



CITY OF GARDEN GROVE, CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

July 1, 2018 - June 30, 2019



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City of Garden Grove, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
June 30, 2019

Finance Department

Patricia Song
Finance Director

City of Garden Grove, 11222 Acacia Parkway, Garden Grove, CA 92840

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Introductory Section

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CITY OF GARDEN GROVE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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CITY OF GARDEN GROVE

Steven R. Jones
Mayor
Stephanie Klopfenstein
Mayor Pro Tem - District 5
George S. Brietigam
Council Member - District 1
John R. O'Neill
Council Member - District 2
Thu-Ha Nguyen
Council Member - District 3
Patrick Phat Bui
Council Member - District 4
Kim Bernice Nguyen
Council Member - District 6

December 4, 2019

To the Honorable Mayor, City Council, and Citizens of the City Garden Grove:

It is with great pleasure that we present to you the City of Garden Grove's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. The CAFR is published to serve two purposes. First, it outlines accountability for public tax dollars and the services that are funded by these resources. Second, it communicates the results of operations and the City's financial position to its constituents, and provides a vital framework for future decisions about programs and services.

In order to ensure the reliability of the information contained herein, the City contracted with an independent audit firm, Davis Farr LLP, to perform the annual financial audit. The goal of the audit is to provide reasonable assurance that the City's financial statements are free from material misstatement. Davis Farr LLP issued an unmodified opinion for the City's financial statements for the fiscal year ended June 30, 2019.

Management is responsible for both the accuracy of the financial report and the completeness and fairness of the presentation. To the best of our knowledge, the information presented is accurate in all material aspects and includes all disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial activities. To provide a rational basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the CAFR.

The CAFR is prepared using the financial reporting requirements outlined by the Governmental Accounting Standards Board (GASB) statements. Three sections are presented: the *Introductory Section*, the *Financial Section*, and the *Statistical Section*. This transmittal letter is included in the *Introductory Section*, and is designed to complement and should be read in conjunction with the Management's Discussion and Analysis (MD&A), which is included in the *Financial Section*. The MD&A provides an overview of the City's operations and how we performed financially. The auditor's opinion letter and a complete set of financial statements are presented in the *Financial Section*. The *Statistical Section* presents historical information about the City's finances and operations, as well as demographic and economic data.

The independent audit of the financial statements of the City of Garden Grove was part of a broader, federally mandated audit of state and local governments (the "Single Audit") designed to meet the special needs of federal granting agencies. The standards governing the Single Audit require the auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements. These reports are available in the City of Garden Grove's separately issued Single Audit Report.

The CAFR is a required component of continuing disclosure to the bond holders as covenanted by certain City bond issues.

Community Profile

The City of Garden Grove is located in central Orange County approximately 25 miles southeast of downtown Los Angeles. With a population of approximately 176,896, it is the fifth largest city in Orange County and the twenty-eighth largest in the State of California. The City incorporated on June 18, 1956.

The City spans an area of 17.9 square miles and is a general law city in the State of California. It has a Council-Manager form of government. On May 10, 2016, the City of Garden Grove adopted Ordinance No. 2866 changing the City's at-large system of electing City Council members to a By-District election system and established the boundary lines of the six districts. While the Mayor continues to be elected at-large for a two-year term, the six City Council members are elected by districts 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 directors and for administering the City's programs in accordance with the policies adopted by the City Council.

City Service and Budgetary Control

Garden Grove is a full service city. The services provided by the City include police, street maintenance, park maintenance, water, sewer, recreation, traffic/transportation, public improvements, planning, zoning, and general administrative services. Effective August 16, 2019, the City began contracting with Orange County Fire Authority to provide fire protection and paramedic services. Also included in the City's overall operations are the Garden Grove Housing Authority, the Garden Grove Sanitary District, Garden Grove Successor Agency, and the Garden Grove Public Financing Authority. Additional information on these component units is available in the *Notes to the Basic Financial Statements*.

A key element of the City's financial management process is the development and approval of a biennial budget. Garden Grove Municipal Code requires the City Manager to prepare and submit the proposed budget and salary plan to the City Council for approval. The City Council conducts several public budget review sessions to obtain taxpayer input, prior to adopting the budget at a public meeting. The legal level of budgetary control is at the department level. The City Council may amend the budget to increase or decrease appropriations or move appropriations between

funds. The City Manager is authorized to transfer appropriations within a fund between the various programs and/or departments.

Demographic and Economic Information

Demographically, the City of Garden Grove has one of the highest population density in the County. The community is highly diversified with a median age of 37.9 years. In 2018, there were 46,583 households in the City, with a median household income of \$62,675, representing an increase of 32.2% from 2000. The City is also benefiting from higher education levels. In 2018, 73.8% of the population completed high school, and 20.8% received bachelor degree or higher. This is an increase of 38.7% comparing to 2000.

The job market continues to improve. In 2017, total jobs in the City of Garden Grove numbered 58,163, an increase of 12.6% from 2007. The largest job sector was Education, accounting for 23.9% of total jobs in the City, second by Leisure, representing 15.7% of the job market, an increase of 29.8% from 2007. The increase in the share of Leisure jobs is largely due to the booming hotel industry in the City.

Garden Grove has made significant strides in economic development since the Great Recession. The City also has greatly benefited from strong hotel growth along Harbor Boulevard, specifically with the opening of the Great Wolf Lodge in 2016. Hotel tax revenue has more than doubled since 2012 from \$12 million to \$26 million in fiscal year ended June 30, 2019. The real estate market has remained strong providing the City with growth in property tax revenue. Between 2000 and 2018, the median home sales price increased by 70.0% to \$595,000. Sales revenue shows steady increase over the years due to the City's continued efforts in diversifying business types.

With limited opportunities for large-scale new development, Garden Grove continues to look for opportunities to redevelop and expand currently underutilized properties. Through its ongoing commitment to stimulate the local economy, improve essential services, and expand its public safety labor force, the City of Garden Grove will continue to provide excellent services to its constituents and neighboring communities.

Financial Condition of the City

The local and regional economy continued to show strong growth during the year. However, improving economic performance does not directly translate to improved financial condition for local governments. As an example, a rise in home price does not directly correlate to the City collecting more in property taxes. With Proposition 13, real property tax is capped at 1%, and the property's taxable value cannot increase more than 2% per year. At the same time, increase in fixed costs for city operations has outpaced its revenue growth. Annual required pension contribution alone will grow by \$10.5 million over the next six years, based on the most recent CalPERS valuation report published in July 2019.

The steep increase in non-discretionary costs places significant pressure on the City's revenue generating capabilities, amid other state policies that continue to shift responsibilities to the cities without the necessary funding, increasing costs to law enforcement and public safety, and making it more difficult to maintain the traditional level of essential services our residents expect. Garden Grove has endured years of structural budget deficits. In order to balance the budget, over the years, the City implemented citywide budget reductions, suspended hiring, deferred capital improvements projects and maintenance, and used one-time money to gap the deficit. The City Council recognized the City's struggle to maintain service levels with rising costs, and in July 2018 voted to approve the placement of a one-cent sales tax measure for voter approval. In November 2018, Measure O was approved by over 64% of the voters providing an estimated additional \$19.0 million in revenue annually beginning in FY 2019-20. The Measure O revenue is 100% committed to Garden Grove and cannot be reallocated to the State.

The passing of Measure O provides the City with an opportunity to strengthen its financial position. The City will continue to manage spending in a prudent manner, and identify ways to reduce costs by improving efficiency.

Long-term Financial Planning

The City has consistently demonstrated prudent fiscal management practices. In accordance with the provisions of the City's municipal code, a five-year forecast covering operating revenue and expenditures, labor usage, and capital improvement plan is incorporated in the budget process. The forecast includes analysis of key revenue and expenditure components, and proposed measures to address any anticipated gaps. The City's biennial budget is developed in the context of the five-year financial forecast.

To foster a culture of long-term fiscal sustainability, the City is in the process of adopting a series of important fiscal policies. These policies will set a framework to ensure a balanced budget, maintain healthy reserves, appropriately fund the City's pension liabilities, as well as planning for future infrastructure needs. In August 2019, the City adopted the Pension Funding Policy, formally committing to proactively address its unfunded pension liability. With the close of Fiscal Year 2018-19, a General Fund reserve policy will be added to the policy series setting standard for a contingency reserve. In the near future, infrastructure funding, user fees and cost recovery, cost allocation for administrative and support functions will all be developed and incorporated into the comprehensive policies.

Financial Policies and Practices

The City adopted various critical financial policies and practices with the goal of building a fiscally resilient government over the long-term.

Pension Funding Policy

The purpose of the Pension Funding Policy is to establish a systematic and disciplined method to accumulate resources to be used towards funding pension liability and future benefit payments, and to provide reasonable assurance that the cost of pension benefits will be funded in an equitable and sustainable manner.

Enterprise Fund Business Principles

The City maintains a set of business principles for managing its enterprise fund operations. These principles are to ensure the funds break even and operate efficiently, maintain two months cash flow and \$500,000 in reserves for contingencies, approach 5 percent of system value for replacement sinking funds, and maintain system and facilities up to industry standards by adequately funding new Capital Improvement Programs.

Investment Policy

The City 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 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 purpose for the City's centralized purchasing policy is to procure needed supplies, services, and equipment at the utmost quality, within the required time, and at the best price for the City, 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 of the tax dollar.

Debt Management Policy

On January 24, 2017, the City Council adopted a debt management policy in compliance with Senate Bill 1029 to improve public debt financial transparency. The objective of the debt policy is to achieve sound administration of City debt by minimizing debt service and issuance costs, maintaining the highest reasonable credit rating, and ensuring complete financial disclosure and compliance with State and Federal laws.

Major Initiatives

The City has taken steps to reduce unfunded liability through the establishment of a Pension Funding Policy; funding infrastructure improvements, including a facility space need assessment for the policy station; improving efficiency through the

implementation of an Enterprise Resources Planning (ERP) system; and promoting transparency by increasing community engagement on major initiatives, such as the development of Parks Master Plan.

In Fiscal Year 2019-20, the City's new Capital Improvement Program (CIP) totaled \$35.5 million. It covers a wide range of categories including street, building and facility, traffic, parks, water, sewer and storm drain.

The City continues to leverage a strong economy and positive housing market conditions to encourage local economic development initiatives that promote local investment and job creation. Adoption of the City's 2012 Mixed-Use Ordinance advanced a number of mixed-use projects including: the Garden Brook Senior Village comprised of 394 affordable senior units with ancillary retail uses; transition of Brookhurst Place (Phase II) is now underway with completion of the Kia dealership demolition that will soon accommodate approximately 462 apartment homes with commercial space, and a boutique hotel. The Brookhurst Place (Phase 1) recently completed in July 2018 with 180 luxury apartment units along Garden Grove Boulevard. Shea Homes is under construction on an infill project named Gardenia that is comprised of 70 single-family detached residential homes.

Initiatives took place in the downtown areas include the installation of local art and murals throughout the downtown Civic Center area illuminates the ongoing efforts to *Re-Imagine Garden Grove* through placemaking and active transportation. Construction is near completion. SteelCraft Garden Grove, an outdoor, urban eatery built from repurposed shipping containers that houses numerous craft food, eateries, and retail spaces opened in September 2019. The Cottage Industries project envisions an adaptive reuse of the twelve properties in the downtown area to be repurposed for retail, office, café, and makers' space. Construction is expected to be begin in 2020.

Proximity to Orange County's tourism hub has seen a rise of hospitality investment in Garden Grove. Partnerships with two preferred hotel developers are making progress to bring expanded hospitality uses along Harbor Boulevard in the Grove District – Anaheim Resort. Groundbreaking for the Site C Project is anticipated in 2020 that will bring forward a hotel campus of two full-service hotels totaling 769 new rooms, conference space, and regional retail experiences. The Site B2 Exclusive Negotiation Agreement envisions an integrated development with Nickelodeon themed hotel with up to 600 new rooms with supporting retail uses.

The City is committed to providing programs and services designed to improve neighborhoods with support from the Neighborhood Improvement and Conservation Commission and funding from the Federal and State government. Such funding includes Community Development Block Grant, HOME Investment Partnerships Program, and Emergency Solutions Grants. These efforts have expanded to include the establishment of the City's First-time Homebuyer Program through the CalHOME Grant, Workforce Initiative Subsidy for Homeownership Grant (WISH) and continuation of the Senior Home Improvement Grants. Creation of the City's Homeless Emergency Assistance and Rental Transition (HEART) Program to bring

homelessness resources via tenant-based rental assistance to provide housing for Garden Grove homeless population.

Furthermore, the Garden Grove Housing Authority which operates under Federal grants received from the Department of Housing and Urban Development, provides rental subsidies to low-income families. The Section 8 program assists over 2,220 families with their monthly rent. The City is committed to providing these programs and services designed to improve Garden Grove neighborhoods and increase affordable housing options in our community.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Garden Grove for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the 34th consecutive year that the City has received this prestigious award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the award program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of the CAFR on a timely basis was made possible by the efficient and dedicated service of the staff in Finance. Staff members have our sincere appreciation for their contributions to this report. We also acknowledge the assistance of Davis Farr LLP, in completing the CAFR.

We thank the Mayor, City Council, and the City's executive management team for their strong leadership and support of the financial operations of the City and for maintaining the highest standards of professionalism in managing the City's finances for the best interest of the citizens of Garden Grove.

Respectfully submitted,



Scott C. Stiles, City Manager



Patricia Song, Finance Director



Government Finance Officers Association

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

Presented to

**City of Garden Grove
California**

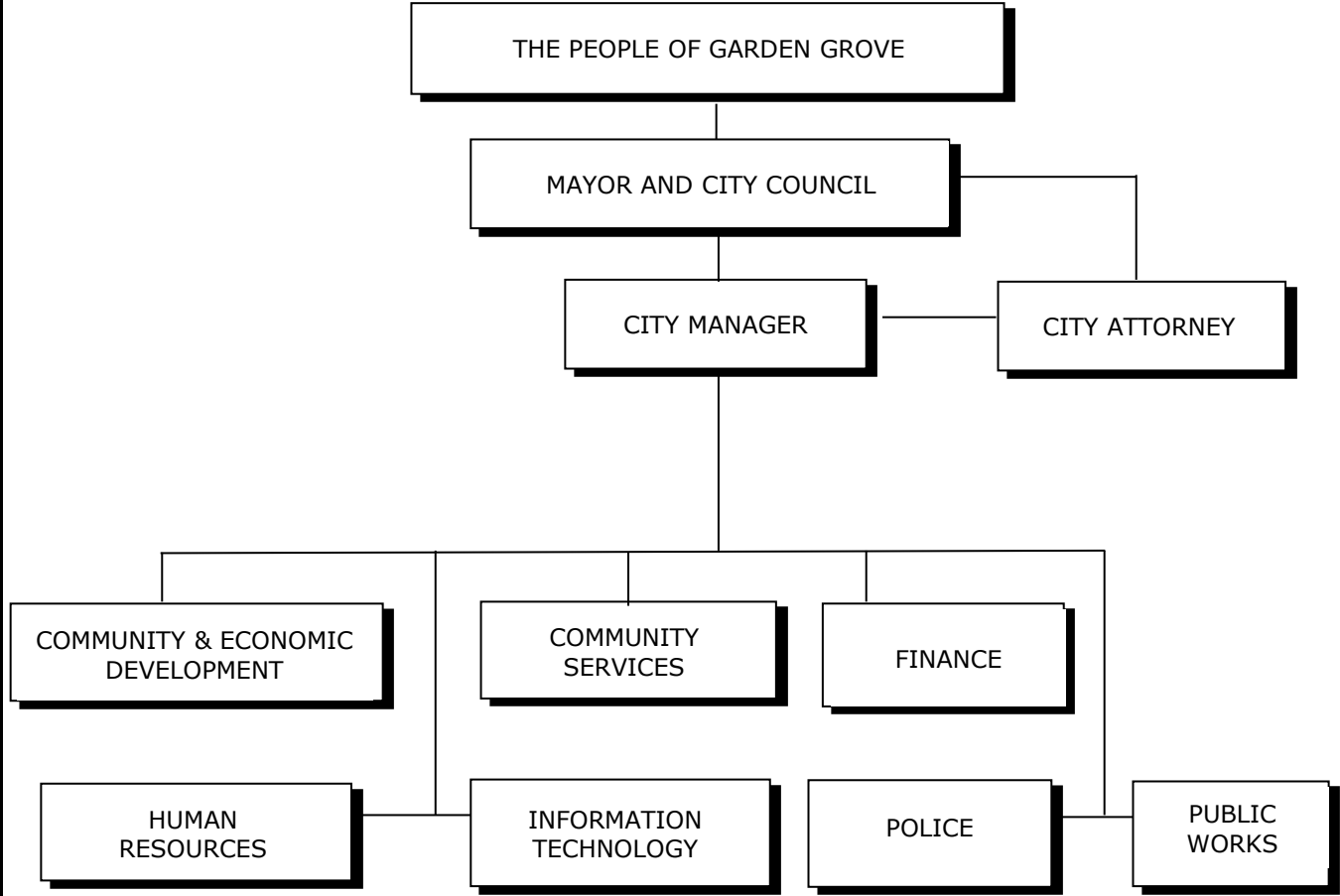
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

CITY OF GARDEN GROVE



CITY OF GARDEN GROVE

CITY COUNCIL

Steven R. Jones
Mayor

Stephanie Klopfenstein
Mayor Pro Tem – District 5

Thu-Ha Nguyen
Council Member – District 3

George S. Brietigam III
Council Member – District 1

Patrick Phat Bui
Council Member – District 4

John R. O'Neill
Council Member – District 2

Kim B. Nguyen
Council Member – District 6

CITY OFFICIALS

Scott C. Stiles
City Manager

Omar Sandoval
City Attorney

Anand Rao
Information Technology Director

John Montanez
Community Services Director

Laura Stover
Human Resources Director

William Murray
Public Works Director

Tom DaRé
Police Chief

Lisa Kim
*Assistant City Manager/Community and
Economic Development Director*

Patricia Song
Finance Director



Financial Section

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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 the City of Garden Grove, California (the City), as of and for the year ended June 30, 2019, 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 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 of Garden Grove, California, as of June 30, 2019, 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.

