</u>	<u>83,753</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	15,965	15,965	17,735	(1,770)
Municipal support	347,151	347,151	196,607	150,544
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>363,116</u>	<u>363,116</u>	<u>214,342</u>	<u>148,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(169,993)</u>	<u>(169,993)</u>	<u>62,534</u>	<u>232,527</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(169,993)	(169,993)	62,534	232,527
Fund balance, July 1	<u>241,770</u>	<u>241,770</u>	<u>241,770</u>	<u>-</u>
Fund balance, June 30	<u>\$ 71,777</u>	<u>\$ 71,777</u>	<u>\$ 304,304</u>	<u>\$ 232,527</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, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 2,190,000	\$ 2,344,000	\$ 2,323,425	\$ (20,575)
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	6,081	6,081
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>2,190,000</u>	<u>2,344,000</u>	<u>2,329,506</u>	<u>(14,494)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	2,500,000	2,654,000	2,604,418	49,582
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>2,500,000</u>	<u>2,654,000</u>	<u>2,604,418</u>	<u>49,582</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(310,000)</u>	<u>(310,000)</u>	<u>(274,912)</u>	<u>35,088</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(105,770)	(105,770)
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(105,770)</u>	<u>(105,770)</u>
Net change in fund balance	(310,000)	(310,000)	(380,682)	(70,682)
Fund balance, July 1	<u>382,976</u>	<u>382,976</u>	<u>382,976</u>	<u>-</u>
Fund balance, June 30	<u>\$ 72,976</u>	<u>\$ 72,976</u>	<u>\$ 2,294</u>	<u>\$ (70,682)</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, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	750,000	750,000	756,655	6,655
Investment earnings	-	-	2,560	2,560
Charges for current services	-	-	-	-
From other agencies	9,270,965	9,057,801	3,431,352	(5,626,449)
Other revenues	-	-	141,090	141,090
Total revenues	<u>10,020,965</u>	<u>9,807,801</u>	<u>4,331,657</u>	<u>(5,476,144)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	2	2	16,776	(16,774)
Police	941,404	941,404	732,461	208,943
Traffic safety	1,037,724	1,037,724	300,478	737,246
Public right of way	133,817	133,817	110,628	23,189
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	1,294,229	1,081,065	617,838	463,227
Parks and greenbelts	-	-	-	-
Community planning and development	1,235,819	1,552,696	952,692	600,004
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	7,651	(7,651)
Traffic safety	-	-	-	-
Public right of way	2,332,508	2,332,508	270,732	2,061,776
Drainage	2,500,000	2,500,000	-	2,500,000
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	670,525	433,043	-	433,043
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	734,377	734,377	980,000	(245,623)
Interest and other charges	123,540	123,540	165,326	(41,786)
Total expenditures	<u>11,003,945</u>	<u>10,870,176</u>	<u>4,154,582</u>	<u>6,715,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(982,980)</u>	<u>(1,062,375)</u>	<u>177,075</u>	<u>1,239,450</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	72,981	72,981
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>72,981</u>	<u>72,981</u>
Net change in fund balance	(982,980)	(1,062,375)	250,056	1,312,431
Fund balance, beginning of year	650,096	650,096	650,096	-
Fund balance (deficits), end of year	<u>\$ (332,884)</u>	<u>\$ (412,279)</u>	<u>\$ 900,152</u>	<u>\$ 1,312,431</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, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	26,653	26,653
Charges for current services	-	-	-	-
From other agencies	4,023,153	4,237,063	3,797,952	(439,111)
Other revenues	-	-	-	-
Total revenues	<u>4,023,153</u>	<u>4,237,063</u>	<u>3,824,605</u>	<u>(412,458)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	213,164	154,582	58,582
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	384,142	284,142	25,493	258,649
Public right of way	6,941,659	7,302,405	6,789,961	512,444
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>7,325,801</u>	<u>7,799,711</u>	<u>6,970,036</u>	<u>829,675</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,302,648)</u>	<u>(3,562,648)</u>	<u>(3,145,431)</u>	<u>417,217</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(3,302,648)	(3,562,648)	(3,145,431)	417,217
Fund balance, beginning of year	<u>2,594,890</u>	<u>2,594,890</u>	<u>2,594,890</u>	<u>-</u>
Fund balance, end of year	<u>\$ (707,758)</u>	<u>\$ (967,758)</u>	<u>\$ (550,541)</u>	<u>\$ 417,217</u>

**CITY OF GARDEN GROVE  
HOUSING SUCCESSOR AGENCY CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	7,732	7,732
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	200,000	200,000	83,963	(116,037)
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>91,695</u>	<u>(108,305)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	114,062	114,062	28,268	85,794
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>114,062</u>	<u>114,062</u>	<u>28,268</u>	<u>85,794</u>
Excess (deficiency) of revenues over (under) expenditures	<u>85,938</u>	<u>85,938</u>	<u>63,427</u>	<u>(22,511)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	85,938	85,938	63,427	22,511
Fund balance, beginning of year	<u>5,042,685</u>	<u>5,042,685</u>	<u>5,042,685</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,128,623</u>	<u>\$ 5,128,623</u>	<u>\$ 5,106,112</u>	<u>\$ 22,511</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, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	90,000	90,000	88,734	(1,266)
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>88,734</u>	<u>(1,266)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	90,000	90,000	89,503	497
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>90,000</u>	<u>90,000</u>	<u>89,503</u>	<u>497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(769)</u>	<u>(769)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(769)	769
Fund balance, beginning of year	<u>60,653</u>	<u>60,653</u>	<u>60,653</u>	<u>-</u>
Fund balance, end of year	<u>\$ 60,653</u>	<u>\$ 60,653</u>	<u>\$ 59,884</u>	<u>\$ 769</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 POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2014**

	<u>Workers'</u> <u>Compensation</u>	<u>Fleet</u> <u>Management</u>	<u>Employee</u> <u>Benefits</u>
<b>ASSETS</b>			
Current Assets:			
Cash and cash investments	\$ 37,105,265	\$ 22,193,183	\$ 13,932,640
Accounts receivable	-	39,183	94,162
Interest receivable	18,649	-	-
Due from other funds	1,766,686	-	-
Inventory	-	68,164	-
Prepaid Items	-	-	-
Total current assets	<u>38,890,600</u>	<u>22,300,530</u>	<u>14,026,802</u>
Noncurrent Assets:			
Deposits	-	-	32,100
Capital assets	-	-	-
Depreciable buildings, property, and equipment, net	-	5,308,005	-
Total assets	<u>38,890,600</u>	<u>27,608,535</u>	<u>14,058,902</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	124,805	164,494	1,910,140
Accrued liabilities	26,322	23,511	120,140
Interest payable	-	-	-
Refundable deposits	-	1,520	-
Current portion of long term liabilities			
Capital leases	-	-	-
Accrued compensated absences	-	-	6,680,321
Claims payable	3,014,132	-	-
Total current liabilities	<u>3,165,259</u>	<u>189,525</u>	<u>8,710,601</u>
Noncurrent liabilities:			
Capital leases	-	-	-
Accrued compensated absences	-	-	1,670,080
Claims payable	17,611,868	-	-
Total noncurrent liabilities	<u>17,611,868</u>	<u>-</u>	<u>1,670,080</u>
Total liabilities	<u>20,777,127</u>	<u>189,525</u>	<u>10,380,681</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	5,308,005	-
Unrestricted	18,113,473	22,111,005	3,678,221
Total net position	<u>\$ 18,113,473</u>	<u>\$ 27,419,010</u>	<u>\$ 3,678,221</u>