Emphasis of Matter

The financial statements for the year ended June 30, 2019 reflect certain prior period adjustments as described further in note 17 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, certain budgetary comparison information, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Pension Contributions and the Schedule of Changes in total OPEB liability and Related Ratios* 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 *combining and individual nonmajor fund financial statements, certain budgetary comparison schedules, the introductory section and the 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 the *budgetary comparison schedules* are the responsibility of management and were derived from and relates 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 certain budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section* and the *statistical section* 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 4, 2019 on our consideration of the City of Garden Grove'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 City of Garden Grove's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

December 4, 2019
Irvine, California

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CITY OF GARDEN GROVE, CA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2019

The City of Garden Grove's Finance team has prepared this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019, to assist users of this report to gain a better understanding of the City's financial health and history. The information presented here should be considered in conjunction with additional information furnished in the letter of transmittal and the accompanying financial statements.

FINANCIAL HIGHLIGHTS

The City of Garden Grove's financial statements prepared for the fiscal year ended June 30, 2019 comply with all applicable statements issued by the Governmental Accounting Standards Board (GASB). GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* was implemented by the City during the fiscal year ended June 30, 2019. Additional information related to debt was disclosed in the notes to financial statements with the goal to improve financial reporting by providing essential information to understand the effects of debt on the City's future resource flows.

Government-Wide

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$744.3 million (*net position*).
- The overall City's net position increased by \$17.8 million from the previous fiscal year primarily due to the increase in total assets as the result of enhanced revenue position.
- Total expenses for governmental activities were \$151.7 million for fiscal year ended June 30, 2019. The sources for these expenses came from program revenues of \$42.4 million, taxes in the amount of \$108.6 million, and other general revenue of \$8.5 million. For the current year, revenues from governmental activities exceeded expenses by \$7.8 million, together with a \$1.0 million transfer from business-type activities, and a beginning balance restatement of \$0.3 million, net position for governmental activities increased by \$9.1 million from the previous year to \$586.0 million at June 30, 2019.
- For business-type activities, program revenues exceeded expenses by \$7.6 million. Among the total program revenue of \$85.4 million, \$51.0 million was from charges for services, and \$34.4 million from operating grants and contributions. Combined with investment earnings and other general revenues of \$2.1 million, and a transfer to the governmental activities in the amount of

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

\$1.0 million, net position for business-type activities increased by \$8.7 million from the previous year to \$158.3 million at June 30, 2019.

Fund Based

- As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$134.7 million, an increase of \$19.5 million from the previous year. The net increase was primarily due to the positive operating result with current year's revenues exceeded expenditures by \$19.3 million.
- Among the total fund balance of \$134.7 million reported at the close of the fiscal year, \$84.2 million, or 62.5% are either non-spendable or restricted for specific purposes. Please refer to *Notes to Basic Financial Statements* for additional information on the categorization of the governmental funds' fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements are designed to give users a broad overview of the City's finances, similar to a private-sector business. They present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting.

There are two statements in the government-wide financial statements, the statement of net position, and the statement of activities. The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net difference between the total of assets and deferred outflows and the total of liabilities and deferred inflows is reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's infrastructure assets. The statement of activities shows how the City's net position changed during the fiscal year.

Both government-wide financial statements distinguish between functions that are primarily supported by taxes and intergovernmental revenues, and functions that are intended to recover all or a significant portion of their costs through user fees and charges. The first function is identified in the statements as governmental activities, while the latter is reported as business-type activities.

Most of the City's basic services are reported in the governmental activities category, including fire, police, traffic safety, public right of way, community buildings, community services, economic development, parks and greenbelts, community planning and development, and municipal support functions. Property and sales taxes, transient occupancy tax, business licenses and permits, investment income,

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

and state and federal grants finance these activities. The City operates its sewer utility through its component unit, the Garden Grove Sanitary District, and federal Section 8 housing program through another component unit, the Garden Grove Housing Authority. These activities are reported in the business-type activities category along with water utility and solid waste disposal services.

The government-wide financial statements can be found on the pages immediately following this discussion in the Basic Financial Statements section.

Fund Financial Statements

A fund is a set of related accounts that is used to control resources that have been segregated to carry on specific activities or to attain certain objectives in accordance with special regulations, restrictions, or limitations. The City, like the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All City funds are divided into one of three categories: governmental funds, proprietary funds, or fiduciary funds.

The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary and fiduciary activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help manage and report money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement. The governmental fund financial statements can be found in the *Basic Financial Statements* section of this report.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

Proprietary funds

When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of revenues, expenses and changes in fund net position. The City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the City's self-insured worker's compensation and risk management, fleet management, employee benefits, information systems, warehouse operation, and communication replacement funds. The internal service funds are reported with governmental activities in the government-wide financial statements. The proprietary fund financial statements can be found in the *Basic Financial Statements* section of this report.

Fiduciary funds

The City is the trustee, or fiduciary, for certain funds held to account for activities reported in this category which includes the Successor Agency. The City's fiduciary activities are reported in separate *statements of fiduciary net position* and *statement of changes in fiduciary net position*.

Notes to Basic Financial Statements

Notes to basic financial statements provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. They are presented immediately following the *Basic Financial Statements* section of this report.

Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* on the City's budget process and the General Fund budgetary comparison schedule, the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

Combining and individual statements for non-major governmental and proprietary funds, internal service funds and the agency fiduciary fund are also presented in the *Supplementary Information* section of this report.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

GOVERNMENT- WIDE FINANCIAL ANALYSIS

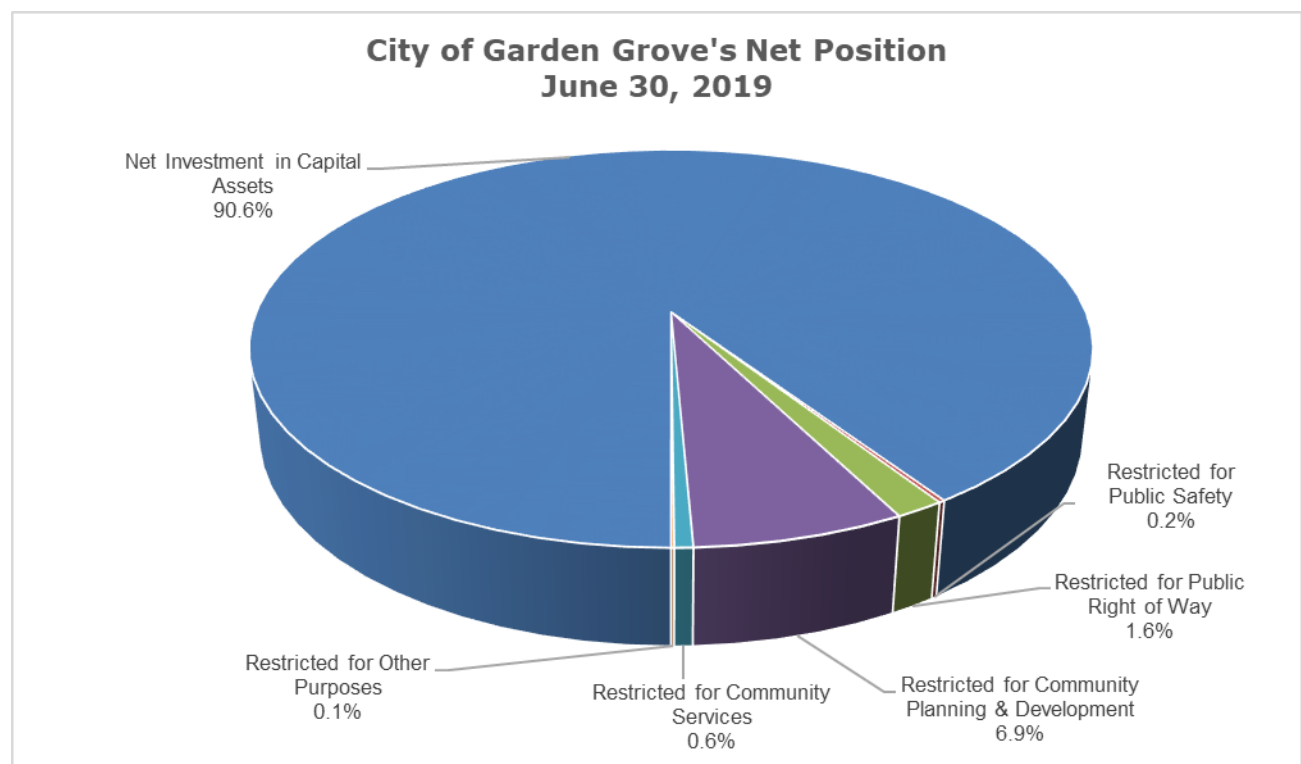
The government-wide financial analysis focus on the City's net position and changes in net position of the governmental and business-type activities during the fiscal year.

As noted earlier, the City's net position as a whole increased by \$17.8 million from the previous year. The enhanced financial position was primarily attributable to positive operating result of the year. The government-wide net position reported \$744.3 million as of June 30, 2019.

Among the total net position, \$747.0 million were invested in capital assets, net of related debt. These capital assets are essential for City operations, which include land, buildings, machinery and equipment, and infrastructure. Net position invested in capital assets is not available for spending. Although the City's investment in 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 liquidated to pay for the liabilities.

The remaining (\$2.7) million of total government-wide net position are composed of \$69.8 million restricted funds and (\$72.5) million unrestricted. Net position may be restricted for capital projects, debt payments, and/or special programs such as public safety and public right of way.

The graph below illustrates the various components of the City's net position at fiscal year ended June 30, 2019.



CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

The schedule below is a condensed version of the City's statement of net position for fiscal year ended June 30, 2019 with comparative data from the previous fiscal year:

City of Garden Grove's Net Position (in millions)

| | <u>Governmental activities</u> | | <u>Business-type activities</u> | | <u>Total</u> | |
|--|--------------------------------|-----------------|---------------------------------|-----------------|-----------------|-----------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Current and other assets | \$ 256.3 | \$ 229.6 | \$ 70.7 | \$ 63.0 | \$ 327.0 | \$ 292.6 |
| Capital assets | 644.3 | 644.1 | 157.9 | 154.2 | 802.2 | 798.3 |
| Total assets | <u>900.6</u> | <u>873.7</u> | <u>228.6</u> | <u>217.2</u> | <u>1,129.2</u> | <u>1,090.9</u> |
| Deferred charges on refunding | - | - | 0.1 | 0.1 | 0.1 | 0.1 |
| Deferred OPEB related items | 0.4 | 0.4 | - | - | 0.4 | 0.4 |
| Deferred pension related items | 40.3 | 56.6 | 4.9 | 7.2 | 45.2 | 63.8 |
| Total deferred outflows | <u>40.7</u> | <u>57.0</u> | <u>5.0</u> | <u>7.3</u> | <u>45.7</u> | <u>64.3</u> |
| Long-term debt | 73.0 | 70.2 | 31.9 | 34.2 | 104.9 | 104.4 |
| Net OPEB liability | 16.1 | 16.1 | 2.1 | 2.1 | 18.2 | 18.2 |
| Net pension liability | 245.4 | 252.3 | 30.6 | 31.3 | 276.0 | 283.6 |
| Other liabilities | 13.4 | 9.3 | 8.7 | 6.1 | 22.1 | 15.4 |
| Total liabilities | <u>347.9</u> | <u>347.9</u> | <u>73.3</u> | <u>73.7</u> | <u>421.2</u> | <u>421.6</u> |
| Deferred unamortized gain on refunding | - | - | 0.2 | 0.2 | 0.2 | 0.2 |
| Deferred OPEB related items | 0.7 | - | 0.1 | - | 0.8 | - |
| Deferred pension related items | 6.7 | 5.9 | 1.7 | 1.0 | 8.4 | 6.9 |
| Total deferred inflows | <u>7.4</u> | <u>5.9</u> | <u>2.0</u> | <u>1.2</u> | <u>9.4</u> | <u>7.1</u> |
| Net investment in capital assets | 621.2 | 622.9 | 125.8 | 120.0 | 747.0 | 742.9 |
| Restricted | 69.8 | 65.5 | - | - | 69.8 | 65.5 |
| Unrestricted | (105.0) | (111.5) | 32.5 | 29.6 | (72.5) | (81.9) |
| Total net position | <u>\$ 586.0</u> | <u>\$ 576.9</u> | <u>\$ 158.3</u> | <u>\$ 149.6</u> | <u>\$ 744.3</u> | <u>\$ 726.5</u> |

A condensed statement of change in net position with comparative amounts on revenues and expenses for the current and prior year is presented on the following page.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

City of Garden Grove's Changes in Net Position (in millions)

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|----------------------------|-----------------|-----------------------------|-----------------|-----------------|-----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 17.1 | \$ 16.5 | \$ 51.0 | \$ 48.4 | \$ 68.1 | \$ 64.9 |
| Operating contributions and grants | 21.6 | 14.6 | 34.4 | 31.5 | 56.0 | 46.1 |
| Capital contributions and grants | 3.7 | 2.3 | - | - | 3.7 | 2.3 |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | 49.3 | 47.0 | - | - | 49.3 | 47.0 |
| Sales and use taxes | 24.6 | 20.7 | - | - | 24.6 | 20.7 |
| Transient occupancy taxes | 26.3 | 26.0 | - | - | 26.3 | 26.0 |
| Other taxes | 8.4 | 8.8 | - | - | 8.4 | 8.8 |
| Investment earnings | 7.7 | 1.9 | 1.9 | 0.4 | 9.6 | 2.3 |
| Other income | 0.8 | 0.6 | 0.2 | 0.2 | 1.0 | 0.8 |
| Total revenues | 159.5 | 138.4 | 87.5 | 80.5 | 247.0 | 218.9 |
| Expenses: | | | | | | |
| Public safety - Fire | 27.1 | 27.4 | - | - | 27.1 | 27.4 |
| Public safety - Police | 63.0 | 64.3 | - | - | 63.0 | 64.3 |
| Traffic safety | 5.2 | 5.1 | - | - | 5.2 | 5.1 |
| Public right of way | 19.1 | 19.0 | - | - | 19.1 | 19.0 |
| Community buildings & drainage | 6.0 | 6.7 | - | - | 6.0 | 6.7 |
| Parks & community services | 8.0 | 11.3 | - | - | 8.0 | 11.3 |
| Community & economic development | 11.5 | 12.4 | - | - | 11.5 | 12.4 |
| Municipal support | 10.8 | 8.7 | - | - | 10.8 | 8.7 |
| Water utility | - | - | 34.0 | 35.4 | 34.0 | 35.4 |
| Sewer utility | - | - | 7.8 | 7.8 | 7.8 | 7.8 |
| Solid waste disposal | - | - | 1.8 | 1.9 | 1.8 | 1.9 |
| Housing program | - | - | 34.2 | 33.1 | 34.2 | 33.1 |
| Interest on long-term debt | 1.0 | 1.1 | - | - | 1.0 | 1.1 |
| Total Expenses | 151.7 | 156.0 | 77.8 | 78.2 | 229.5 | 234.2 |
| Transfers | 1.0 | 0.6 | (1.0) | (0.6) | - | - |
| Special Items | - | 30.0 | - | - | - | 30.0 |
| Change in net position | 8.8 | 13.0 | 8.7 | 1.7 | 17.5 | 14.7 |
| Net position - beginning of year | 576.9 | 570.0 | 149.6 | 146.7 | 726.5 | 716.7 |
| Restatement | 0.3 | (6.1) | - | 1.2 | 0.3 | (4.9) |
| Net position - end of year | <u>\$ 586.0</u> | <u>\$ 576.9</u> | <u>\$ 158.3</u> | <u>\$ 149.6</u> | <u>\$ 744.3</u> | <u>\$ 726.5</u> |

CITY OF GARDEN GROVE

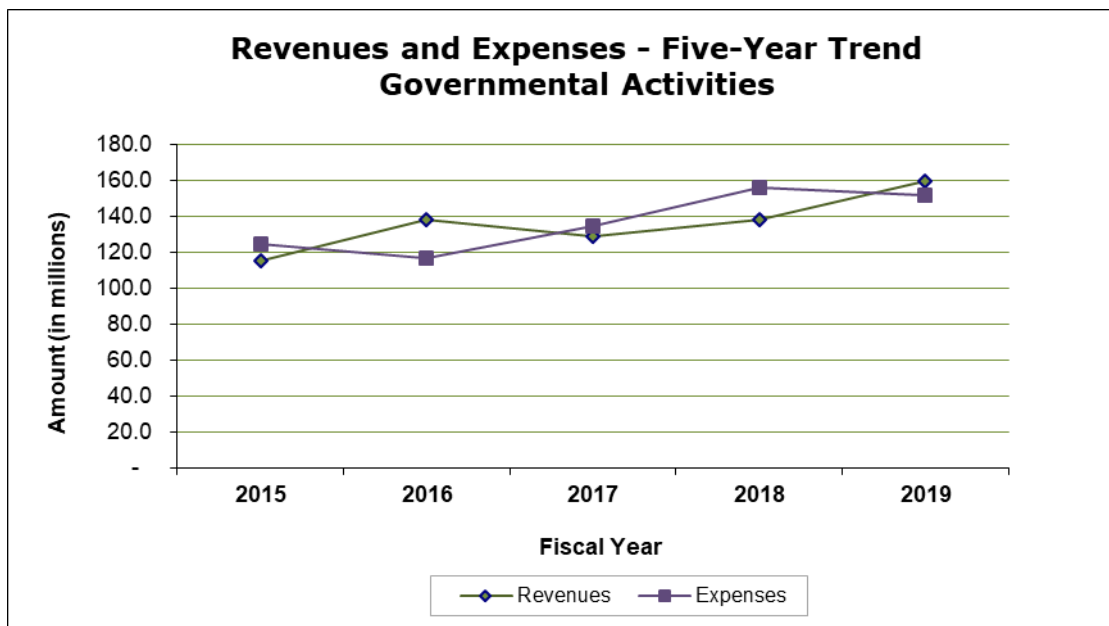
Management's Discussion and Analysis (continued)

June 30, 2019

Governmental Activities

Total resources available during the year to finance governmental operations were \$736.7 million. This amount consists of the beginning net position of \$577.2 million, which includes a restatement of \$0.3 million, program revenues of \$42.4 million and general revenues of \$117.1 million. Total uses in governmental activities during the year totaled \$151.7 million. Transfers to governmental activities were \$1.0 million. Therefore, the net position for governmental activities increased by \$9.1 million and ended at \$586.0 million as of June 30, 2019.

The chart below presents governmental activity revenues and expenses for the past five years. Transfers and extraordinary items were not included in the revenues and expenses.

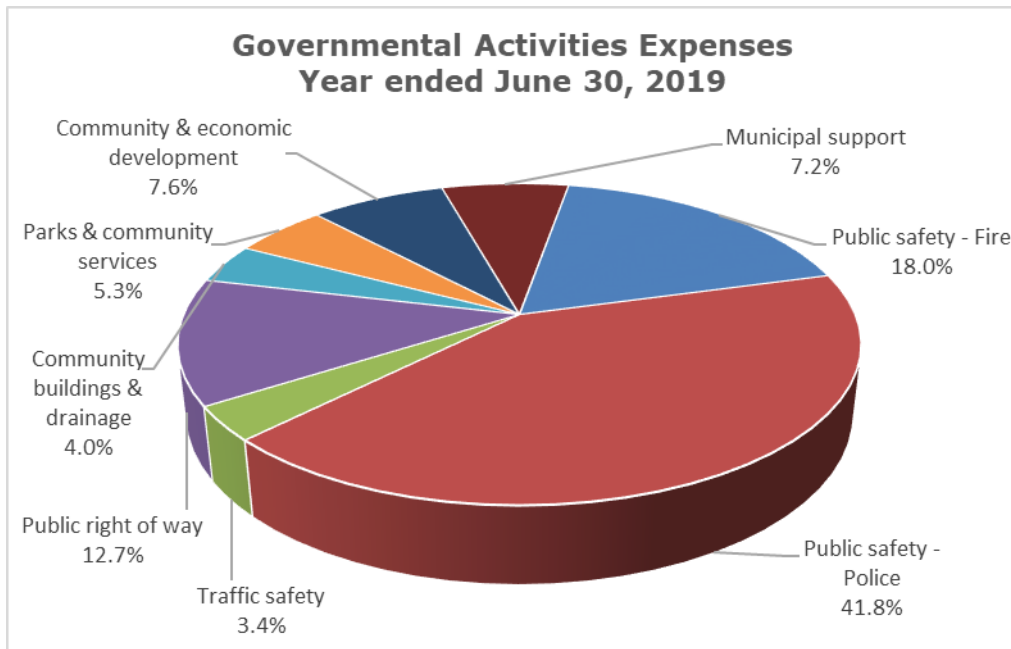


The cost of governmental activities for fiscal year ended June 30, 2019 was \$150.7 million, excluding \$1.0 million in interest expense. A total of \$90.1 million, or 59.4% was for providing public safety services. The chart on next page shows a breakdown of the cost of each major municipal function.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019



The public safety function (police and fire) is primarily funded by property taxes, sales tax, transient occupancy tax, and other general revenues. Traffic safety, public right of way, community buildings and drainage programs are responsible for maintenance and construction of transportation system as well as city facilities, with funding provided by gas tax, Measure M2, various federal, state and local grants, special assessment, as well as other general revenues. The funding source for parks and community services is primarily general revenues and some program fees. Community and economic development functions are funded by development related revenues as well as general revenues such as taxes, fees and investment income. Municipal support services (administration, legal, human resources, financial, and information technology) are primarily funded by charges to the direct operating functions they support through a cost allocation program.

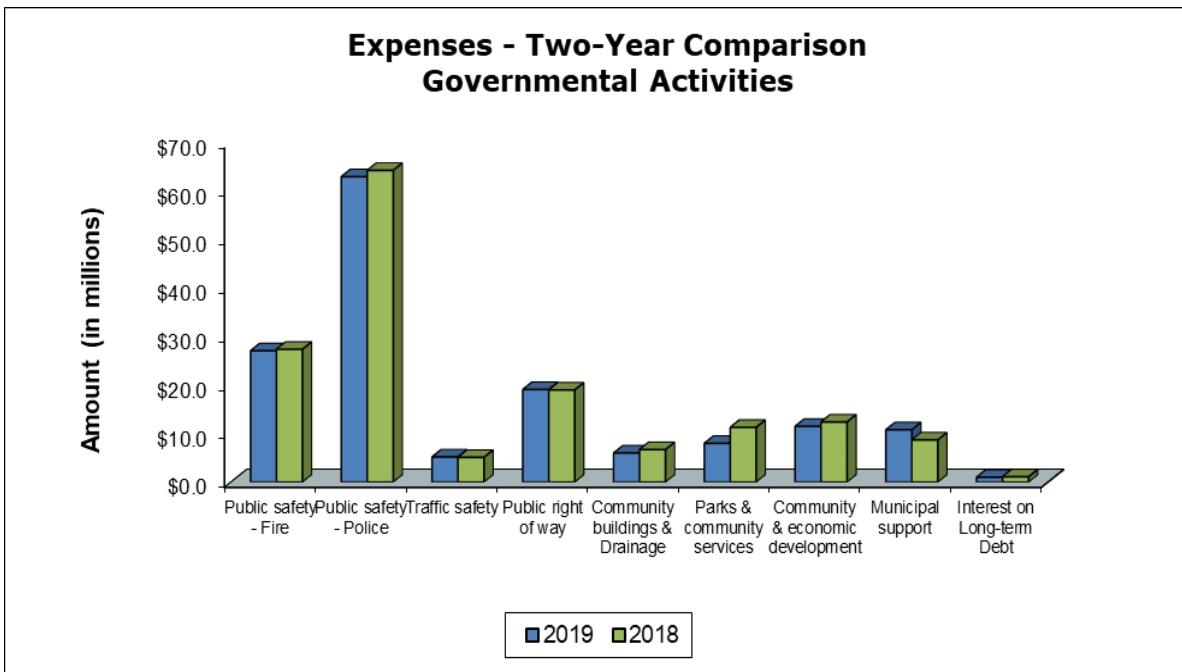
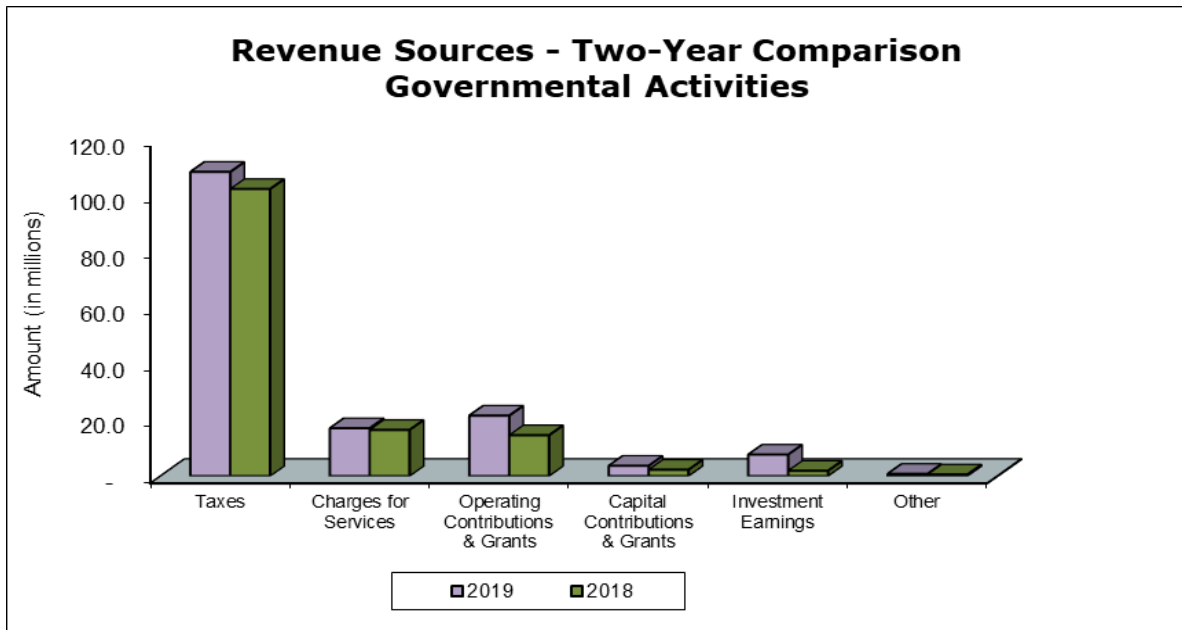
Of the total cost of the governmental activities, the amount the taxpayers ultimately funded was \$108.6 million, the remaining balance was paid by various program revenues, including \$17.1 million by those who directly benefited from the programs, \$21.6 million from other governments and organizations that subsidized certain programs with operating grants and contributions, and \$3.7 million from capital grants and contributions.

The following two charts illustrate the total revenue and expense for the governmental activities, excluding transfers for the fiscal years ended June 30, 2019 and June 30, 2018 respectively.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019



Highlights of the major revenue sources and expenses are listed below:

- Program revenues represent 26.6% of total revenues generated by governmental activities. Total program revenues for governmental activities in the current year were \$42.4 million, an increase of \$9.0 million from the previous year, primarily due to the increased revenue from operating contributions and grants.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

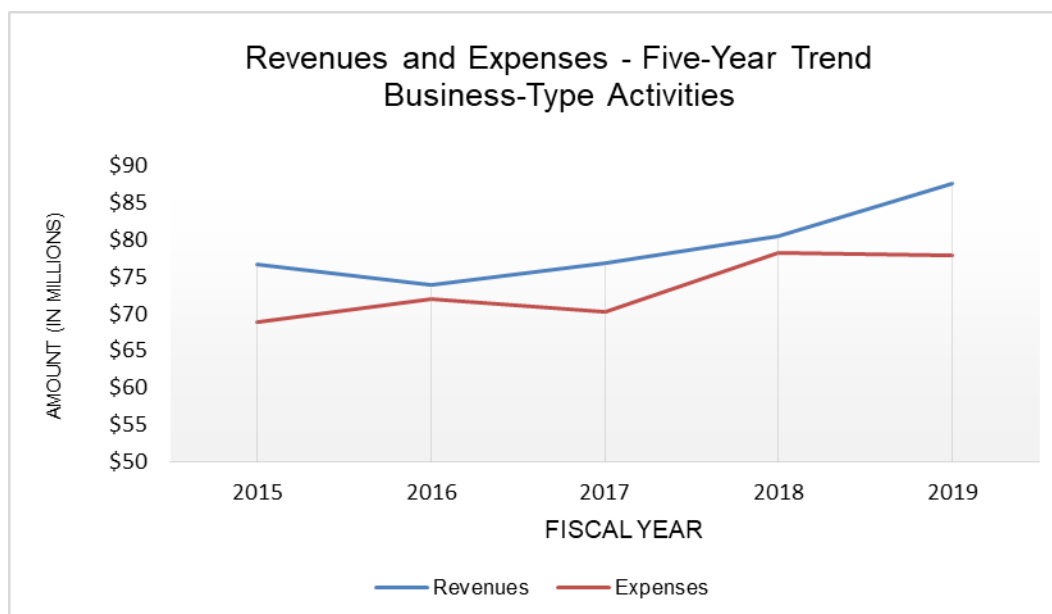
June 30, 2019

- Taxes comprised 68.1% of the total revenues from governmental activities. Total tax revenues were \$108.6 million for the current year, showing an increase of \$6.1 million, or 6.0% from the previous year. Sales and use taxes had the largest increase, in addition to the new Measure O revenue in the amount of \$4.8 million, strong auto sales and adjustments from the California Department of Tax and Fee Administration contributed another \$2.7 million in revenue growth. Property tax revenue represents 45.4% of total taxes, where transient occupancy tax revenue ranked second sharing 24.2% of total tax revenue. The remaining 7.7% were comprised of franchise tax, business license tax, and motor vehicle taxes.
- Overall governmental expenses decreased by \$4.3 million from the prior year. During the year, the City took effective measures to contain costs by implementing an early retirement program, reducing operating costs for professional/contractual services and insurance premiums. The early retirement program resulted in over 50 retirements, with the first year savings of \$3.9 million.

Business-Type Activities

The City's net position in the business-type activities increased by \$8.7 million. Primary contributors to the increase was the \$5.5 million increase in revenues from charges for services and operating contributions and grants. The overall net position reported in the business-type activities was \$158.3 million as of June 30, 2019.

The chart below presents revenues and expenses in the business-type activities for the past five years, excluding transfers and extraordinary items.

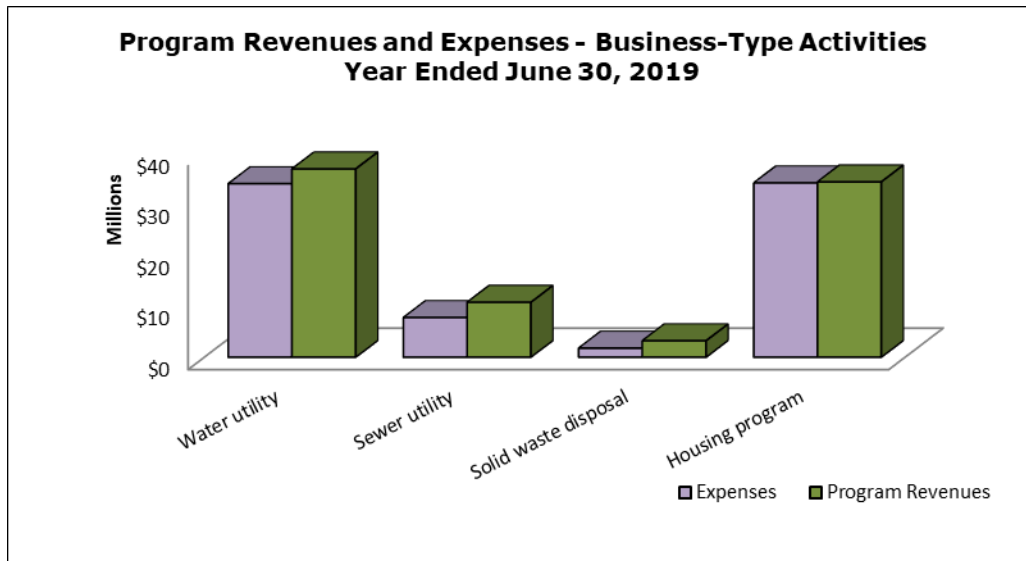


CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

The graph below shows the expenses of each business-type function compared to the program revenues generated specifically from its operations.