<u>Information Systems</u>	<u>Warehouse Operations</u>	<u>Telephone System</u>	<u>Risk Management</u>	<u>Total</u>
\$ 3,168,921	\$ 615,498	\$ 1,911,112	\$ 25,812,093	\$ 104,738,712
1,849	24	2,500	6,448	144,166
11,371	-	-	71,653	101,673
-	-	-	-	1,766,686
-	625,818	-	-	693,982
-	-	-	5,722	5,722
<u>3,182,141</u>	<u>1,241,340</u>	<u>1,913,612</u>	<u>25,895,916</u>	<u>107,450,941</u>
-	-	-	-	32,100
-	-	-	-	-
349,611	-	-	-	5,657,616
<u>3,531,752</u>	<u>1,241,340</u>	<u>1,913,612</u>	<u>25,895,916</u>	<u>113,140,657</u>
205,211	334,740	53,193	143,037	2,935,620
35,485	3,941	2,847	8,897	221,143
116	-	-	-	116
-	-	-	-	1,520
83,220	-	-	-	83,220
-	-	-	-	6,680,321
-	-	-	248,503	3,262,635
<u>324,032</u>	<u>338,681</u>	<u>56,040</u>	<u>400,437</u>	<u>13,184,575</u>
149,192	-	-	-	149,192
-	-	-	-	1,670,080
-	-	-	4,827,497	22,439,365
<u>149,192</u>	<u>-</u>	<u>-</u>	<u>4,827,497</u>	<u>24,258,637</u>
<u>473,224</u>	<u>338,681</u>	<u>56,040</u>	<u>5,227,934</u>	<u>37,443,212</u>
117,199	-	-	-	5,425,204
<u>2,941,329</u>	<u>902,659</u>	<u>1,857,572</u>	<u>20,667,982</u>	<u>70,272,241</u>
<u>\$ 3,058,528</u>	<u>\$ 902,659</u>	<u>\$ 1,857,572</u>	<u>\$ 20,667,982</u>	<u>\$ 75,697,445</u>

**CITY OF GARDEN GROVE  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Workers' Compensation</u>	<u>Fleet Management</u>	<u>Employee Benefits</u>
<b>Operating revenues:</b>			
Charges for services	\$ 5,045,015	\$ 7,352,565	\$ 30,463,794
Other	-	-	-
Total operating revenues	<u>5,045,015</u>	<u>7,352,565</u>	<u>30,463,794</u>
<b>Operating expenses:</b>			
Salaries and wages	1,103,674	912,005	9,408,144
Employee benefits	-	-	23,200,012
Contractual services	47,641	836,557	20,507
Liability claims	8,339,519	-	-
Materials and supplies	-	1,697,510	302,005
Depreciation	-	898,607	-
Total operating expenses	<u>9,490,834</u>	<u>4,344,679</u>	<u>32,930,668</u>
Operating income (loss)	<u>(4,445,819)</u>	<u>3,007,886</u>	<u>(2,466,874)</u>
<b>Nonoperating revenues (expenses):</b>			
Investment income	152,243	-	-
Gain (loss) on disposal of assets	-	(3,387)	-
Interest expense	-	(30,555)	-
Total nonoperating revenues (expenses)	<u>152,243</u>	<u>(33,942)</u>	<u>-</u>
Income (loss) before transfers	<u>(4,293,576)</u>	<u>2,973,944</u>	<u>(2,466,874)</u>
Transfers out	<u>(500,000)</u>	<u>(800,000)</u>	<u>-</u>
Change in net position	<u>(4,793,576)</u>	<u>2,173,944</u>	<u>(2,466,874)</u>
<b>Total net position, beginning of year</b>	<u>22,907,049</u>	<u>25,245,066</u>	<u>6,145,095</u>
<b>Total net position, end of year</b>	<u>\$ 18,113,473</u>	<u>\$ 27,419,010</u>	<u>\$ 3,678,221</u>



<b>Information Systems</b>	<b>Warehouse Operations</b>	<b>Telephone System</b>	<b>Risk Management</b>	<b>Total</b>
\$ 2,107,684	\$ 347,717	\$ 633,155	\$ 2,230,072	\$ 48,180,002
-	12,605	-	-	12,605
<u>2,107,684</u>	<u>360,322</u>	<u>633,155</u>	<u>2,230,072</u>	<u>48,192,607</u>
1,276,417	149,104	106,837	373,691	13,329,872
-	-	-	-	23,200,012
335,537	25,905	516,777	791,053	2,573,977
-	-	-	231,902	8,571,421
283,561	1,268	-	6,589	2,290,933
145,187	-	-	-	1,043,794
<u>2,040,702</u>	<u>176,277</u>	<u>623,614</u>	<u>1,403,235</u>	<u>51,010,009</u>
66,982	184,045	9,541	826,837	(2,817,402)
35,244	-	-	265,242	452,729
5,251	-	-	-	1,864
<u>(11,359)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,914)</u>
<u>29,136</u>	<u>-</u>	<u>-</u>	<u>265,242</u>	<u>412,679</u>
96,118	184,045	9,541	1,092,079	(2,404,723)
-	-	-	(750,000)	(2,050,000)
96,118	184,045	9,541	342,079	(4,454,723)
<u>2,962,410</u>	<u>718,614</u>	<u>1,848,031</u>	<u>20,325,903</u>	<u>80,152,168</u>
<u>\$ 3,058,528</u>	<u>\$ 902,659</u>	<u>\$ 1,857,572</u>	<u>\$ 20,667,982</u>	<u>\$ 75,697,445</u>