Total expenses of all business-type activities for the fiscal year ended June 30, 2019 were \$77.8 million, a slight decrease of \$0.4 million from the previous year. As shown in the statement of activities, the amount paid by users of the systems was \$51.0 million, reported as charge for services. Revenues from operating grants and contributions were \$34.4 million, for the City's Housing Section 8 program. Total program revenue reported for the year was \$85.4 million.

Total resources available during the year to finance business type activities were \$237.1 million. This amount consists of net position at July 1, 2018 in the amount of \$149.6 million, and total revenues of \$87.5 million. After funding total expenses of \$77.8 million, net position for business-type activities increased by \$8.7 million to \$158.3 million at June 30, 2019.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

FUND FINANCIAL ANALYSIS

General Fund

The General Fund is the primary operating fund of the City. Fund balance increased by \$17.4 million for the fiscal year ended June 30, 2019, with an ending balance of \$67.1 million.

Below is a three-year trend analysis on the fund balance of the General Fund. For additional information, please refer to *Notes to Basic Financial Statements*.

City of Garden Grove's General Fund Fund Balance Three-Year Trend Information (in millions)

| | <u>FY 2018-19</u> | <u>FY 2017-18</u> | <u>FY 2016-17</u> |
|-----------------------------------|-------------------|-------------------|-------------------|
| Fund Balances: | | | |
| Nonspendable | \$ 12.8 | \$ 13.5 | \$ 13.4 |
| Restricted | 3.8 | 3.1 | 0.3 |
| Assigned | 3.1 | 3.7 | 3.5 |
| Unassigned | 47.4 | 29.4 | 22.7 |
| Total Fund Balance | <u>\$ 67.1</u> | <u>\$ 49.7</u> | <u>\$ 39.9</u> |
| Fund Balance - Beginning | \$ 49.7 | \$ 39.9 | \$ 35.1 |
| Excess revenues over expenditures | 17.1 | 5.5 | 1.7 |
| Transfers | 0.3 | 1.8 | 0.3 |
| Gain on sale of capital assets | - | - | 2.8 |
| Special items | - | 2.5 | - |
| Fund Balance - Ending | <u>\$ 67.1</u> | <u>\$ 49.7</u> | <u>\$ 39.9</u> |

For fiscal year ended June 30, 2019, operating revenues exceeded expenditures by \$17.1 million. The positive operating results was primarily due to enhanced revenue base with the passage of a local sales tax measure, Measure O, which brought in an additional 1% of sales tax to the City, combined with effective measures implemented to contain costs, including an early retirement program. Measure O became effective on April 1, 2019. Approximately \$4.8 million was generated by Measure O in FY2018-19. The early retirement program was implemented in September 2018, over 50 employees participated, resulted in approximately \$3.9 million savings in personnel cost in the General Fund in FY2018-19.

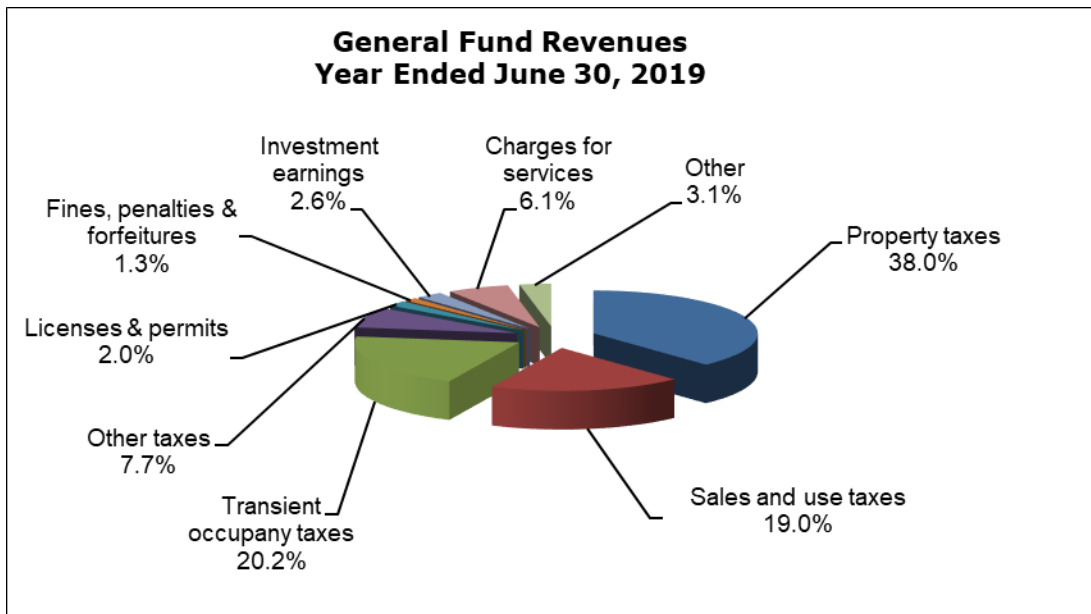
Overall General Fund revenues increased by \$14.6 million or 12.7%, compared to the previous year. Besides the additional \$4.8 Measure O sales tax revenue mentioned above, revenue from property taxes increased \$2.3 million, or 4.9% in the current year, largely due to the increased overall assessed valuation. Transient occupancy tax was the second largest revenue source of the General Fund, which continued its steady increase from the prior years and exceeded \$26.0 million in FY2018-19. Overall General Fund tax revenue increased \$11.3 million from the previous year and contributed a total of \$110.2 million to its operations.

CITY OF GARDEN GROVE

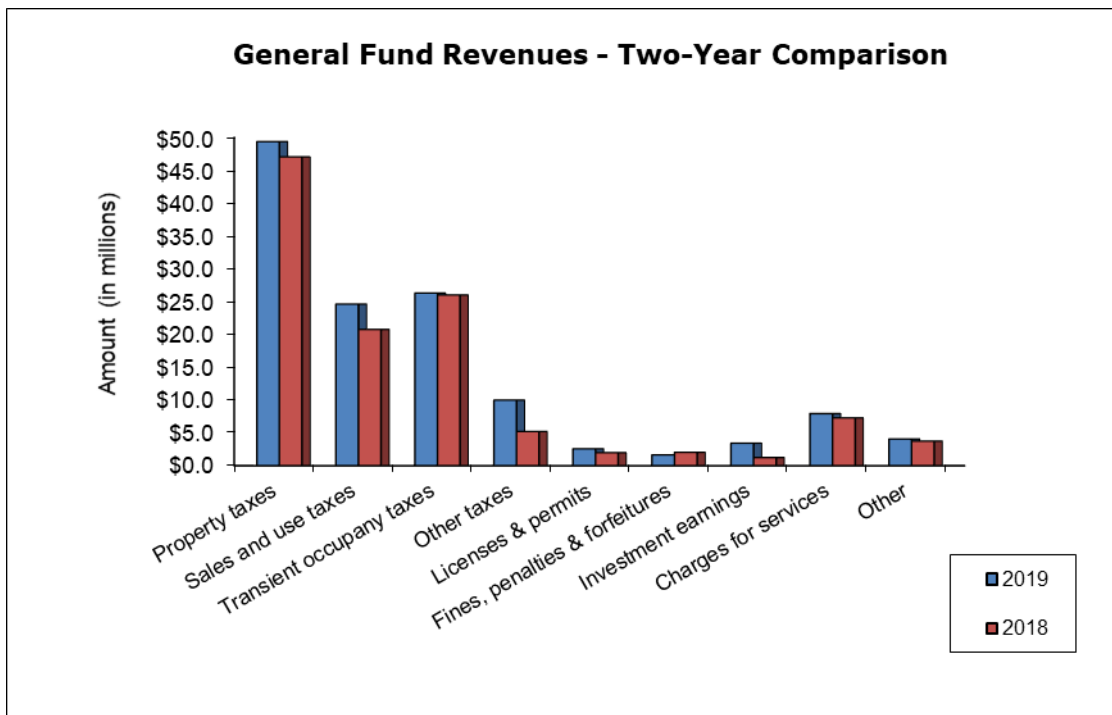
Management's Discussion and Analysis (continued)

June 30, 2019

The graph below illustrates General Fund revenues by major sources:



A two-year comparison of each General Fund revenue source for the fiscal years ended June 30, 2019 and June 30, 2018 is presented below:



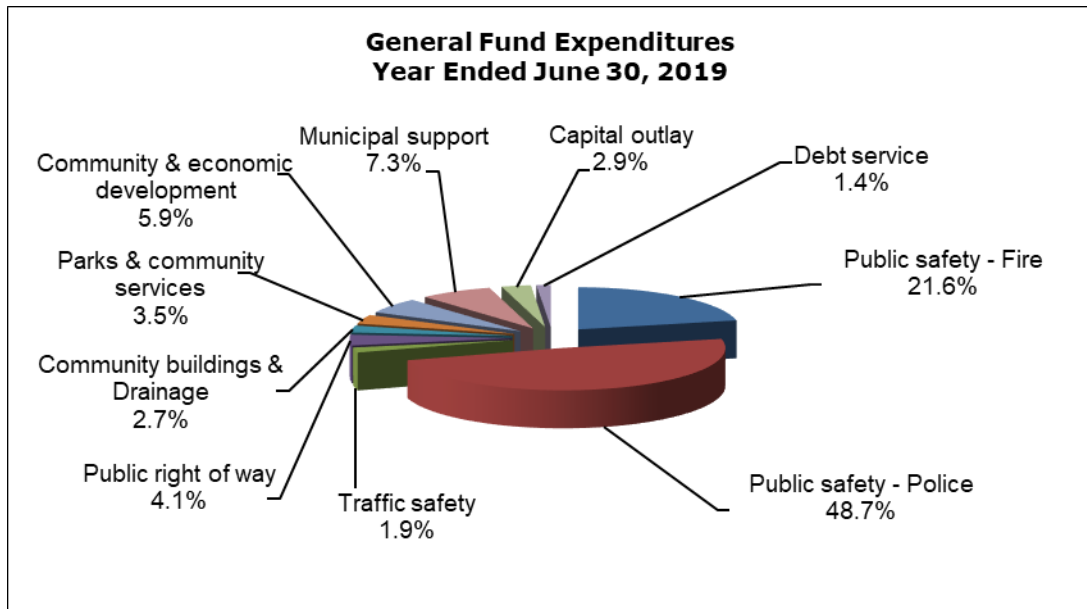
CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

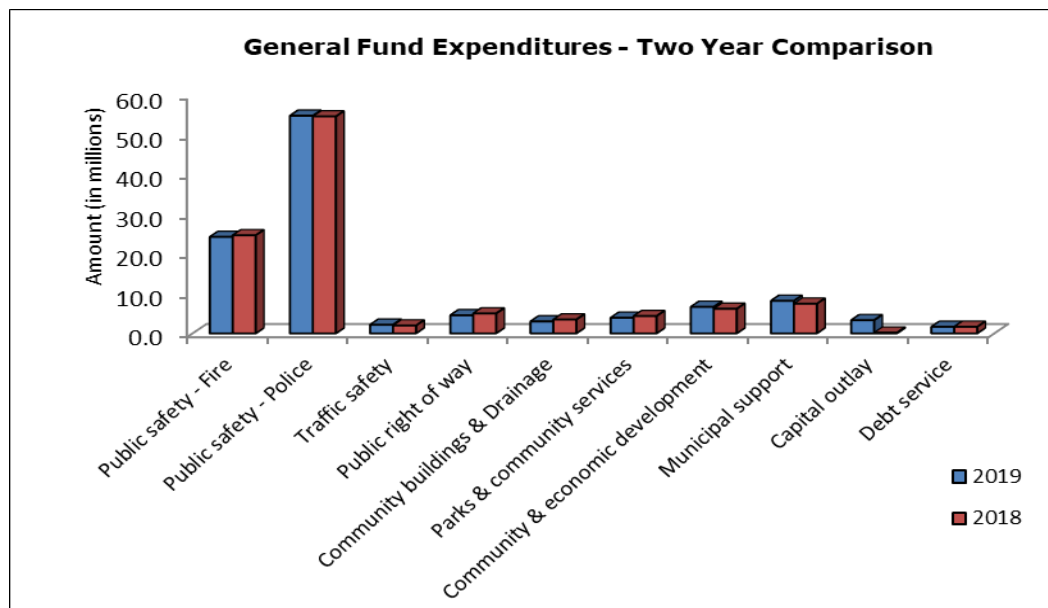
June 30, 2019

Overall General Fund expenditures increased by \$2.9 million compared to the previous year. Despite the \$3.9 million in savings from the early retirement program, personnel cost increased by \$3.7 million due to the increase in the required contribution towards the City's unfunded pension liability with CalPERS. Capital expenditure increased by \$3.1 million to fund a major Enterprise Resources Planning (ERP) system implementation, as well as City facilities improvements.

The graph below illustrates General Fund expenditures by category:



A two-year comparison of each General Fund expenditure category is shown below:



CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

Other Major Governmental Fund

The Housing Successor Agency capital project fund reported a fund balance of \$22.3 million as of June 30, 2019, consistent with the prior year. The majority of the fund balance reflected an amount due from the Successor Agency for \$13.3 million, long-term receivables from various housing organizations in the amount of \$5.6 million, and land inventory with a total book value of \$2.8 million.

CAPITAL ASSETS

The capital assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets, buildings and facilities, furniture, machinery and equipment, land, and construction in progress. At June 30, 2019, net capital assets totaled \$644.3 million for the governmental activities, and \$157.8 million for the business-type activities respectively. Depreciation on capital assets is recognized in the government-wide financial statements. Please refer to *Notes to Basic Financial Statements* for additional information.

The table below presents comparative summary information on the City's capital assets:

City of Garden Grove's Capital Assets
Net of Depreciation (in millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|------------------------------------|-----------------|-------------------------------------|-----------------|-----------------|-----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 416.2 | \$ 415.5 | \$ 2.0 | \$ 2.0 | \$ 418.2 | \$ 417.5 |
| Streets | 158.1 | 164.3 | - | - | 158.1 | 164.3 |
| Storm drainage | 22.8 | 24.3 | - | - | 22.8 | 24.3 |
| Water system | - | - | 87.7 | 85.8 | 87.7 | 85.8 |
| Sewer system | - | - | 63.8 | 62.8 | 63.8 | 62.8 |
| Buildings and improvements | 27.7 | 19.7 | 0.3 | 0.3 | 28.0 | 20.0 |
| Furniture, machinery & equipment | 15.2 | 15.3 | 0.2 | 0.1 | 15.4 | 15.4 |
| Construction in progress | 4.3 | 5.0 | 3.8 | 3.2 | 8.1 | 8.2 |
| Total Capital Assets | <u>\$ 644.3</u> | <u>\$ 644.1</u> | <u>\$ 157.8</u> | <u>\$ 154.2</u> | <u>\$ 802.1</u> | <u>\$ 798.3</u> |

DEBT ADMINISTRATION

The City continued its efforts to reduce its long-term debt obligation. In addition to steadily paying down its outstanding long term obligations, the City implemented a Pension Funding Policy in August 2019 to proactively and effectively manage its unfunded pension liability. An IRC Section 115 Trust was established in November 2019 accordingly.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

The schedule of outstanding long-term debt with comparative amounts for the previous fiscal year is presented below. For additional information on the City's long-term debt, please refer to *Notes to Basic Financial Statements*.

City of Garden Grove's Outstanding Debt (in millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------|----------------------------|----------------|-----------------------------|----------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Lease payable | \$ 22.7 | \$ 23.2 | \$ - | \$ - | \$ 22.7 | \$ 23.2 |
| Capital leases payable | 0.4 | 0.6 | - | - | 0.4 | 0.6 |
| Revenue bonds | - | - | 25.7 | 26.9 | 25.7 | 26.9 |
| Certificates of participation | - | - | 4.7 | 5.6 | 4.7 | 5.6 |
| Unamortized bond premium | 1.4 | 1.4 | 1.5 | 1.7 | 2.9 | 3.1 |
| Total Outstanding Debt | <u>\$ 24.5</u> | <u>\$ 25.2</u> | <u>\$ 31.9</u> | <u>\$ 34.2</u> | <u>\$ 56.4</u> | <u>\$ 59.4</u> |

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund appropriations were originally adopted at \$113.4 million for Fiscal Year 2018-19, excluding transfers to other funds of \$0.6 million. Final appropriations were increased by \$8.2 million to \$121.6 million. Among the budgetary increase, \$6.6 million was due to appropriations carried over from the prior year, which included a \$2.8 million City Facilities Energy Efficiency project, \$2.5 million Tourist Improvement District capital improvement project, and various Economic Development programs as well as grant funded activities. The remaining \$1.1 million was supplemental as approved by the City Council throughout the year to fund for activities and/or operations not included during the budget adoption process.

Below is a summary of changes made to the adopted budget:

| | |
|--------------------------|-----------------------|
| Original Budget | \$ 113,439,184 |
| Carryover Appropriations | 6,554,093 |
| Supplemental Changes | <u>1,071,708</u> |
| Final Budget | <u>\$ 121,604,985</u> |

The supplemental funding included the following:

- \$714,708 for a storm drain improvement project. Appropriation for the project was not originally included due to pending grant funds;
- \$182,000 for additional crossing guard services; and
- \$175,000 for fees assessed by the California Department of Tax and Fee Administration for the implementation of Measure O sales tax measure that was passed by our voters in November 2018.

At June 30, 2019, the City's General Fund concluded the fiscal year with a net favorable variance of \$24.9 million. The net favorable variance is the result of an increase in revenues of \$17.3 million, an expenditure savings of \$8.9 million, and a reduction in net incoming transfer of \$1.3 million.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

Table below shows the budget variance in each category, revenue, expenditure and transfers:

| City of Garden Grove Budget to Actual Comparison | | | | |
|---|----------|-------------|--------------|-----------------|
| (in millions) | | | | |
| | Revenue | Expenditure | Net Transfer | Budget Variance |
| Final Budget | \$ 112.5 | \$ 121.6 | \$ 1.6 | |
| Actual | 129.8 | 112.7 | 0.3 | |
| Favorable/(Unfavorable) | | | | |
| Budget Variance | \$ 17.3 | \$ 8.9 | \$ (1.3) | \$ 24.9 |

The favorable variance in revenues was primarily due to the following reasons:

- The passage of Measure O, brought in an additional \$4.8 million that was not budgeted;
- The general sales exceeded estimate by \$2.7 million due to strong auto sales and adjustments done by the California Department of Tax and Fee Administration on prior year under-distributed taxes;
- Residual property tax revenue received in the amount of \$3.1 million was not incorporated in the original budget due to the uncertainty of Redevelopment Property Tax Trust Fund distribution;
- Paramedic tax revenue exceeded original estimate due to the increase in assessed valuation;
- Investment earnings reported a GASB 31 Gain in the amount of \$1.7 million;
- Licenses, permits and plan check fees were higher than anticipated due to increased development activities, resulted in a combined favorable variance of \$2.2 million.

Included in the \$8.9 million favorable variance in the expenditure budget, \$3.9 million was personnel cost savings due to the implementation of an early retirement program in September 2018, which resulted in over 50 retirements. Additionally, \$4.1 million was unspent funding for ongoing capital improvement projects, including \$2.9 million for Harbor Corridor Street and Transit Improvement, and \$1.2 million for certain economic development programs. These funds will be carried over to the next fiscal year to complete the project/programs.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact the City of Garden Grove's Finance Department at 11222 Acacia Parkway, Garden Grove, California, 92840, phone number 714-741-5060, or e-mail finance@ggcity.gov.

A decorative graphic consisting of a vertical line and a horizontal line intersecting to form a crosshair. The vertical line extends from the top of the page down to the bottom, and the horizontal line extends from the left edge to the right edge.

Basic Financial Statements

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CITY OF GARDEN GROVE
STATEMENT OF NET POSITION
JUNE 30, 2019

| | Primary Government | | |
|---------------------------------------|-----------------------|-----------------------|-----------------------|
| | Governmental | Business-type | Total |
| | Activities | Activities | |
| ASSETS | | | |
| Cash and investments | \$ 181,828,096 | \$ 72,288,605 | \$ 254,116,701 |
| Cash and investments with | | | |
| fiscal agents | 1,561,935 | 701,167 | 2,263,102 |
| Taxes receivable | 10,850,598 | 62,388 | 10,912,986 |
| Accounts receivable | 3,000,934 | 7,475,968 | 10,476,902 |
| Interest receivable | 888,171 | 316,903 | 1,205,074 |
| Intergovernmental receivable | 1,183,540 | 2,700 | 1,186,240 |
| Internal balances | 10,131,666 | (10,131,666) | - |
| Inventory | 477,700 | - | 477,700 |
| Deposits and prepaid items | 801,638 | 19,487 | 821,125 |
| Notes receivable, net | 29,392,970 | 5,393 | 29,398,363 |
| Due from Successor Agency | 13,254,260 | - | 13,254,260 |
| Land held for resale | 2,819,063 | - | 2,819,063 |
| Prepaid bond insurance costs | 107,605 | - | 107,605 |
| Capital assets: | | | |
| Land | 416,181,944 | 2,009,789 | 418,191,733 |
| Construction in progress | 4,283,191 | 3,766,166 | 8,049,357 |
| Depreciable capital assets, net | 223,855,097 | 152,061,442 | 375,916,539 |
| Total assets | 900,618,408 | 228,578,342 | 1,129,196,750 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Unamortized loss on refunding of debt | - | 66,812 | 66,812 |
| OPEB related items | 415,074 | 52,716 | 467,790 |
| Pension related items | 40,325,501 | 4,851,472 | 45,176,973 |
| Total deferred outflows | 40,740,575 | 4,971,000 | 45,711,575 |
| LIABILITIES | | | |
| Accounts payable | 5,741,559 | 7,204,310 | 12,945,869 |
| Accrued liabilities | 3,660,570 | 715,677 | 4,376,247 |
| Refundable deposits | 3,586,256 | 735,107 | 4,321,363 |
| Interest payable | 346,908 | 57,984 | 404,892 |
| Unearned revenue | 63,234 | - | 63,234 |
| Noncurrent liabilities: | | | |
| Due within one year | 15,362,326 | 2,340,686 | 17,703,012 |
| Due in more than one year | 57,662,714 | 29,576,182 | 87,238,896 |
| OPEB liability | 16,151,786 | 2,051,337 | 18,203,123 |
| Net pension liability | 245,374,946 | 30,584,911 | 275,959,857 |
| Total liabilities | 347,950,299 | 73,266,194 | 421,216,493 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unamortized gain on refunding of debt | - | 182,630 | 182,630 |
| OPEB related items | 738,948 | 93,849 | 832,797 |
| Pension related items | 6,662,272 | 1,717,000 | 8,379,272 |
| Total deferred inflows | 7,401,220 | 1,993,479 | 9,394,699 |
| NET POSITION | | | |
| Net investment in capital assets | 621,163,386 | 125,804,711 | 746,968,097 |
| Restricted for: | | | |
| Public safety | 1,738,886 | - | 1,738,886 |
| Public right of way | 11,502,226 | - | 11,502,226 |
| Drainage | 273,269 | - | 273,269 |
| Community planning and development | 51,566,707 | - | 51,566,707 |
| Community services | 4,681,798 | - | 4,681,798 |
| Municipal support and services | 56,758 | - | 56,758 |
| Unrestricted | (104,975,566) | 32,484,958 | (72,490,608) |
| Total net position | \$ 586,007,464 | \$ 158,289,669 | \$ 744,297,133 |

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, 2019**

| <u>Functions/programs</u> | <u>Expenses</u> | <u>Program Revenue</u> | |
|------------------------------------|--------------------|-----------------------------|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> |
| Governmental activities: | | | |
| Fire | \$ 27,053,337 | \$ 1,329,192 | \$ 357,578 |
| Police | 62,964,592 | 3,292,654 | 6,438,043 |
| Traffic safety | 5,214,070 | 1,350,215 | 120,000 |
| Public right of way | 19,108,419 | 450,409 | 11,763,519 |
| Drainage | 1,463,733 | - | - |
| Community buildings | 4,551,599 | 509,942 | 38,396 |
| Community services | 5,684,239 | 1,446,275 | - |
| Economic development | 3,235,165 | - | 97,950 |
| Parks and greenbelts | 2,367,299 | 677,927 | 323,437 |
| Community planning and development | 8,235,280 | 4,359,845 | 1,264,556 |
| Municipal support | 10,811,607 | 3,645,600 | 1,256,435 |
| Interest on long term debt | 1,049,082 | - | - |
| Total governmental activities | <u>151,738,422</u> | <u>17,062,059</u> | <u>21,659,914</u> |
| Business-type activities: | | | |
| Water utility | 34,061,934 | 36,965,863 | - |
| Sewage collection | 7,783,266 | 10,782,061 | - |
| Solid waste disposal | 1,770,567 | 3,219,684 | - |
| Housing authority | <u>34,217,849</u> | <u>-</u> | <u>34,417,129</u> |
| Total business-type activities | <u>77,833,616</u> | <u>50,967,608</u> | <u>34,417,129</u> |
| Total | \$ 229,572,038 | \$ 68,029,667 | \$ 56,077,043 |

General revenues:

Taxes:

Sales taxes
Property taxes, levied for general purposes
Franchise taxes
Business operation taxes
Transient occupancy taxes
Motor vehicle taxes, unrestricted
Investment income
Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated (Note 17)

Net position, end of year

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

| Net (Expense) Revenue and Changes in Net Position | | | |
|--|----------------------------|-----------------------------|-----------------------|
| Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| \$ - | \$ (25,366,567) | \$ - | \$ (25,366,567) |
| 135,850 | (53,098,045) | - | (53,098,045) |
| 1,059,855 | (2,684,000) | - | (2,684,000) |
| - | (6,894,491) | - | (6,894,491) |
| 73,795 | (1,389,938) | - | (1,389,938) |
| - | (4,003,261) | - | (4,003,261) |
| 23,473 | (4,214,491) | - | (4,214,491) |
| - | (3,137,215) | - | (3,137,215) |
| 2,446,299 | 1,080,364 | - | 1,080,364 |
| - | (2,610,879) | - | (2,610,879) |
| - | (5,909,572) | - | (5,909,572) |
| - | (1,049,082) | - | (1,049,082) |
| <u>3,739,272</u> | <u>(109,277,177)</u> | <u>-</u> | <u>(109,277,177)</u> |
| - | - | 2,903,929 | 2,903,929 |
| - | - | 2,998,795 | 2,998,795 |
| - | - | 1,449,117 | 1,449,117 |
| - | - | 199,280 | 199,280 |
| - | - | <u>7,551,121</u> | <u>7,551,121</u> |
| <u>\$ 3,739,272</u> | <u>(109,277,177)</u> | <u>7,551,121</u> | <u>(101,726,056)</u> |
| | 24,612,288 | - | 24,612,288 |
| | 49,355,823 | - | 49,355,823 |
| | 2,404,867 | - | 2,404,867 |
| | 5,945,451 | - | 5,945,451 |
| | 26,285,461 | - | 26,285,461 |
| | 84,911 | - | 84,911 |
| | 7,665,971 | 1,916,528 | 9,582,499 |
| | 765,803 | 190,855 | 956,658 |
| | <u>1,000,000</u> | <u>(1,000,000)</u> | <u>-</u> |
| | <u>118,120,575</u> | <u>1,107,383</u> | <u>119,227,958</u> |
| | 8,843,398 | 8,658,504 | 17,501,902 |
| | <u>577,164,066</u> | <u>149,631,165</u> | <u>726,795,231</u> |
| | <u>\$ 586,007,464</u> | <u>\$ 158,289,669</u> | <u>\$ 744,297,133</u> |

**CITY OF GARDEN GROVE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

| | | Housing Successor | | |
|--|----------------------|--------------------------|----------------------|-----------------------|
| | General | Agency | Nonmajor | Total |
| | Fund | Capital Project | Governmental | Governmental |
| | | Fund | Funds | Funds |
| ASSETS | | | | |
| Cash and cash investments | \$ 51,565,414 | \$ 597,475 | \$ 25,444,442 | \$ 77,607,331 |
| Cash and cash investments with fiscal agents | 78 | - | 1,561,857 | 1,561,935 |
| Taxes receivable | 10,438,847 | - | 411,751 | 10,850,598 |
| Accounts receivable | 2,203,820 | - | 717,261 | 2,921,081 |
| Interest receivable | 437,287 | 2,700 | 86,339 | 526,326 |
| Intergovernmental receivable | - | - | 1,183,540 | 1,183,540 |
| Intercity loans receivable, net | 12,792,825 | - | - | 12,792,825 |
| Due from Successor Agency | - | 13,254,260 | - | 13,254,260 |
| Deposits and prepaid items | 21,505 | - | 4,562 | 26,067 |
| Inventory | - | - | 3,943 | 3,943 |
| Notes receivable, net | 2,296,356 | 5,585,663 | 21,510,951 | 29,392,970 |
| Land held for resale | - | 2,819,063 | - | 2,819,063 |
| Total assets | <u>\$ 79,756,132</u> | <u>\$ 22,259,161</u> | <u>\$ 50,924,646</u> | <u>\$ 152,939,939</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 1,537,525 | \$ 3,956 | \$ 3,189,001 | \$ 4,730,482 |
| Accrued liabilities | 2,118,367 | 3,241 | 980,884 | 3,102,492 |
| Refundable deposits | 3,558,787 | - | 27,469 | 3,586,256 |
| Intercity loan payable | 2,590,532 | - | - | 2,590,532 |
| Unearned revenue | - | - | 63,234 | 63,234 |
| Due to other funds | 1,538,097 | - | 1,367,588 | 2,905,685 |
| Total liabilities | <u>11,343,308</u> | <u>7,197</u> | <u>5,628,176</u> | <u>16,978,681</u> |
| Deferred inflows of resources: | | | | |
| Unavailable revenue | 1,295,496 | - | - | 1,295,496 |
| Total Deferred inflows | <u>1,295,496</u> | <u>-</u> | <u>-</u> | <u>1,295,496</u> |
| Fund balances: | | | | |
| Non-Spendable: | | | | |
| Intercity loan | 12,792,825 | - | - | 12,792,825 |
| Prepaid items | 21,505 | - | - | 21,505 |
| Restricted: | | | | |
| Public safety | 90,596 | - | 3,210,147 | 3,300,743 |
| Public right of way | 280 | - | 11,501,946 | 11,502,226 |
| Drainage | - | - | 273,269 | 273,269 |
| Community planning and development | 3,469,026 | 22,251,964 | 25,845,717 | 51,566,707 |
| Community services | 176,535 | - | 4,505,263 | 4,681,798 |
| Municipal support and services | 56,758 | - | - | 56,758 |
| Assigned: | | | | |
| Post-employment benefits | 1,000,000 | - | - | 1,000,000 |
| Property tax lawsuit | 500,000 | - | - | 500,000 |
| Building improvements | 1,300,000 | - | - | 1,300,000 |
| General plan | 261,619 | - | - | 261,619 |
| Unassigned | 47,448,184 | - | (39,872) | 47,408,312 |
| Total fund balances | <u>67,117,328</u> | <u>22,251,964</u> | <u>45,296,470</u> | <u>134,665,762</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 79,756,132</u> | <u>\$ 22,259,161</u> | <u>\$ 50,924,646</u> | <u>\$ 152,939,939</u> |

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

CITY OF GARDEN GROVE
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

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

| | |
|--|----------------|
| Fund balances - total governmental funds (page 26) | \$ 134,665,762 |
|--|----------------|

Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet.

| | |
|--------------------------|---------------|
| Capital assets | 958,157,927 |
| Accumulated depreciation | (326,815,897) |

| | |
|--|-----------|
| 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. | 1,295,496 |
|--|-----------|

| | |
|---|------------|
| 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. | 63,758,218 |
|---|------------|

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 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.

| | |
|-----------------------------|--------------|
| Bonds payable | (22,725,921) |
| Bond premium | (1,395,394) |
| Capital lease payable | (35,582) |
| Prepaid bond issuance costs | 107,605 |
| Accrued interest payable | (346,851) |

| | |
|--|--------------|
| The OPEB liability is not due and payable in the current period and, therefore, is not reported in the balance sheet of the governmental funds. Also, deferred inflows and outflows of resources related to OPEB costs are deferred and amortized in the statement of activities. This amount is the net effect of the treatment of OPEB liability and deferred outflows of resources from OPEB contributions. | (15,845,888) |
|--|--------------|

| | |
|--|---------------|
| The pension liability is not due and payable in the current period and, therefore, is not reported in the balance sheet of the governmental funds. Also, deferred inflows and outflows of resources related to pension costs are deferred and amortized in the statement of activities. This amount is the net effect of the treatment of net pension liability, deferred outflows of resources from pension contributions and deferred inflows of resources for the net difference between projected and actual earnings on pension plan investments. | (204,812,011) |
|--|---------------|

| | |
|---|----------------|
| Net position of governmental activities | \$ 586,007,464 |
|---|----------------|