**CITY OF GARDEN GROVE  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Workers' Compensation</u>	<u>Fleet Management</u>	<u>Employee Benefits</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from user departments	\$ 5,045,015	\$ 7,352,354	\$ 30,500,465
Payments to suppliers	(3,783,458)	(2,432,430)	476,295
Payments to employees	(1,094,081)	(904,743)	(8,771,843)
Payments for employee benefits	-	-	(23,200,012)
Net cash provided (used) by operating activities	<u>167,476</u>	<u>4,015,181</u>	<u>(995,095)</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>			
Operating subsidies and transfers to/ from other funds	<u>(175,714)</u>	<u>(800,000)</u>	<u>-</u>
Net cash provided (used) by non capital financing activities	<u>(175,714)</u>	<u>(800,000)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	-	(512,789)	-
Payments on lease purchase agreement	-	(87,691)	-
Interest paid	-	(30,555)	-
Proceeds from disposal of capital assets	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(631,035)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earnings	<u>181,832</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>181,832</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	173,594	2,584,146	(995,095)
Cash and cash equivalents, beginning of year	<u>36,931,671</u>	<u>19,609,037</u>	<u>14,927,735</u>
Cash and cash equivalents, end of year	<u>\$ 37,105,265</u>	<u>\$ 22,193,183</u>	<u>\$ 13,932,640</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	<u>\$ (4,445,819)</u>	<u>\$ 3,007,886</u>	<u>\$ (2,466,874)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	898,607	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	-	36,671
(Increase) decrease in inventory	-	12,001	-
(Increase) decrease in prepaid expense	-	-	-
Increase (decrease) in accounts payable	(114,298)	89,425	798,807
Increase (decrease) in compensated absences	-	-	516,161
Increase (decrease) in other accrued liabilities	9,593	7,262	120,140
Increase (decrease) in claims payable	4,718,000	-	-
Total adjustments	<u>4,613,295</u>	<u>1,007,295</u>	<u>1,471,779</u>
Net cash provided (used) by operating activities	<u>\$ 167,476</u>	<u>\$ 4,015,181</u>	<u>\$ (995,095)</u>

There were no noncash investing, capital, or financing activities for the year ended June 30, 2014.

<b>Information Systems</b>	<b>Warehouse Operations</b>	<b>Telephone System</b>	<b>Risk Management</b>	<b>Total</b>
\$ 2,107,403	\$ 347,693	\$ 633,155	\$ 2,223,624	\$ 48,209,709
(430,761)	110,790	(463,584)	(1,546,651)	(8,069,799)
(1,265,284)	(147,659)	(105,905)	(371,372)	(12,660,887)
-	-	-	-	(23,200,012)
<u>411,358</u>	<u>310,824</u>	<u>63,666</u>	<u>305,601</u>	<u>4,279,011</u>
-	-	-	(750,000)	(1,725,714)
-	-	-	(750,000)	(1,725,714)
(83,733)	-	-	-	(596,522)
(79,881)	-	-	-	(167,572)
(11,243)	-	-	-	(41,798)
5,251	-	-	-	5,251
<u>(169,606)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(800,641)</u>
33,986	-	-	285,982	501,800
<u>33,986</u>	<u>-</u>	<u>-</u>	<u>285,982</u>	<u>501,800</u>
275,738	310,824	63,666	(158,417)	2,254,456
2,893,183	304,674	1,847,446	25,970,510	102,484,256
<u>\$ 3,168,921</u>	<u>\$ 615,498</u>	<u>\$ 1,911,112</u>	<u>\$ 25,812,093</u>	<u>\$ 104,738,712</u>
<u>\$ 66,982</u>	<u>\$ 184,045</u>	<u>\$ 9,541</u>	<u>\$ 826,837</u>	<u>\$ (2,817,402)</u>
145,187	-	-	-	1,043,794
(281)	(24)	-	(6,448)	29,918
-	(119,701)	-	-	(107,700)
-	-	-	5,722	5,722
188,337	245,059	53,193	68,171	1,328,694
-	-	-	-	516,161
11,133	1,445	932	2,319	152,824
-	-	-	(591,000)	4,127,000
<u>344,376</u>	<u>126,779</u>	<u>54,125</u>	<u>(521,236)</u>	<u>7,096,413</u>
<u>\$ 411,358</u>	<u>\$ 310,824</u>	<u>\$ 63,666</u>	<u>\$ 305,601</u>	<u>\$ 4,279,011</u>

*This page is intentionally blank*



# Statistical Section



## Statistical Section

This part of City of Garden Grove's Comprehensive Annual Financial Report provides detailed information to better understand information presented within the Basic Financial Statements, Notes to the Basic Financial Statements, and Required Supplementary Information 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 Position by Component
Schedule II	-	Changes in Net Position
Schedule III	-	Balance of Governmental Funds
Schedule IV	-	Changes in Fund Balances of Governmental Funds
Schedule V	-	General Fund Major Tax Revenues by Source

### 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 Estimated Actual Value of Taxable Property
Schedule VII	-	Property Tax Rates Direct and Overlapping Governments
Schedule VIII	-	Principal Property Tax Payers
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 Bonds and Debt
Schedule XIII	-	Legal Debt Margin Information
Schedule XIV	-	Pledged-Revenue Coverage

### Demographics and Economic Information

*This information assists the reader in understanding the socio-economic 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. The City implemented GASB 65 in FY 2013; as a result, effective FY 2013, the names of Schedule I and Schedule II were changed to "Net Position by Component" and "Changes in Net Position", respectively.

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

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities:				
Net investment in capital assets	\$ 668,448	\$ 667,547	\$ 666,751	\$ 662,476
Restricted	42,863	48,109	52,214	79,980
Unrestricted	15,484	23,592	35,623	13,004
Total governmental activities net position	<u>\$ 726,795</u>	<u>\$ 739,248</u>	<u>\$ 754,588</u>	<u>\$ 755,460</u>
Business-type activities:				
Net investment in capital assets	\$ 60,506	\$ 66,085	\$ 64,996	\$ 65,581
Restricted	-	-	-	-
Unrestricted	2,603	4,256	14,855	26,444
Total business-type activities net position	<u>\$ 63,109</u>	<u>\$ 70,341</u>	<u>\$ 79,851</u>	<u>\$ 92,025</u>
Primary government:				
Net investment in capital assets	\$ 728,954	\$ 733,632	\$ 731,747	\$ 728,057
Restricted	42,863	48,109	52,214	79,980
Unrestricted	18,087	27,848	50,478	39,448
Total primary government net position	<u>\$ 789,904</u>	<u>\$ 809,589</u>	<u>\$ 834,439</u>	<u>\$ 847,485</u>

*The City of Garden Grove implemented GASB 34 for the fiscal year ended June 30, 2002 and implemented GASB 63 and GASB 65 for the fiscal year ended June 30, 2013.*

Source: Finance Office, City of Garden Grove



<b>Fiscal Year</b>					
<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 661,323	\$ 553,141	\$ 560,993	\$ 643,306	\$ 643,095	\$ 644,220
68,985	94,568	97,634	29,976	22,114	22,150
22,510	129,445	129,866	119,190	123,504	117,646
<u>\$ 752,818</u>	<u>\$ 777,154</u>	<u>\$ 788,493</u>	<u>\$ 792,472</u>	<u>\$ 788,713</u>	<u>\$ 784,016</u>
\$ 75,932	\$ 85,079	\$ 88,713	\$ 89,607	\$ 97,657	\$ 107,299
-	-	-	-	-	-
25,543	28,226	45,395	36,861	39,457	44,291
<u>\$ 101,475</u>	<u>\$ 113,305</u>	<u>\$ 134,108</u>	<u>\$ 126,468</u>	<u>\$ 137,114</u>	<u>\$ 151,590</u>
\$ 737,255	\$ 638,220	\$ 649,706	\$ 732,913	\$ 740,752	\$ 751,519
68,985	94,568	97,634	29,976	22,114	22,150
48,053	157,671	175,261	156,051	162,961	161,937
<u>\$ 854,293</u>	<u>\$ 890,459</u>	<u>\$ 922,601</u>	<u>\$ 918,940</u>	<u>\$ 925,827</u>	<u>\$ 935,606</u>

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses:					
Governmental activities:					
Fire	\$ 16,288	\$ 18,152	\$ 17,465	\$ 19,778	\$ 21,279
Police	33,519	36,207	38,013	45,333	47,004
Traffic safety	2,309	2,956	3,264	3,273	4,135
Public right of way	13,910	14,677	15,073	13,989	14,859
Drainage	871	1,479	1,538	1,372	1,482
Community buildings	1,818	(288)	97	4,442	4,268
Community services	3,377	3,132	3,629	4,383	4,702
Parks and greenbelts	1,526	3,648	1,787	2,016	1,628
Community planning and development	40,820	47,611	42,847	46,061	44,429
Municipal support	6,967	7,700	6,678	8,405	8,543
Interest on long-term debt	5,585	6,730	6,854	7,768	8,161
Total governmental activities expenses	<u>126,990</u>	<u>142,004</u>	<u>137,245</u>	<u>156,820</u>	<u>160,490</u>
Business-type activities:					
Water	20,066	19,673	20,398	20,557	24,339
Sanitary District	10,010	11,482	11,188	13,295	13,418
Mobile home parks/RV park	1,498	1,965	2,079	2,339	2,172
Housing authority	-	-	-	-	-
Total business-type activities expenses	<u>31,574</u>	<u>33,120</u>	<u>33,665</u>	<u>36,191</u>	<u>39,929</u>
Total primary government expenses	<u>158,564</u>	<u>175,124</u>	<u>170,910</u>	<u>193,011</u>	<u>200,419</u>
Program revenues:					
Governmental activities:					
Charges for services:					
Fire	663	712	705	884	1,377
Police	3,144	3,509	3,100	3,564	3,431
Traffic safety	1,324	1,318	1,306	1,314	1,341
Public right of way	413	314	350	291	157
Drainage	-	-	-	90	-
Community services	923	841	855	849	849
Parks and greenbelts	1,372	1,424	1,457	1,394	1,382
Community planning and development	1,879	3,324	2,449	1,403	1,179
Municipal support	1,974	2,375	2,464	2,223	2,384
Operating grants and contributions	38,343	40,649	43,709	42,980	36,053
Capital grants and contributions	7,442	10,931	2,534	4,890	9,599
Total governmental activities program revenues	<u>57,477</u>	<u>65,397</u>	<u>58,929</u>	<u>59,882</u>	<u>57,752</u>
Business-type activities:					
Charges for services:					
Water	17,899	18,413	20,786	25,573	27,846
Sanitary District	10,311	12,563	16,941	16,445	16,208
Mobile home parks	2,063	2,761	2,699	3,033	2,910
Operating grants and contributions	595	732	538	804	785
Capital grants and contributions	300	5,317	754	-	-
Total business-type activities program revenues	<u>31,168</u>	<u>39,786</u>	<u>41,718</u>	<u>45,855</u>	<u>47,749</u>
Total primary government program revenues	<u>88,645</u>	<u>105,183</u>	<u>100,647</u>	<u>105,737</u>	<u>105,501</u>
Net revenues (expenses):					
Governmental activities	(69,513)	(76,607)	(78,316)	(96,938)	(102,738)
Business-type activities	(406)	6,666	8,053	9,664	7,820
Total net revenues (expenses)	<u>\$ (69,919)</u>	<u>\$ (69,941)</u>	<u>\$ (70,263)</u>	<u>\$ (87,274)</u>	<u>\$ (94,918)</u>

<b>Fiscal Year</b>				
<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 18,756	\$ 18,710	\$ 19,497	\$ 20,273	\$ 20,876
42,554	44,898	44,751	45,467	49,289
3,570	2,905	3,197	3,097	3,872
16,143	13,013	14,768	16,541	14,051
1,352	1,374	1,417	1,426	1,284
4,519	4,319	4,961	4,596	4,504
4,388	4,088	4,430	4,452	4,679
2,098	1,584	1,785	1,838	1,973
44,682	49,088	10,945	7,938	8,491
5,157	3,154	6,443	6,344	7,112
5,795	5,132	3,783	1,815	1,305
<u>149,016</u>	<u>148,265</u>	<u>115,977</u>	<u>113,787</u>	<u>117,436</u>
25,251	26,152	24,213	26,419	26,761
13,088	8,709	7,672	8,641	7,092
2,205	1,497	565	-	-
-	-	30,894	31,586	30,489
<u>40,544</u>	<u>36,358</u>	<u>63,344</u>	<u>66,646</u>	<u>64,342</u>
<u>189,560</u>	<u>184,623</u>	<u>179,321</u>	<u>180,433</u>	<u>181,778</u>
1,115	3,400	1,051	1,106	1,422
3,592	3,607	3,321	3,486	3,169
1,350	1,342	1,343	1,349	1,349
117	146	137	249	358
-	-	-	-	-
878	915	856	851	859
1,368	1,368	1,346	1,319	1,282
1,114	1,384	1,303	1,491	2,128
5,729	2,636	2,540	2,553	2,693
42,980	46,464	19,574	10,012	13,277
14,462	6,361	4,847	5,789	5,435
<u>72,705</u>	<u>67,623</u>	<u>36,318</u>	<u>28,206</u>	<u>31,972</u>
28,878	30,261	34,318	33,738	35,186
16,848	12,187	12,294	13,204	12,051
3,027	318	1	-	-
-	-	30,662	30,582	30,656
2,038	-	-	-	-
<u>50,791</u>	<u>42,766</u>	<u>77,275</u>	<u>77,524</u>	<u>77,893</u>
<u>123,496</u>	<u>110,389</u>	<u>113,593</u>	<u>105,730</u>	<u>109,865</u>
(76,310)	(80,642)	(79,659)	(85,581)	(85,464)
10,247	6,408	13,931	10,878	13,551
<u>\$ (66,063)</u>	<u>\$ (74,234)</u>	<u>\$ (65,728)</u>	<u>\$ (74,703)</u>	<u>\$ (71,913)</u>