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, 2019

| | | Housing Successor | | |
|---|----------------------|----------------------|----------------------|-----------------------|
| | General | Agency | Nonmajor | Total |
| | Fund | Capital Project | Governmental | Governmental |
| | Fund | Fund | Funds | Funds |
| REVENUES: | | | | |
| Taxes | \$ 110,241,920 | \$ - | \$ 3,836,273 | \$ 114,078,193 |
| Licenses and permits | 2,565,448 | - | 79,860 | 2,645,308 |
| Fines, forfeits and penalties | 1,644,738 | - | 1,205,573 | 2,850,311 |
| Investment earnings | 3,415,620 | 132,893 | 795,065 | 4,343,578 |
| Charges for current services | 7,922,150 | - | 7,199,643 | 15,121,793 |
| From other agencies | 207,216 | - | 13,392,242 | 13,599,458 |
| Other revenues | 3,841,818 | 14,332 | 83,457 | 3,939,607 |
| Total revenues | <u>129,838,910</u> | <u>147,225</u> | <u>26,592,113</u> | <u>156,578,248</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | 24,308,795 | - | 174,621 | 24,483,416 |
| Police | 54,851,012 | - | 1,430,779 | 56,281,791 |
| Traffic safety | 2,174,167 | - | 2,107,608 | 4,281,775 |
| Public right of way | 4,560,491 | - | 2,546,524 | 7,107,015 |
| Community buildings | 3,006,914 | - | - | 3,006,914 |
| Community services | 2,734,079 | - | 2,121,269 | 4,855,348 |
| Economic development | 884,492 | - | 2,327,921 | 3,212,413 |
| Parks and greenbelts | 1,200,071 | - | 1,099,723 | 2,299,794 |
| Community planning and development | 5,789,426 | 151,528 | 1,183,092 | 7,124,046 |
| Municipal support | 8,210,024 | 61,214 | 1,081,357 | 9,352,595 |
| Capital outlay: | | | | |
| Fire | - | - | 2,254,150 | 2,254,150 |
| Police | 165,015 | - | 435,508 | 600,523 |
| Traffic safety | - | - | 411,957 | 411,957 |
| Public right of way | 308,067 | - | 6,747,442 | 7,055,509 |
| Drainage | - | - | 3,812 | 3,812 |
| Community buildings | 2,846,439 | - | 107,486 | 2,953,925 |
| Parks and greenbelts | - | - | 354,850 | 354,850 |
| Debt service: | | | | |
| Principal retirement | 579,874 | - | - | 579,874 |
| Interest | 1,064,018 | - | - | 1,064,018 |
| Total expenditures | <u>112,682,884</u> | <u>212,742</u> | <u>24,388,099</u> | <u>137,283,725</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>17,156,026</u> | <u>(65,517)</u> | <u>2,204,014</u> | <u>19,294,523</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 848,117 | - | 554,862 | 1,402,979 |
| Transfers out | (554,862) | - | (748,117) | (1,302,979) |
| Total other financing sources (uses) | <u>293,255</u> | <u>-</u> | <u>(193,255)</u> | <u>100,000</u> |
| Net change in fund balances | 17,449,281 | (65,517) | 2,010,759 | 19,394,523 |
| Fund balances, beginning of year, as restated (Note 17) | <u>49,668,047</u> | <u>22,317,481</u> | <u>43,285,711</u> | <u>115,271,239</u> |
| Fund balances, end of year | <u>\$ 67,117,328</u> | <u>\$ 22,251,964</u> | <u>\$ 45,296,470</u> | <u>\$ 134,665,762</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, 2019

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

| | |
|--|---------------|
| Net change in fund balances - total governmental funds (page 28) | \$ 19,394,523 |
|--|---------------|

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.

| | |
|-------------------------------|--------------|
| Capital outlay | 13,441,252 |
| Depreciation expense | (13,879,024) |
| Disposition of capital assets | (54,626) |

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.

| | |
|----------------------------------|---------|
| Bond principal payment | 450,000 |
| Capital lease principal payments | 106,143 |
| Change in accrued interest | 6,112 |
| Other debt related items | 72,997 |

| | |
|---|-----------|
| Some revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (299,256) |
|---|-----------|

| | |
|--|-----------|
| 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. | (146,733) |
|--|-----------|

| | |
|--|-----------|
| OPEB costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | (682,634) |
|--|-----------|

| | |
|---|-------------|
| Pension costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | (9,565,356) |
|---|-------------|

| | |
|---|--------------|
| Change in net position of governmental activities | \$ 8,843,398 |
|---|--------------|

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, 2019**

| | Business-Type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Funds |
|---|--|------------------------------|---------------------------------|------------------------------|-----------------------|---|
| | Water Utility | Sewage Collection | Solid Waste Disposal | Housing Authority | Total | |
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and cash investments | \$ 23,073,597 | \$ 40,985,729 | \$ 7,818,124 | \$ 411,155 | \$ 72,288,605 | \$ 104,220,765 |
| Cash and cash investments with fiscal agents | 701,167 | - | - | - | 701,167 | - |
| Taxes receivable | - | 31,601 | 30,787 | - | 62,388 | - |
| Accounts receivable | 6,057,923 | 1,219,767 | 187,054 | 11,224 | 7,475,968 | 79,853 |
| Interest receivable | 102,671 | 180,422 | 33,810 | - | 316,903 | 361,845 |
| Due from other funds | - | - | - | - | - | 3,104,329 |
| Intergovernmental receivable | - | - | - | 2,700 | 2,700 | - |
| Inventory | - | - | - | - | - | 473,757 |
| Prepaid items | 300 | 300 | - | 5,568 | 6,168 | 773,851 |
| Total current assets | 29,935,658 | 42,417,819 | 8,069,775 | 430,647 | 80,853,899 | 109,014,400 |
| Noncurrent assets: | | | | | | |
| Deposits | - | - | - | 13,319 | 13,319 | 1,720 |
| Intercity loans receivable, net | - | - | - | - | - | 5,394,074 |
| Notes receivable | - | 5,393 | - | - | 5,393 | - |
| Capital assets: | | | | | | |
| Land | 1,471,805 | 537,984 | - | - | 2,009,789 | - |
| Construction in progress | 2,698,782 | 1,067,384 | - | - | 3,766,166 | 163,544 |
| Depreciable capital assets, net | 88,118,145 | 63,943,297 | - | - | 152,061,442 | 12,814,658 |
| Total noncurrent assets | 92,288,732 | 65,554,058 | - | 13,319 | 157,856,109 | 18,373,996 |
| Total assets | 122,224,390 | 107,971,877 | 8,069,775 | 443,966 | 238,710,008 | 127,388,396 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Unamortized loss on refunding of debt | 66,812 | - | - | - | 66,812 | - |
| OPEB related items | 31,220 | 7,677 | 3,583 | 10,236 | 52,716 | 15,866 |
| Pension related items | 2,513,150 | 1,171,347 | 227,277 | 939,698 | 4,851,472 | 1,219,424 |
| Total deferred outflows | 2,611,182 | 1,179,024 | 230,860 | 949,934 | 4,971,000 | 1,235,290 |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable | 6,851,845 | 308,909 | 31,974 | 11,582 | 7,204,310 | 1,011,077 |
| Accrued liabilities | 301,920 | 74,589 | 249,845 | 89,323 | 715,677 | 558,078 |
| Refundable deposits | 507,665 | - | - | 227,442 | 735,107 | - |
| Interest payable | 31,343 | 26,641 | - | - | 57,984 | 57 |
| Due to other funds | 123,525 | 64,394 | 10,725 | - | 198,644 | - |
| Current portion of long-term obligations | | | | | | |
| Capital leases | - | - | - | - | - | 111,607 |
| Accrued compensated absences | - | - | - | - | - | 6,576,977 |
| Claims payable | - | - | - | - | - | 8,124,441 |
| Long-term debt | 1,713,230 | 627,456 | - | - | 2,340,686 | - |
| Total current liabilities | 9,529,528 | 1,101,989 | 292,544 | 328,347 | 11,252,408 | 16,382,237 |
| Noncurrent liabilities: | | | | | | |
| Noncurrent portion of long-term obligations: | | | | | | |
| Capital leases | - | - | - | - | - | 225,207 |
| Accrued compensated absences | - | - | - | - | - | 571,911 |
| Claims payable | - | - | - | - | - | 33,258,000 |
| Intercity loans payable | 12,792,825 | - | - | - | 12,792,825 | 2,803,542 |
| Long-term debt | 14,667,922 | 14,908,260 | - | - | 29,576,182 | - |
| Net pension liability | 15,843,535 | 7,384,465 | 1,432,807 | 5,924,104 | 30,584,911 | 7,687,559 |
| OPEB liability | 1,214,869 | 298,738 | 139,412 | 398,318 | 2,051,337 | 617,392 |
| Total noncurrent liabilities | 44,519,151 | 22,591,463 | 1,572,219 | 6,322,422 | 75,005,255 | 45,163,611 |
| Total liabilities | 54,048,679 | 23,693,452 | 1,864,763 | 6,650,769 | 86,257,663 | 61,545,848 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unamortized gain on refunding of debt | - | 182,630 | - | - | 182,630 | - |
| OPEB related items | 55,581 | 13,667 | 6,378 | 18,223 | 93,849 | 28,246 |
| Pension related items | 889,437 | 414,555 | 80,436 | 332,572 | 1,717,000 | 431,571 |
| Total deferred inflows | 945,018 | 610,852 | 86,814 | 350,795 | 1,993,479 | 459,817 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 75,974,392 | 49,830,319 | - | - | 125,804,711 | 12,641,388 |
| Unrestricted | (6,132,517) | 35,016,278 | 6,349,058 | (5,607,664) | 29,625,155 | 53,976,633 |
| Total net position (deficit) | \$ 69,841,875 | \$ 84,846,597 | \$ 6,349,058 | \$ (5,607,664) | 155,429,866 | \$ 66,618,021 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | | 2,859,803 | |
| Net position of business-type activities | | | | | <u>\$ 158,289,669</u> | |

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

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CITY OF GARDEN GROVE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | Business-Type Activities - Enterprise Funds | |
|--|--|------------------------------|
| | Water Utility | Sewage Collection |
| Operating revenues: | | |
| Charges for services | \$ - | \$ - |
| Water sales | 36,960,070 | - |
| Section 8 grant revenue | - | - |
| Solid waste disposal fees | - | - |
| Property assessments | - | 3,277,022 |
| Sewer user fees | - | 7,452,062 |
| Other | 78,634 | 25,771 |
| Total operating revenues | 37,038,704 | 10,754,855 |
| Operating expenses: | | |
| Salaries and wages | 6,935,573 | 3,417,992 |
| Employee benefits | - | - |
| Contractual services | 6,411,779 | 1,652,977 |
| Liability claims | - | - |
| Materials and supplies | 444,346 | 81,454 |
| Water production expenses | 15,099,567 | - |
| Housing assistance payments | - | - |
| Depreciation and amortization | 3,323,972 | 1,714,328 |
| Total operating expenses | 32,215,237 | 6,866,751 |
| Operating income (loss) | 4,823,467 | 3,888,104 |
| Nonoperating revenues (expenses): | | |
| Investment income | 602,450 | 1,197,077 |
| (Loss) on disposal of assets | (534,001) | (256,440) |
| Other nonoperating revenues | 190,855 | - |
| Interest expense | (1,312,696) | (660,075) |
| Total nonoperating (expenses) revenues | (1,053,392) | 280,562 |
| Income (loss) before transfers and capital contributions | 3,770,075 | 4,168,666 |
| Capital contributions | - | - |
| Transfers In | - | - |
| Transfers out | (500,000) | (300,000) |
| Change in net position | 3,270,075 | 3,868,666 |
| Total net position, beginning of year | 66,571,800 | 80,977,931 |
| Total net position, end of year | <u>\$ 69,841,875</u> | <u>\$ 84,846,597</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 | |
| \$ - | \$ - | \$ - | \$ 63,666,426 |
| - | - | 36,960,070 | - |
| - | 34,386,619 | 34,386,619 | - |
| 2,112,190 | - | 2,112,190 | - |
| 441,874 | - | 3,718,896 | - |
| - | - | 7,452,062 | - |
| 665,620 | 30,510 | 800,535 | - |
| 3,219,684 | 34,417,129 | 85,430,372 | 63,666,426 |
| 626,722 | 2,407,943 | 13,388,230 | 17,277,780 |
| - | - | - | 33,011,738 |
| 1,140,022 | 238,518 | 9,443,296 | 2,919,305 |
| - | - | - | 10,805,910 |
| 3,823 | 33,149 | 562,772 | 1,844,971 |
| - | - | 15,099,567 | - |
| - | 31,538,239 | 31,538,239 | - |
| - | - | 5,038,300 | 1,564,083 |
| 1,770,567 | 34,217,849 | 75,070,404 | 67,423,787 |
| 1,449,117 | 199,280 | 10,359,968 | (3,757,361) |
| 116,622 | 379 | 1,916,528 | 3,231,596 |
| - | - | (790,441) | (565,669) |
| - | - | 190,855 | - |
| - | - | (1,972,771) | (40,442) |
| 116,622 | 379 | (655,829) | 2,625,485 |
| 1,565,739 | 199,659 | 9,704,139 | (1,131,876) |
| - | - | - | 39,508 |
| - | - | - | 1,000,000 |
| (200,000) | - | (1,000,000) | (100,000) |
| 1,365,739 | 199,659 | 8,704,139 | (192,368) |
| 4,983,319 | (5,807,323) | | 66,810,389 |
| \$ 6,349,058 | \$ (5,607,664) | | \$ 66,618,021 |
| | | (45,635) | |
| | | \$ 8,658,504 | |

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | Business-Type Activities - Enterprise Funds | |
|---|--|------------------------------|
| | Water Utility | Sewage Collection |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers and user departments | \$ 36,518,993 | \$ 11,592,577 |
| Payments to suppliers | (18,159,520) | (2,539,452) |
| Payments to employees | (6,490,242) | (3,276,031) |
| Payments for employee benefits | - | - |
| Net cash provided by operating activities | 11,869,231 | 5,777,094 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Cash received from other funds | - | - |
| Cash paid to other funds | (500,000) | (300,000) |
| Net cash (used) by noncapital financing activities | (500,000) | (300,000) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Purchases of capital assets | (7,196,209) | (2,343,426) |
| Proceeds of sale of capital assets | - | - |
| Principal paid on capital debt | (2,263,170) | (540,000) |
| Interest paid on capital debt | (1,150,855) | (660,975) |
| Net cash (used) by capital and related financing activities | (10,610,234) | (3,544,401) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest earnings | 352,246 | 618,882 |
| Increase in fair value of investments | 244,131 | 567,163 |
| Net cash provided by investing activities | 596,377 | 1,186,045 |
| Net increase (decrease) in cash and cash equivalents | 1,355,374 | 3,118,738 |
| Cash and cash equivalents, beginning of year | 22,419,390 | 37,866,991 |
| Cash and cash equivalents, end of year | \$ 23,774,764 | \$ 40,985,729 |

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

| Business-Type Activities - Enterprise Funds | | | Governmental Activities - |
|--|----------------------|---------------|------------------------------|
| Solid Waste Disposal | Housing Authority | Total | Internal Service Funds |
| \$ 5,217,931 | \$ 34,560,879 | \$ 87,890,380 | \$ 59,005,632 |
| (3,042,657) | (31,739,890) | (55,481,519) | (11,023,356) |
| (592,736) | (2,282,074) | (12,641,083) | (17,516,205) |
| - | - | - | (28,968,549) |
| 1,582,538 | 538,915 | 19,767,778 | 1,497,522 |
| - | - | - | 3,078,336 |
| (200,000) | (336,468) | (1,336,468) | (6,260,195) |
| (200,000) | (336,468) | (1,336,468) | (3,181,859) |
| - | - | (9,539,635) | (2,649,280) |
| - | - | - | 73,094 |
| - | - | (2,803,170) | (110,754) |
| - | - | (1,811,830) | (2,705) |
| - | - | (14,154,635) | (2,689,645) |
| 111,210 | 379 | 1,082,717 | 1,347,575 |
| - | - | 811,294 | 1,810,360 |
| 111,210 | 379 | 1,894,011 | 3,157,935 |
| 1,493,748 | 202,826 | 6,170,686 | (1,216,047) |
| 6,324,376 | 208,329 | 66,819,086 | 105,436,812 |
| \$ 7,818,124 | \$ 411,155 | \$ 72,989,772 | \$ 104,220,765 |

(continued)

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | Business-Type Activities - Enterprise Funds | |
|---|--|------------------------------|
| | Water Utility | Sewage Collection |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | |
| Operating income (loss) | \$ 4,823,467 | \$ 3,888,104 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 3,323,972 | 1,714,328 |
| Other nonoperating revenues (expenses) | 27,093 | - |
| Decrease (increase) in taxes receivable | - | (1,261) |
| Decrease (increase) in accounts receivable | (740,057) | (48,283) |
| Decrease (increase) in intergovernmental receivable | - | - |
| Decrease (increase) in notes receivable | - | 710 |
| Decrease (increase) in inventory | - | - |
| Decrease (increase) in prepaid expenses | (300) | (300) |
| Increase (decrease) in accounts payable | 2,645,843 | (416,782) |
| Increase (decrease) in accrued compensated absences | - | - |
| Increase (decrease) in accrued liabilities | 263,798 | 30,518 |
| Increase (decrease) in refundable deposits | 23,185 | - |
| Increase (decrease) in other current liabilities | - | - |
| Increase (decrease) in claims payable | - | - |
| Increase (decrease) in OPEB liability and related changes in deferred outflows and inflows of resources | 53,386 | 13,127 |
| Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources | 1,448,844 | 596,933 |
| Total adjustments | 7,045,764 | 1,888,990 |
| Net cash provided by operating activities | \$ 11,869,231 | \$ 5,777,094 |

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

| Business-Type Activities - Enterprise Funds | | | Governmental Activities- |
|--|------------------------------|----------------------|-------------------------------------|
| Solid Waste Disposal | Housing Authority | Total | Internal Service Funds |
| <u>\$ 1,449,117</u> | <u>\$ 199,280</u> | <u>\$ 10,359,968</u> | <u>\$ (3,757,361)</u> |
| - | - | 5,038,300 | 1,564,083 |
| - | - | 27,093 | - |
| (525) | - | (1,786) | - |
| (32,628) | (7,012) | (827,980) | (92,058) |
| - | 5,483 | 5,483 | - |
| - | - | 710 | - |
| - | - | - | (68,395) |
| - | (496) | (1,096) | (322,926) |
| (48,973) | (8,048) | 2,172,040 | (117,526) |
| - | - | - | (442,119) |
| 25,220 | 34,903 | 354,439 | 181,606 |
| - | 65,067 | 88,252 | (1,453) |
| 167,449 | - | 167,449 | - |
| - | - | - | 4,004,441 |
| 6,126 | 17,502 | 90,141 | 27,131 |
| 16,752 | 232,236 | 2,294,765 | 522,099 |
| <u>133,421</u> | <u>339,635</u> | <u>9,407,810</u> | <u>5,254,883</u> |
| <u>\$ 1,582,538</u> | <u>\$ 538,915</u> | <u>\$ 19,767,778</u> | <u>\$ 1,497,522</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, 2019**

ASSETS

Current assets:

| | |
|--|-------------------|
| Cash and cash investments | \$ 17,362,024 |
| Cash and cash investments with fiscal agents | 7,785,576 |
| Accounts receivable | 10,212 |
| Interest receivable | 128,253 |
| Total current assets | <u>25,286,065</u> |

Noncurrent assets:

| | |
|------------------------------|-------------------|
| Prepaid bond insurance costs | 549,404 |
| Land held for resale | 25,249,639 |
| Total noncurrent assets | <u>25,799,043</u> |

| | |
|--------------|-------------------|
| Total assets | <u>51,085,108</u> |
|--------------|-------------------|

DEFERRED OUTFLOWS OF RESOURCES

| | |
|---------------------------------------|----------------|
| Unamortized loss on refunding of debt | <u>354,610</u> |
| Total deferred outflows | <u>354,610</u> |

LIABILITIES

Current liabilities:

| | |
|--|------------------|
| Accounts payable | 400,192 |
| Accrued liabilities | 51,230 |
| Interest payable | 743,425 |
| Current portion of long-term obligations | 7,133,224 |
| Total current liabilities | <u>8,328,071</u> |

Noncurrent liabilities:

| | |
|--|-------------------|
| Noncurrent portion of long-term obligations: | |
| Long-term debt | 82,565,680 |
| Total noncurrent liabilities | <u>82,565,680</u> |

| | |
|-------------------|-------------------|
| Total liabilities | <u>90,893,751</u> |
|-------------------|-------------------|

NET POSITION

| | |
|---|------------------------|
| Held in trust for redevelopment dissolution | <u>\$ (39,454,033)</u> |
|---|------------------------|

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

ADDITIONS

| | |
|---------------------|-------------------|
| Taxes | \$ 17,445,206 |
| Investment earnings | 320,935 |
| Other revenues | 114,800 |
| Total additions | <u>17,880,941</u> |

DEDUCTIONS

| | |
|-------------------------------------|------------------|
| Program expenses | 573,654 |
| Administrative expenses | 559,388 |
| Interest and fiscal agency expenses | 3,179,576 |
| Loss on asset disposal | 1,261,387 |
| Total deductions | <u>5,574,005</u> |

CHANGE IN NET POSITION 12,306,936

NET POSITION, BEGINNING OF YEAR (51,760,969)

NET POSITION, END OF YEAR \$ (39,454,033)

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2019**

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. On May 10, 2016, the City of Garden Grove adopted Ordinance No. 2866 changing the City's current at-large system of electing City Council Members to a by-district system took effect in fiscal year 2016-2017. The Mayor is elected at-large. City Council members are elected by six districts, and he or she must reside within the designated district boundary.

1. Reporting Entity

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

Blended component units:

- a.** The Garden Grove 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 governing board is comprised of the City Council, although acting in a different capacity, and two Housing Authority tenants. The Housing Authority governing board approves the Housing Authority budget and the City provides staffing.
- b.** 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 Garden Grove Sanitary District provides the City of Garden Grove, a portion of the City of Santa Ana and County of Orange unincorporated areas with sewer maintenance services including cleaning of sewage collection lines, inspection of sewage lines built within the district by developers. Garden Grove has an agreement with Republic Services to provide an exclusive franchise for Solid Waste Handling Services for residents and commercial establishments within the Garden Grove Sanitary District. 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 government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Sanitary District budget and the City provides staffing.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting Entity (continued)

- c. 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, the Garden Grove Sanitary District, or the Garden Grove Public Financing Authority.

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 the 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, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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.

Housing Successor Agency Capital Project Fund

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

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 trash and solid waste collections and disposal services.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)**

Housing Authority Fund

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

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, risk management, and communication replacement 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, forfeitures 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.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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). Interest income on investments is allocated to individual funds on the basis of monthly cash and investment balances except for the Employee Benefits, Warehouse Operations, and Telephone System Internal Service Funds by management decision.

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

b. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter fund loans) or "intercity loan receivable/payable" (i.e., the non-current portion of inter fund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding 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 non-spendable fund balance in applicable governmental funds to indicate that they are not in spendable form.

Utility accounts are billed on a bi-monthly basis. Receivables for water and sewer are recorded when consumption is billed. Unbilled receivables are recorded at fiscal year-end to adjust for the billing cycle and are included as accounts receivable in the Water and Sewer funds. Sanitary refuse collection accounts are billed quarterly by the refuse hauler and payments are received by the refuse hauler.

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. A voter-approved property tax of eight cents per hundred dollars actual value is levied against all property in the City for the purpose of providing emergency medical services. Furthermore, the voters approved a one-cent sale tax measure that commits 100% of the revenue to the City.

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.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

c. Taxes Receivable (continued)

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):

| | |
|-------------------|---------------------------------------|
| October 26, 2018 | 7% - 10% |
| November 16, 2018 | 5% - 10% |
| December 11, 2018 | 30% - 35% |
| December 28, 2018 | 1% - 5% |
| February 22, 2019 | 5% - 7% |
| April 11, 2019 | 30% - 35% |
| May 10, 2019 | 1% - 5% |
| June 30, 2019 | 1% - 2% (Collections through June 30) |

d. Inventory, Prepaid Items, and Land Held for Resale

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

Land held for resale is valued at lower of cost or estimated net realizable value, determined upon execution of a disposition and development agreement, at June 30, 2019 and is located in the Housing Successor Agency Capital Projects Fund and the Successor Agency Trust 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 acquisition 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 asset lives are not capitalized.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

e. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to the implementation GASB 89, the net interest cost incurred in the financing of projects during the construction period was only capitalized in the 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.

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 | 3-20 |
| 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 has three types of items that qualify for reporting in this category. Two of the items are the deferred charge from pension related items and deferred charges related to OPEB. The other item is the unamortized loss on refunding of debt which are 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.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

f. Deferred Outflows/Inflows of Resources (continued)

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 four types of items which qualify for reporting in this category. Two of the items, are deferred items from pension related items and deferred charges related to OPEB. The third item, unamortized gain on refunding of debt, are presented on the government-wide statement of net position and on the proprietary funds' statement of net position. The fourth 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.

h. Long Term Obligation

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 statements 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. Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

i. Fair Value Measurements (continued)

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive; inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

j. Classification of Net Position and Fund Balances

1. 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.

2. 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, 2019, 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.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

j. Classification of Net Position and Fund Balances (continued)

2. Fund Balances (continued)

- 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. The General Fund is the only fund that reports a positive unassigned fund balance amount.

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.

k. 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.

l. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

l. Pensions (continued)

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframe. For this report, the following timeframes are used.

| | |
|--------------------|------------------------------|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Measurement Period | July 1, 2017 - June 30, 2018 |

m. Other Post-Employment Benefits (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

| | |
|--------------------|------------------------------|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Measurement Period | July 1, 2017 - June 30, 2018 |

B. 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.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

2. Deficit Fund Balance

The following funds had a deficit at June 30, 2019:

| Fund | Type of Fund | Deficit Fund Balance |
|--------------------------------|----------------------------|----------------------|
| Housing Authority | Enterprise | \$ (5,607,664) |
| Information Systems | Internal Service | \$ (1,099,263) |
| Successor Redevelopment Agency | Fiduciary | \$ (39,454,033) |
| Self Supporting Revenue | Nonmajor Governmental Fund | \$ (140) |
| Garden Grove Cable | Nonmajor Governmental Fund | \$ (39,732) |

The Housing Authority fund, an enterprise fund, has a deficit fund balance of \$5,607,664. The deficit is due to prior period costs related to the revised allocation of the net pension liability in accordance with GASB 68 and due to prior period costs related to the revised allocation of the OPEB liability in accordance with GASB 75. Until Section 8 administrative revenue granted to the Housing Authority from the Department of Housing and Urban Development increases to enable the Housing Authority to pay down its pension and OPEB liability, there will continue to be a deficit in the Housing Authority Fund.

The Information Systems fund, an internal service fund, has a deficit fund balance of \$1,099,263. The deficit is related to costs from the implementation of GASB 68 and GASB 75.

The City of Garden Grove as Successor Agency to the Garden Grove Redevelopment Agency Private Purpose Trust Fund (Successor Agency), a fiduciary fund, has a deficit balance of \$39,454,033. The deficit is due to covenant obligations pursuant to developer disposition agreements and Education Revenue Augmentation Fund and Supplemental Education Revenue Augmentation Fund payables to the Housing Successor Agency.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (RPTTF) for each Successor Agency. The deposit in the RPTTF is used to pay Successor Agency obligations. It is expected that this deficit will be eliminated with future resources obtained from the RPTTF.

The Self Supporting special revenue fund is funded primarily by user charges. In order to offer City recreation programs to all residents, certain program fees are not set at a full recovery rate. The deficit is supplemented by the General Fund, on a cash basis. The year-end accrual amount exceeded the General Fund supplement, and resulted in a temporary deficit fund balance position of \$140.

The Garden Grove Cable special revenue fund is funded primarily by the General Fund, for the purpose of community outreach. The year-end accrual amount exceeded the General Fund supplement, and resulted in a temporary deficit fund balance position of \$39,732.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

| | |
|---|-----------------------|
| Statement of net position | |
| City of Garden Grove | |
| Cash and investments | \$ 254,116,701 |
| Cash and investments with fiscal agent | <u>2,263,102</u> |
| | <u>256,379,803</u> |
| Successor Agency (Private Purpose Trust Fund) | |
| Cash and investments | 17,362,024 |
| Cash and investments with fiscal agent | <u>7,785,576</u> |
| | <u>25,147,600</u> |
| Total Cash and Investment | <u>\$ 281,527,403</u> |
| Cash on hand | \$ 44,930 |
| Deposits with financial institutions | 20,266,838 |
| Investments | <u>261,215,635</u> |
| Total Cash and Investment | <u>\$ 281,527,403</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, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

1. Cash and Investments (continued)

| 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% ** | 10% |
| 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 the 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, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

1. Cash and Investments (continued)

| Authorized Investment Type | Amount | Weighted Average |
|-------------------------------------|-----------------------|-------------------------|
| U.S. Treasury | \$ 46,471,080 | 1.77 |
| U.S. Agency Securities | | |
| FHLB | 58,108,480 | 2.54 |
| FFCB | 50,193,675 | 2.51 |
| FNMA | 35,900,150 | 1.29 |
| FHLMC | 3,029,820 | 3.13 |
| Local Agency Investment Fund (LAIF) | 57,463,750 | 0.50 |
| Held by fiscal Agent: | | |
| Money Market Funds | 10,048,680 | 0.50 |
| Total | <u>\$ 261,215,635</u> | |

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type. The column marked "Exempt From Disclosure" identifies those investment types for which GASB No. 40 does not require disclosure as to credit risk:

| Investment Type | Amount | Minimum Legal Rating | Exempt from Disclosure | Ratings as of Year End | |
|-------------------------------------|-----------------------|-----------------------------|-------------------------------|-------------------------------|----------------------|
| | | | | AAA | Not Rated |
| U.S. Treasury | \$ 46,471,080 | N/A | \$ 46,471,080 | \$ - | \$ - |
| U.S. Agency Securities | | | | | |
| FHLB | 58,108,480 | N/A | - | 58,108,480 | - |
| FFCB | 50,193,675 | N/A | - | 50,193,675 | - |
| FNMA | 35,900,150 | N/A | - | 35,900,150 | - |
| FHLMC | 3,029,820 | N/A | - | 3,029,820 | - |
| Local Agency Investment Fund (LAIF) | 57,463,750 | N/A | - | - | 57,463,750 |
| Held by fiscal agent: | | | | | |
| Money Market Fund | 10,048,680 | AAA | - | 10,048,680 | - |
| Total | <u>\$ 261,215,635</u> | | <u>\$ 46,471,080</u> | <u>\$ 157,280,805</u> | <u>\$ 57,463,750</u> |

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

1. Cash and Investments (continued)

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:

| <u>Issuer</u> | <u>Investment Type</u> | <u>Investment Amount</u> |
|---------------|------------------------|--------------------------|
| FHLB | U.S. Agency Securities | \$ 58,108,480 |
| FFCB | U.S. Agency Securities | 50,193,675 |
| FNMA | U.S. Agency Securities | 35,900,150 |

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 of 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 institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

1. Cash and Investments (continued)

Callable Step-Up Agency Security

The City purchased a \$3 million structured note on August 3, 2016. The note matures on August 24, 2021. The semiannual coupon steps up from .5% to 1.5%. At June 30, 2019, the note had a fair value of \$2,999,661.

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, 2019 was \$24.6 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2019 had a balance of \$105.7 billion.

Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets in active markets; Level 3 inputs are significant unobservable inputs.

| Investment Type | Total | Quoted Process in Active Markets for Identical Assets (Level 1) | Ratings as of Year End | |
|------------------------|-----------------------|--|---|---|
| | | | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| U.S. Treasury | \$ 46,471,080 | \$ 46,471,080 | \$ - | \$ - |
| U.S. Agency Securities | | | | |
| FHLB | 58,108,480 | - | 58,108,480 | - |
| FFCB | 50,193,675 | - | 50,193,675 | - |
| FNMA | 35,900,150 | - | 35,900,150 | - |
| FHLMC | 3,029,820 | - | 3,029,820 | - |
| Total | <u>\$ 193,703,205</u> | <u>\$ 46,471,080</u> | <u>\$ 147,232,125</u> | <u>\$ -</u> |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

2. Intercity Loans Receivable/Payable at June 30, 2019 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 4.1% per annum. Beginning July 1, 2018 monthly payments are \$100,208 which includes principal and interest to be paid thru June 2033.

\$ 12,792,825

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

c. Loan from 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

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

2. Intercity Loans Receivable/Payable at June 30, 2019 (continued)

d. Loan from the General fund to 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 Vehicle Replacement Fund to the new Communications Replacement Fund:

On January 26, 2016 the City Council approved an agreement between the Vehicle Replacement Fund to the Communications Replacement Fund for the upgrade and purchase of communications equipment for the operation of the 800 MHZ public safety communications system. Current schedule reflects the FY15-16 debt service portfolio rate of 1.26% which will be applied to the FY16-17 debt service. The estimated average portfolio rate will be updated annually once the prior year average portfolio rate is available. The principal will be paid annually in the amount of \$400,506 plus interest. The principal may be prepaid without penalty at any time.

2,803,542

g. Loan from Risk Management Fund to the General Fund:

In July 2018, the City Council approved the General Fund to borrow \$2,850,550 from the Risk Management Fund to pay for the energy efficiency project. The amount borrowed will cover the cost of the heating , ventilation, and air conditioning systems and lighting retrofit equipment and installation. The General Fund will repay the loan over 19 years at the simple interest rate of 3.6%.