*Continued*

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

	Fiscal Year				
	2005	2006	2007	2008	2009
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Sales taxes	\$ 19,492	\$ 19,453	\$ 19,696	\$ 19,780	\$ 16,236
Property taxes	31,070	34,439	36,251	39,144	43,786
Transient occupancy taxes	9,820	11,411	12,180	12,673	11,257
Other taxes	4,438	4,729	4,952	4,934	4,825
Motor vehicle taxes, levied for general purposes	14,494	13,129	13,603	14,011	14,088
Investment income	3,963	3,248	4,747	5,687	6,257
Other general revenues	746	1,642	3,095	1,511	3,579
Gain (loss) on disposal of assets	-	-	-	-	-
Transfers	70	70	70	70	70
Capital Contribution	-	-	-	-	-
Total governmental activities	<u>84,093</u>	<u>88,121</u>	<u>94,594</u>	<u>97,810</u>	<u>100,098</u>
Business-type activities:					
Investment income	424	637	1,527	2,579	1,701
Gain on disposal of assets	-	-	-	-	-
Other general revenues	-	-	-	-	-
Discontinued operations	-	-	-	-	-
Transfers	(70)	(70)	(70)	(70)	(70)
Total business-type activities	<u>354</u>	<u>567</u>	<u>1,457</u>	<u>2,509</u>	<u>1,631</u>
Total primary government	<u>84,447</u>	<u>88,688</u>	<u>96,051</u>	<u>100,319</u>	<u>101,729</u>
Changes in net position					
Governmental activities	14,580	11,514	16,278	872	(2,641)
Business-type activities	(51)	7,232	9,510	12,173	9,450
Total primary government	<u>\$ 14,529</u>	<u>\$ 18,746</u>	<u>\$ 25,788</u>	<u>\$ 13,045</u>	<u>\$ 6,809</u>

Source: Finance Office, City of Garden Grove

*The City of Garden Grove implemented GASB 34 for the fiscal year ended June 30, 2002 and implemented GASB63 and GASB 65 for the fiscal year ended June 30, 2013.*

<sup>1</sup> FY11-12: The \$18.9 million loss in governmental activities represents a one-time loss as a result of the dissolution of Redevelopment Agency in 2012.

<sup>2</sup> FY11-12: The \$2.9 million loss in business-type activities represents a one-time loss due to the transfer of the remaining net assets of RV Park enterprise fund to the Successor Agency Trust fund.

<sup>3</sup> FY11-12: The \$20.4 million was primarily related to the \$19.6 million transfer from the Mobile Home Park enterprise fund to the General fund as a result of the discontinuance of operations of the Mobile Home Park fund.

<sup>4</sup> FY12-13: The \$2.3 million capital contribution was related to the transfer of land from the Successor Agency Trust fund to the General fund.

<sup>5</sup> FY13-14: The \$1.0 million loss in governmental activities represents a one-time loss due to the disposal of land.

<b>Fiscal Year</b>				
<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 14,076	\$ 16,776	\$ 18,461	\$ 19,805	\$ 20,285
42,212	52,268	43,920	35,145	35,286
10,196	11,697	12,320	14,448	16,443
4,863	5,775	7,297	7,316	7,438
513	801	87	90	75
8,830	4,240	760	1,757	1,945
2,153	425	651	1,210	297
-	-	(18,941) <sup>1</sup>	-	(1,002) <sup>5</sup>
-	-	20,373 <sup>3</sup>	-	-
-	-	-	2,309 <sup>4</sup>	-
<u>82,844</u>	<u>91,982</u>	<u>84,928</u>	<u>82,080</u>	<u>80,767</u>
1,583	1,510	334	437	715
-	12,886	-	-	41
-	-	95	-	169
-	-	(2,918) <sup>2</sup>	-	-
-	-	(20,373) <sup>3</sup>	-	-
<u>1,583</u>	<u>14,396</u>	<u>(22,862)</u>	<u>437</u>	<u>925</u>
<u>84,427</u>	<u>106,378</u>	<u>62,066</u>	<u>82,517</u>	<u>81,692</u>
6,532	11,340	5,269	(3,501)	(4,697)
<u>11,830</u>	<u>20,803</u>	<u>(8,930)</u>	<u>11,316</u>	<u>14,476</u>
<u>\$ 18,362</u>	<u>\$ 32,143</u>	<u>\$ (3,662)</u>	<u>\$ 7,814</u>	<u>\$ 9,779</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			
	2005	2006	2007	2008
General fund:				
Reserved	\$ 41,624	\$ 43,299	\$ 46,878	\$ 50,999
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	19,122	27,006	25,482	14,721
Unassigned	-	-	-	-
Total general fund	<u>\$ 60,746</u>	<u>\$ 70,305</u>	<u>\$ 72,360</u>	<u>\$ 65,720</u>
All other governmental funds:				
Reserved	\$ 58,881	\$ 49,018	\$ 57,165	\$ 136,252
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:				
Community planning and development	-	-	-	-
Assigned:				
Post-Employment Benefits	-	-	-	-
Property tax lawsuit	-	-	-	-
Building improvements	-	-	-	-
Other purposes	-	-	-	-
Unreserved, reported in:				
Special revenue funds	720	10,071	10,724	(27,845)
Debt service funds	5	2	(8)	(576)
Capital projects funds	(18,025)	(21,607)	(26,409)	(26,691)
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 41,581</u>	<u>\$ 37,484</u>	<u>\$ 41,472</u>	<u>\$ 81,140</u>

Source: Finance Office, City of Garden Grove

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

						<b>Fiscal Year</b>	
<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>		
\$ 48,176	\$ 47,951	\$ -	\$ -	\$ -	\$ -		
-	-	-	-	-	-		
-	-	40,056	13,375	13,375	13,375		
-	-	135	-	-	-		
-	-	-	-	-	-		
-	-	1,000	-	-	-		
-	-	-	-	-	-		
-	-	-	1,000	1,000	1,000		
-	-	-	53	139	231		
-	-	500	500	500	500		
-	-	1,300	1,300	1,300	1,300		
-	-	-	113	132	223		
-	-	384	-	-	-		
6,479	71	-	-	-	-		
-	-	4,566	18,444	16,016	16,217		
<u>\$ 54,655</u>	<u>\$ 48,022</u>	<u>\$ 47,941</u>	<u>\$ 34,785</u>	<u>\$ 32,462</u>	<u>\$ 32,846</u>		
\$ 158,393	\$ 142,099	\$ -	\$ -	\$ -	\$ -		
-	-	13,829	-	-	-		
-	-	73,994	-	-	-		
-	-	4	-	-	-		
-	-	815	-	-	-		
-	-	1	-	-	-		
-	-	2,457	2,680	2,793	2,814		
-	-	13,080	11,734	8,433	3,665		
-	-	287	354	453	569		
-	-	1,450	207	650	-		
-	-	23,115	12,185	12,200	12,695		
-	-	199	229	242	304		
-	-	994	-	-	-		
-	-	1,000	-	-	-		
-	-	500	-	-	-		
-	-	1,300	-	-	-		
-	-	384	-	-	-		
(41,485)	(11,371)	-	-	-	-		
4,463	1,399	-	-	-	-		
(33,563)	(39,251)	-	-	-	-		
-	-	(31,170)	(3,006)	(67)	(551)		
<u>\$ 87,808</u>	<u>\$ 92,876</u>	<u>\$ 102,239</u>	<u>\$ 24,382</u>	<u>\$ 24,705</u>	<u>\$ 19,496</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			
	2005	2006	2007	2008
<b>Revenues:</b>				
Taxes	\$ 79,808	\$ 83,684	\$ 87,437	\$ 91,292
Licenses and permits	1,380	1,672	1,859	1,068
Fines, forfeitures and penalties	2,323	2,939	2,567	2,870
Investment earnings	4,409	3,803	5,148	6,576
Charges for current services	10,839	12,614	11,401	10,083
From other agencies	39,016	40,825	42,230	42,295
Other revenues	2,788	3,477	3,597	2,516
Total revenues	<u>140,563</u>	<u>149,014</u>	<u>154,239</u>	<u>156,700</u>
<b>Expenditures</b>				
<b>Current:</b>				
Fire	15,874	17,189	17,946	19,724
Police	32,537	34,803	38,600	43,048
Traffic safety	2,680	2,818	3,274	3,026
Public right of way	4,233	5,380	6,881	5,973
Drainage				
Community buildings	2,088	2,738	3,529	3,581
Community services	3,347	3,409	3,846	4,208
Parks and greenbelts	1,460	5,558	1,653	1,925
Community planning and development	28,929	31,057	29,537	30,076
Municipal support	6,628	7,198	6,367	7,163
Capital outlay	28,040	28,138	19,233	26,290
<b>Debt service:</b>				
Principal retirement	4,850	4,909	4,621	3,971
Interest and other charges	5,907	6,738	6,873	7,783
Total expenditures	<u>136,573</u>	<u>149,935</u>	<u>142,360</u>	<u>156,768</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,990</u>	<u>(921)</u>	<u>11,879</u>	<u>(68)</u>
<b>Other financing sources (uses):</b>				
Transfers in	22,836	29,549	26,474	48,225
Transfers out	(22,666)	(29,379)	(26,251)	(48,394)
Issuance of debt	4,001	1,500	-	41,675
Proceeds of debt	-	-	-	-
Proceeds from sale of capital assets	-	612	(1,322)	-
Contribution to Housing Authority	-	-	(3,796)	-
Extraordinary Gain/(Loss)	-	-	-	-
Payment to bond escrow agent	-	-	-	(8,410)
Total other financing sources (uses)	<u>4,171</u>	<u>2,282</u>	<u>(4,895)</u>	<u>33,096</u>
Net change in fund balances	<u>\$ 8,161</u>	<u>\$ 1,361</u>	<u>\$ 6,984</u>	<u>\$ 33,028</u>
Debt service as a percentage of noncapital expenditures	9.9%	9.6%	9.3%	9.0%

Source: Finance Office, City of Garden Grove



		<b>Fiscal Year</b>									
		<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>				
\$	90,692	\$	85,353	\$	91,330	\$	82,531	\$	77,231	\$	80,010
	818		1,553		962		946		1,128		1,405
	2,761		3,103		2,911		2,673		2,960		2,755
	7,219		7,689		4,859		1,560		1,800		1,780
	11,065		11,413		12,002		10,401		10,084		10,267
	39,707		55,879		50,336		15,617		13,324		12,857
	3,053		2,100		6,393		1,612		3,332		1,991
	<u>155,315</u>		<u>167,090</u>		<u>168,793</u>		<u>115,340</u>		<u>109,859</u>		<u>111,065</u>
	20,769		19,331		18,862		19,996		20,447		20,143
	44,787		43,863		44,727		45,558		45,478		47,027
	2,896		2,967		2,733		2,894		2,595		3,105
	8,130		7,373		5,865		5,880		5,730		5,662
	148		13		-		-		-		-
	3,935		3,366		3,188		3,519		3,082		3,086
	4,433		4,428		4,037		4,449		4,453		4,562
	1,804		1,649		1,664		1,883		1,927		2,019
	31,145		59,813		51,950		10,871		7,761		8,156
	7,079		7,639		7,359		8,805		6,797		7,215
	23,162		16,671		15,754		15,569		10,366		14,956
	3,519		4,956		4,214		4,434		1,939		2,036
	8,076		7,726		4,938		3,226		1,383		1,280
	<u>159,883</u>		<u>179,795</u>		<u>165,291</u>		<u>127,084</u>		<u>111,960</u>		<u>119,247</u>
	<u>(4,568)</u>		<u>(12,705)</u>		<u>3,502</u>		<u>(11,745)</u>		<u>(2,101)</u>		<u>(8,182)</u>
	32,608		52,785		41,588		39,808		1,239		3,232
	(32,438)		(47,597)		(41,492)		(18,335)		(1,139)		(1,181)
	-		-		2500		-		-		-
	-		-		-		1856		-		-
	-		2,320		-		-		-		1,307
	-		-		-		-		-		-
	-		-		-		(98,139)		-		-
	-		-		-		-		-		-
	<u>170</u>		<u>7,508</u>		<u>2,596</u>		<u>(74,810)</u>		<u>100</u>		<u>3,358</u>
\$	<u>(4,398)</u>	\$	<u>(5,197)</u>	\$	<u>6,098</u>	\$	<u>(86,555)</u>	\$	<u>(2,001)</u>	\$	<u>(4,824)</u>
	8.5%		7.8%		6.1%		6.9%		3.3%		3.2%

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

<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>Property Tax</b>	<b>Franchise Tax</b>	<b>Business Operation Tax</b>	<b>Transient Occupancy Tax</b>	<b>Motor Vehicle Tax</b>	<b>Total</b>
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
2013	19,804,727	35,145,142	2,506,722	4,809,344	14,447,817	90,025	76,803,777
2014	20,285,111	35,286,424	2,483,878	4,953,958	16,442,817	74,506	79,526,694

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			Successor Agency (1)			Total Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
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%
2013	9,933,103,063	308,943,730	10,242,046,793	2,785,756,021	295,258,690	3,081,014,711	1.074%
2014	10,538,784,389	356,435,196	10,895,219,585	2,897,857,598	328,394,262	3,226,251,860	1.074%

**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.*

- (1) *The Redevelopment Agency was dissolved in February 2012.  
The Successor Agency was created to close out the Redevelopment Agency.*

Source: Orange County Assessor's Office

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

<b>Fiscal Year</b>	<b>Basic Levy</b>	<b>City Paramedic</b>	<b>Metropolitan Water District</b>	<b>Orange County</b>	<b>Sanitation and Water</b>	<b>School Services</b>	<b>Other</b>	<b>Total</b>
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
2013	1.0000	0.07000	0.00350	-	-	-	-	1.07350
2014	1.0000	0.07000	0.00350	-	-	-	-	1.07350

*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**

<b>Taxpayer</b>	<b>2014</b>		<b>2005</b>	
	<b>Taxable Assessed Value</b>	<b>Percent of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Percent of Total City Taxable Assessed Value</b>
Landmark Marriott Suites	\$ 109,633,388	1.01%	\$ 89,078,211	1.18%
American Lodging	57,443,220	0.53%		
Christ Catholic Cathedral Facility	49,740,025	0.46%		
Newage Garden Grove	44,962,363	0.41%		
Chatham Rigg LLC	44,414,493	0.41%		
HGGA Promenade	42,862,555	0.39%		
Time Warner Pacific West	41,328,974	0.38%		
Ohi Resort Hotels	40,725,539	0.37%	37,026,397	0.49%
PPF Industrial	38,300,000	0.35%		
SPS Technologies LLC	37,560,448	0.34%		
Atrium Plaza			65,754,814	0.87%
Kilroy Realty			29,346,848	0.39%
BB Promenade			26,146,343	0.35%
Swedlow Inc.			19,596,309	0.26%
MBP Land LLC			19,749,830	0.26%
7300 Chapman Ave			18,940,932	0.25%
CC Technology LP			18,997,000	0.25%
American Medical			18,673,026	0.25%
	<u>\$ 506,971,005</u>	<u>4.65%</u>	<u>\$ 343,309,710</u>	<u>4.55%</u>

Source: Coren & Cone's 2013/14 Preliminary Property Tax Reports

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

<b>Fiscal Year</b>	<b>City Tax Rate (Per \$100)</b>	<b>Total Tax Levied</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Ratio of Delinquent Taxes to Total Tax Levy</b>
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	0.003	17,407,275	16,491,089	94.7	520,209	17,011,298	97.7	302,494	1.7%
2012	0.003	17,792,829	16,539,285	93.0	277,560	16,816,846	94.5	333,343	1.9%
2013	0.003	19,080,983	18,555,697	97.2	339,959	18,895,656	99.0	264,446	1.4%
2014	0.003	20,112,895	19,256,287	95.7	281,184	19,537,471	97.1	231,857	1.2%

*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

*This page is intentionally blank*

**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 <sup>1</sup>	Loans <sup>2 3</sup>	Capital Leases <sup>4</sup>	
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
2013	18,410,000	-	-	-	6,345,613	1,371,910	26,127,523
2014	17,830,000	-	-	-	5,276,879	817,516	23,924,395

<sup>1</sup> The City refunded the \$52,325,000 tax allocation bonds in 2003.

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

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

<sup>4</sup> The City financed new copiers with a \$376,774 capital lease.

<sup>5</sup> The City issued \$21,845,000 Sewer COP in 2006.

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

<sup>7</sup> The City issued \$16,625,000 Water Revenue Bond in 2010 and issued \$16,845,000 Water Revenue Bond in 2004.

Source: Finance Office, City of Garden Grove



<b>Business-type Activities</b>						
<b>Water Revenue Bonds <sup>7</sup></b>	<b>Sewer Revenue COP <sup>5</sup></b>	<b>Certificates of Participation</b>	<b>Total Business-type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income <sup>6</sup></b>	<b>Debt Per Capita <sup>6</sup></b>
\$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
26,826,738	20,298,745	-	47,125,483	73,253,006	0.16%	423
25,382,945	19,769,567	-	45,152,512	69,076,907	0.23%	407

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

<b>Fiscal Year Ended June 30</b>	<b>Outstanding General Bonded Debt</b>			<b>Percent of Assessed Value <sup>1</sup></b>	<b>Per Capita</b>
	<b>Certificates of Participation</b>	<b>Tax Allocation Bonds</b>	<b>Total</b>		
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
2013	18,410	-	18,410	0.14%	106
2014	17,830	-	17,830	0.13%	102

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

<sup>1</sup> *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, 2014**

2013-14 Assessed Valuation:	\$12,841,142,157			
		%		
		Applicable	Total Debt	City's Share of
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		<u>(1)</u>	<u>6/30/2014</u>	<u>Debt 6/30/14</u>
Metropolitan Water District		0.587 %	\$ 132,275,000	\$ 776,454
Coast Community College District		6.352	632,413,698	40,170,918
North Orange County Joint Community College District		2.322	201,239,001	4,672,770
Rancho Santiago Community College District		6.133	285,430,201	17,505,434
Garden Grove Unified School District		57.730	244,995,160	141,435,706
Anaheim Union High School District		0.070	100,323,955	70,227
Huntington Beach Union High School District		1.300	206,874,998	2,689,375
Anaheim School District		0.088	151,620,632	133,426
Magnolia School District		0.197	17,678,305	34,826
Westminster School District		7.213	76,388,307	<u>5,509,889</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT				\$ 212,999,025
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>				
Orange County General Fund Obligations		2.902 %	\$ 145,476,000	\$ 4,221,714
Orange County Pension Obligations		2.902	32,195,288	934,307
Orange County Board of Education Certificates of Participation		2.902	15,500,000	449,810
Municipal Water District of Orange County Water Facilities Corporation		3.472	7,775,000	269,948
North Orange Regional Occupation Program Certificates of Participation		0.025	10,690,000	2,673
Orange Unified School District Certificates of Participation		1.174	33,191,560	389,669
Orange Unified School District Benefit Obligations		1.174	86,665,000	1,017,447
Anaheim Union High School District Certificates of Participation		0.070	36,178,095	25,325
Huntington Beach Union High School District Certificates of Participation		1.300	59,921,090	778,974
Westminster School District Certificates of Participation		7.213	22,870,000	1,649,613
City of Garden Direct Debt		100.000	17,830,000	<u>17,830,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT				\$ 27,569,480
Less: MWDOC Water Facilities Corporation (100% self-supporting)				<u>269,948</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT				\$ 27,299,532
 OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		2.276-100.0%	57,630,000	\$ 42,692,887
 TOTAL DIRECT DEBT				\$ 17,830,000
TOTAL GROSS OVERLAPPING DEBT				\$ 265,431,392
TOTAL NET OVERLAPPING DEBT				\$ 265,161,444
 GROSS COMBINED TOTAL DEBT			(2)	\$ 283,261,392
NET COMBINED TOTAL DEBT				\$ 282,991,444

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds. Certificate of Participation, Loan Agreements, Capital Lease Agreements and Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to Adjusted Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.66%
Total Direct Debt (\$17,830,000)	0.14%
Gross Combined Total Debt	2.21%
Net Combined Total Debt	2.20%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$2,599,095,364):

Total Overlapping Tax Increment Debt	1.64%
--------------------------------------	-------

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

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

	Fiscal Year			
	2005	2006	2007	2008
Assessed valuation	\$ 7,556,611,904	\$ 8,326,522,578	\$ 9,197,354,465	\$ 9,893,940,341
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,889,152,976	2,081,630,645	2,299,338,616	2,473,485,085
Debt limit percentage	15%	15%	15%	15%
Debt limit	283,372,946	312,244,597	344,900,792	371,022,763
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 283,372,946</u>	<u>\$ 312,244,597</u>	<u>\$ 344,900,792</u>	<u>\$ 371,022,763</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

<b>Fiscal Year</b>					
<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 10,076,761,228	\$ 9,676,926,613	\$ 9,625,578,786	\$ 9,795,770,847	\$ 10,242,046,793	\$ 10,895,219,585
25%	25%	25%	25%	25%	25%
2,519,190,307	2,419,231,653	2,406,394,697	2,448,942,712	2,560,511,698	2,723,804,896
15%	15%	15%	15%	15%	15%
377,878,546	362,884,748	360,959,204	367,341,407	384,076,755	408,570,734
-	-	-	-	-	-
<u>\$ 377,878,546</u>	<u>\$ 362,884,748</u>	<u>\$ 360,959,204</u>	<u>\$ 367,341,407</u>	<u>\$ 384,076,755</u>	<u>\$ 408,570,734</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

<b>Water Revenue Bonds</b>							
<b>Fiscal Year</b>	<b>Gross Revenue</b>	<b>Expenses(1)</b>	<b>Resources Available for Debt Service</b>	<b>Debt Service Requirement</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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	1,050,000	1,299,320	2,349,320	3.66
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
2013	33,933,081	22,848,625	11,084,456	1,320,000	1,340,727	2,660,727	4.17
2014	35,511,650	21,707,732	13,803,918	1,375,000	1,294,940	2,669,940	5.17

Source: Finance Office, City of Garden Grove

(1) *Total operating expense less depreciation and amortization*

(2) *Due to the dissolution of the Redevelopment Agency in February 2012, the Tax Increment is now deposited in the City of Garden Grove RPTTF by project area.*

<b>Tax Allocation Bonds</b>				
<b>Debt Service Requirement</b>				
<b>Tax Increment (2)</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
\$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
4,340,413	2,020,000	2,320,413	4,340,413	1.00
4,337,756	2,105,000	2,232,756	4,337,756	1.00

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2004	169,911	\$3,039,717	\$17,890	4.2%
2005	172,042	3,243,812	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%
2013	173,075	4,696,862	27,205	7.8%
2014	173,953	4,747,258	27,429	6.5%

Source: State Employment Development Department  
California Department of Finance  
Center for Center for Demographic Research/ Fullerton.edu



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

<b>Employer</b>	<b>2014</b>	
	<b>Number of Employees</b>	<b>Percent of Total Employment</b>
Prime Healthcare Services	516	0.65%
American Apparel Knit & Dye	500	0.63%
Air Industries Co.	465	0.58%
Saint Gobain Performance Plastics	363	0.46%
Office Max, Inc.	360	0.45%
Hyatt Regency Orange County	350	0.44%
GKN Aerospace Transparency Systems, Inc.	331	0.42%
Walmart #4171	325	0.41%
Kaiser Foundation Health	300	0.38%
NBTY Acquisition, LLC	298	0.37%

*2005 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 Business Tax Dept.

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

<b>Department</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Administrative Services	31	34	-	-	-	-	-	-	-	-
City Manager	13	14	9	13	12	10	10	9	9	9
Community Development	45	44	56	58	59	59	59	65	58	58
Community Services	149	155	146	149	148	145	143	159	156	157
Economic Development	-	-	12	13	13	13	13	13	-	-
Finance	32	32	34	35	37	37	37	37	39	40
Fire	109	110	112	112	112	111	110	110	107	109
Information Technology	-	-	20	20	20	20	20	20	20	19
Personnel	13	13	9	10	10	9	9	10	9	9
Police	316	314	328	334	334	334	333	302	275	268
Public Works	<u>179</u>	<u>192</u>	<u>192</u>	<u>197</u>	<u>197</u>	<u>196</u>	<u>196</u>	<u>199</u>	<u>194</u>	<u>195</u>
Total	<u>887</u>	<u>908</u>	<u>918</u>	<u>941</u>	<u>942</u>	<u>934</u>	<u>930</u>	<u>924</u>	<u>867</u>	<u>864</u>
Full Time employees	637	647	661	676	685	682	681	676	621	623
Part time employees	250	261	257	265	257	252	249	248	246	241

Source: City Budget/Department Budgets

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Police:								
Arrests	7,767	6,951	7,316	7,195	6,920	6,651	6,774	6,423
Traffic citations issued	11,574	13,627	12,787	15,490	14,945	11,393	13,815	10,903
Fire:								
Number of emergency calls	15,534	16,279	16,548	16,306	23,381	25,586	26,739	26,785
Public Right-of-Way:								
Parking citations issued	30,052	32,718	30,464	26,660	24,800	24,590	24,571	25,919
Permits issued	3,175	1,525	276	269	201	314	406	501
Community Services:								
Number of recreation classes	1,525	1,534	1,544	1,398	1,817	1,540	1,987	2,016
Housing vouchers	2,337	2,337	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	2,427	2,808
Water:								
Number of accounts	34,090	34,152	34,217	34,239	33,689	33,751	34,206	33,807
Average daily consumption (thousands of gallons)	49,864	24,851	23,345	21,843	20,528	21,480	21,324	22,024
Solid Waste Disposal:								
Number of accounts	30,928	30,938	30,895	30,723	33,308	33,424	33,886	34,136
Drainage:								
Channels cleaned (miles)	5	5	5	5	5	5	5	5
Municipal Support:								
Passports issued	723	569	500	463	292	624	673	507

Note: *The City has elected to show only eight years of data for this schedule, which coincides with the implementation of GASB 44.*

Source: City of Garden Grove

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Police:								
Stations	1	1	1	1	1	1	1	1
Fire:								
Fire stations	7	7	7	7	7	7	7	7
Public Right-of-Way:								
Streets (miles)	305	305	305	305	305	305	305	305
Community Services:								
Parks	16	16	16	16	16	16	16	16
Park acreage	142	142	142	142	142	142	142	142
Community centers	1	1	1	1	2	2	2	2
Water:								
Water mains (miles)	360	360	433	433	433	433	433	433
Number of connections	34,090	34,152	34,217	34,239	33,689	33,751	34,206	34,257
Sewage Collection:								
Sanitary sewers (miles)	312	312	320	320	320	320	320	320
Drainage:								
Storm drains (miles)	35	35	35	35	35	35	35	35

Note: *The City has elected to show only eight years of data for this schedule, which coincides with the implementation of GASB 44.*

Source: City of Garden Grove

*This page is intentionally blank*



**GARDEN GROVE**