2,590,532

Total Intercity Loans Receivable

43,494,919

Less Allowance

(25,308,020)

Total Intercity Loans Receivable, net

\$ 18,186,899

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

3. Due From Successor 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 (\$847,149), 2004-05 (\$1,523,830), and 2005-06 (\$1,350,397) mandated Educational Revenue Augmentation Fund (ERAF) payments and "Supplemental" Educational Revenue Augmentation (SERAF) payments for the fiscal year 2009-10 (\$7,906,610) and 2010-11 (\$1,626,274). These loans were due 10 years from when the loans were originally established except for 2009-10 and 2010-11 loans which are due on May 10, 2015 and June 30, 2016, respectively. These loans which were previously invalidated, have been approved as an allowable Recognized Obligation payment by the State of California Department of Finance (DOF).

On June 12, 2018, the DOF approved the repayment of the original principal balance of \$13,254,260 based on review of the April 27, 2018 Oversight Board (OB) Resolution No. 58-18. All accrued interest was therefore denied, OB Resolution No. 58-18 establishes and approves the repayment schedule of the funds borrowed from the Low and Moderate Income Housing Fund (LMIHF) to make the ERAF and SERAF payment totaling \$3,721,376 and \$9,532,884 respectively.

\$ 13,254,260

4. Interfund Receivables, Payables, and Transfers

a. The composition of interfund receivable/payable balances as of June 30, 2019 is as follows:

| | Due From Other Funds | Due To Other Funds |
|-----------------------------|---------------------------------|-------------------------------|
| General fund | \$ - | \$ 1,538,097 |
| Nonmajor governmental funds | - | 1,367,588 |
| Internal service funds | 3,104,329 | - |
| Enterprise funds | - | 198,644 |
| Total | <u>\$ 3,104,329</u> | <u>\$ 3,104,329</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. They also include fringe collected from other funds that are due to the Employee Benefit and Workers' Compensation internal service funds.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

4. Interfund Receivables, Payables, and Transfers (continued)

b. The composition of interfund transfer balances for the year ended June 30, 2019 is as follows:

| Transfers out: | Transfers in: | | | Total |
|-----------------------------|----------------------|------------------------------------|-------------------------------|---------------------|
| | General Fund | Nonmajor Governmental Funds | Internal Service Funds | |
| General Fund | \$ - | \$ 554,862 | \$ - | \$ 554,862 |
| Nonmajor governmental funds | 748,117 | - | - | 748,117 |
| Internal service funds | 100,000 | - | - | 100,000 |
| Water Utility Fund | - | - | 500,000 | 500,000 |
| Sewage Collection Fund | - | - | 300,000 | 300,000 |
| Solid Waste Disposal Fund | - | - | 200,000 | 200,000 |
| Total | <u>\$ 848,117</u> | <u>\$ 554,862</u> | <u>\$ 1,000,000</u> | <u>\$ 2,402,979</u> |

Transfers from the General Fund of \$554,862 were made to subsidize the Garden Grove Cable Fund in the amount of \$366,834 and the Self Supporting Revenue fund in the amount of \$188,028.

Transfers to the General Fund generated by the Garden Grove Tourism Improvement District Special Revenue Fund in the amount of \$748,117 were made to fund future City projects. The internal service fund transfer of \$100,000 was generated from the Risk Management Internal Service Fund as reimbursement to the General Fund for estimated staff time actively involved in risk management.

The transfer to the Information Technology Internal Service Fund in the amount of \$1,000,000 of which \$500,000 from the Garden Grove Sanitary District (Sewage Collection Fund and Solid Waste Disposal fund) and \$500,000 from the Water Utility Fund were made to fund the City's acquisition and implementation of new financial and human resources enterprise resource planning software.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

5. Notes receivable at June 30, 2019, consisted of the following:

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

At June 30, 2019, thirteen NSP Agreements remain, which are reflected in the nonmajor governmental funds. These loans provide up to \$40,000 in down payment assistance in the form of a silent loan that requires no payment for 30 years. The loans carry 0% interest charges.

\$ 510,644

b. Mortgage Assistance Program (MAP) Loan – Housing Successor Agency Major Capital Project Fund:

At June 30, 2019, nine MAP agreements are reflected in the nonmajor governmental funds. These loans provide up to \$40,000 in down payment assistance in the form of a silent loan that requires no payment for 5 up to 30 years. The loans carry interest between 0 to 3% annually.

153,916

c. CalHome Mortgage Assistance (CalHome) Loan – Other nonmajor governmental funds:

At June 30, 2019, twenty-eight CalHome Agreements are reflected in the nonmajor governmental funds. These loans provide up to \$60,000 in down payment assistance in the form of a silent loan that requires no payment for 30 years. The loans carry 3% interest charges.

1,598,002

d. Rental rehabilitation – HOME Grant Revenue fund – Other nonmajor governmental fund:

The City has entered into a Housing Rehabilitation Agreement utilizing HOME funds for the purpose of assisting developers in the acquisition, substantial rehabilitation and continued operation of an existing 78-unit multifamily affordable housing project called Sycamore Court. Due to the multiple project funding sources, when completed the project will be subject to new income restrictions, occupancy and other affordable housing covenants. Disbursement of loan proceeds of \$1,200,000 were made in five installment payments commencing on June 2017. The Note bears simple interest at the rate of 3% per annum from the date of initial disbursement. Interest payments of \$36,000 are due on an annual basis and no principal payments are required on the loan maturity date of September 30, 2033.

1,272,000

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

5. Notes receivable at June 30, 2019, consisted of the following: (continued)

e. Single Family Rehab (Deferred Loan) - Housing Successor Agency Major Capital Project Fund:

At June 30, 2019 eight Deferred Loan Agreements remain, which are reflected in nonmajor governmental funds. These loans provide up to \$20,000 in down payment assistance in the form of a silent loan that requires no payment for 15 or 30 years. The loans carry 3% or 5% interest charges. In addition, at June 30, 2019, there are five Homebuyer Assistance Loans that were issued for \$50,000 each. These loans have a term of 45 years and bear a simple interest of 3%. At each anniversary, 1/45th of the principal and interest are forgiven. \$ 391,554

f. ADDI Down Payment Rehab (ADDI) Loan - Other nonmajor governmental funds:

At June 30, 2019, fourteen ADDI Agreements utilizing the American Dream Downpayment Initiative funds are reflected in nonmajor governmental funds. These loans provide up to \$30,000 in down payment assistance in the form of a silent loan that requires no payment for 15 years. The loans carry 0% interest charges. These loans are forgivable if the recipient complies with all conditions. 210,181

g. Rental rehabilitation - Housing Successor Agency Major Capital Project Fund:

The Low and Moderate Income Housing Asset capital projects fund holds six 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. 3,382,470

h. Rental rehabilitation - Housing Successor Agency Major Capital Project Fund and Other nonmajor governmental funds:

The City has entered into thirteen Housing Rehabilitation Agreements utilizing CDBG funds, which are reflected in other governmental funds and the 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. 13,813,896

i. Affordable housing agreement - General fund:

The City has entered into three Affordable Housing Agreements with developers wherein the developers have 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 approximately 2 % annually. 2,271,356

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

5. Notes receivable at June 30, 2019, consisted of the following: (continued)

j. Rental construction – Housing Successor Agency Major Capital Project Fund and other nonmajor governmental fund:

The City has entered into a rental construction loan agreement utilizing HOME funds. The note was for the purpose of assisting the developer with the construction of new low-income housing for City residents. The note bears a simple annual interest rate of 3%. Loan repayment is based on residual receipts and is contingent upon the release of construction covenants for the project. The note commenced upon the initial disbursement of Home funds in June 2015. An additional \$1.6 million was disbursed in June 2017 and is payable to the Housing Successor Agency Fund. Its maturity will be the fifty-fifth anniversary of the date of the Release of Construction Covenants.

\$ 4,037,530

k. Conveyance of Property Loan Agreement – Housing Successor Agency Major Capital Project Fund and other non-major Capital Project Fund:

The City has entered into a financed sale agreement with the Housing Authority for the sale of twelve single-family residential parcels on March 12, 2016. The initial loan amount is \$2,709,030. The note bears a simple annual interest rate of 4% in 60 equal monthly interest-only payments in the amount of \$9,030 with a balloon payment on the 60th month. The term of the promissory note is due and payable in five years in March 2021.

2,709,030

l. Small Business Assistance Program – General fund and Other nonmajor governmental funds:

The City has entered into a loan agreement through the Small Business Assistance Program utilizing CDBG funds as well as General Fund monies for a total loan amount of \$50,000. The note bears an interest rate equal to the lower of 6.5% or the highest rate permitted by applicable law compounded annually. The note is payable in five years with the monthly payment of \$489.

50,000

m. 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, for an original amount of \$10,000. 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.

5,393

Total Notes Receivable

30,405,972

Less Allowance

(1,007,609)

Total Notes Receivable, net

\$ 29,398,363

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

6. Land Held for Resale

The City and the Successor Agency 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.

City land held for resale is comprised of inventory held by the Housing Successor Agency capital projects fund. City and Successor Agency land held for resale balances at June 30, 2019 are \$2,819,063 and \$25,249,639, respectively.

7. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

| | Beginning Balance * | Increases | Decreases | Ending Balance |
|--|--------------------------------|------------------|------------------|---------------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 415,745,213 | \$ 676,731 | \$ (240,000) | \$ 416,181,944 |
| Construction in progress | 5,049,224 | 14,232,465 | (14,998,498) | 4,283,191 |
| Total capital assets, not being depreciated | 420,794,437 | 14,909,196 | (15,238,498) | 420,465,135 |
| Capital assets, being depreciated: | | | | |
| Infrastructure | | | | |
| Street system | 402,004,857 | 4,694,111 | (2,243,448) | 404,455,520 |
| Storm drain assets | 72,107,931 | - | - | 72,107,931 |
| Buildings and park assets | 47,032,571 | 9,414,851 | (481,514) | 55,965,908 |
| Furniture and equipment | 32,308,211 | 2,070,869 | (2,034,833) | 32,344,247 |
| Total capital assets, being depreciated | 553,453,570 | 16,179,831 | (4,759,795) | 564,873,606 |
| Less accumulated depreciated for: | | | | |
| Infrastructure | | | | |
| Street system | (237,686,692) | (10,716,923) | 2,050,443 | (246,353,172) |
| Storm drain assets | (47,844,173) | (1,422,064) | - | (49,266,237) |
| Buildings and park assets | (27,358,892) | (1,271,607) | 364,940 | (28,265,559) |
| Furniture and equipment | (17,031,561) | (2,032,511) | 1,930,531 | (17,133,541) |
| Total accumulated depreciation | (329,921,318) | (15,443,105) | 4,345,914 | (341,018,509) |
| Total capital assets, being depreciated, net | 223,532,252 | 736,726 | (413,881) | 223,855,097 |
| Governmental activities capital assets, net | \$ 644,326,689 | \$ 15,645,922 | \$ (15,652,379) | \$ 644,320,232 |
| Business-type activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,009,789 | \$ - | \$ - | \$ 2,009,789 |
| Construction in progress | 3,188,279 | 9,485,025 | (8,907,138) | 3,766,166 |
| Total capital assets, not being depreciated | 5,198,068 | 9,485,025 | (8,907,138) | 5,775,955 |
| Capital assets, being depreciated: | | | | |
| Building and structures | 328,260 | - | - | 328,260 |
| Water system | 143,048,555 | 5,794,510 | (2,207,552) | 146,635,513 |
| Sewer system | 115,152,611 | 3,112,628 | (908,115) | 117,357,124 |
| Machinery and equipment | 512,624 | 54,608 | (39,193) | 528,039 |
| Total capital assets, being depreciated | 259,042,050 | 8,961,746 | (3,154,860) | 264,848,936 |
| Less accumulated depreciated for: | | | | |
| Building and structures | (35,884) | (10,442) | - | (46,326) |
| Water system | (57,224,365) | (3,348,893) | 1,677,338 | (58,895,920) |
| Sewer system | (52,356,105) | (1,791,407) | 654,972 | (53,492,540) |
| Machinery and equipment | (370,625) | (14,193) | 32,110 | (352,708) |
| Total accumulated depreciation | (109,986,979) | (5,164,935) | 2,364,420 | (112,787,494) |
| Total capital assets, being depreciated, net | 149,055,071 | 3,796,811 | (790,440) | 152,061,442 |
| Business-type activities capital assets, net | \$ 154,253,139 | \$ 13,281,836 | \$ (9,697,578) | \$ 157,837,397 |

* As restated (see note 17)

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

7. Capital Assets (continued)

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

| | Governmental Activities | Business-type Activities |
|-----------------------|------------------------------------|-------------------------------------|
| Police Protection | \$ - | \$ - |
| Traffic safety | 468,430 | - |
| Right of way | 10,716,923 | - |
| Drainage | 1,422,064 | - |
| Community buildings | 1,271,607 | - |
| Water | - | 3,367,355 |
| Sewage collection | - | 1,797,580 |
| Solid waste disposal | - | - |
| Housing Authority | - | - |
| Internal service fund | 1,564,083 | - |
| Total | \$ 15,443,107 | \$ 5,164,935 |

8. Long-term Debt

a. Following is a summary of long-term debt transactions for the City for the year ended June 30, 2019:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|--------------------------|----------------------|------------------------|-----------------------|--------------------------------|
| Governmental activities | | | | | |
| Lease Revenue Bonds, Series 2015A | \$ 23,175,000 | \$ - | \$ (450,000) | \$ 22,725,000 | \$ 465,000 |
| Add: Premium | 1,449,760 | - | (54,366) | 1,395,394 | 54,366 |
| Agreements payable | 23,730 | - | (23,730) | - | - |
| Capital lease payable | 589,290 | - | (215,973) | 373,317 | 141,542 |
| Governmental activities long-term debt | 25,237,780 | - | (744,069) | 24,493,711 | 660,908 |
| Other non-current liabilities: | | | | | |
| Claims payable | 37,378,000 | 8,772,970 | (4,768,529) | 41,382,441 | 8,124,441 |
| Compensated absences | 7,591,010 | 8,741,696 | (9,183,818) | 7,148,888 | 6,576,977 |
| Governmental activities long-term liabilities | <u>\$ 70,206,790</u> | <u>\$ 17,514,666</u> | <u>\$ (14,696,416)</u> | <u>\$ 73,025,040</u> | <u>\$ 15,362,326</u> |
| Business-type activities | | | | | |
| Water Revenue COP 2015 | \$ 5,625,000 | \$ - | \$ (895,000) | \$ 4,730,000 | \$ 925,000 |
| Water Revenue Bond 2010 | 12,065,000 | - | (705,000) | 11,360,000 | 730,000 |
| Add: Premium/(Discount) | 349,382 | - | (58,230) | 291,152 | 58,230 |
| Sewer Revenue Refunding Bond 2017 | 14,850,000 | - | (540,000) | 14,310,000 | 555,000 |
| Add: Premium/(Discount) | 1,298,172 | - | (72,456) | 1,225,716 | 72,456 |
| Business-type activities long-term liabilities | <u>\$ 34,187,554</u> | <u>\$ -</u> | <u>\$ (2,270,686)</u> | <u>\$ 31,916,868</u> | <u>\$ 2,340,686</u> |
| Private-purpose trust fund | | | | | |
| 2016 Tax Allocation Bond | \$ 36,540,000 | \$ - | \$ - | \$ 36,540,000 | \$ - |
| Add: Premium/(Discount) | 5,502,432 | - | (360,815) | 5,141,617 | 360,815 |
| 2014 Tax Allocation Bond | 29,010,000 | - | (2,380,000) | 26,630,000 | 2,685,000 |
| Add: Premium/(Discount) | 3,552,103 | - | (315,743) | 3,236,360 | 315,742 |
| 2008 Subordinate note | 1,330,000 | - | (100,000) | 1,230,000 | 105,000 |
| Agreements payable | 7,666,667 | - | (4,000,000) | 3,666,667 | 3,666,667 |
| Loan Payable to City | 13,254,260 | - | - | 13,254,260 | - |
| Private-purpose trust fund long-term liabilities | <u>\$ 96,855,462</u> | <u>\$ -</u> | <u>\$ (7,156,558)</u> | <u>\$ 89,698,904</u> | <u>\$ 7,133,224</u> |

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt

b. Governmental Long-term Debt at June 30, 2019 Consisted of the Following:

Lease Revenue Bonds, Series 2015 A

On November 10, 2015, the Garden Grove Public Financing Authority issued \$24,790,000 of Lease Revenue Bonds, Series 2015A. The Bonds were issued for the current refunding of \$17,100,000 of outstanding Certificates of Participation Series A (2002 Financing Project) and to finance the acquisition/construction of a fire station, police building renovations and other public capital improvements. Principal payments on the Bonds are due annually on March 1 each year, ranging from \$410,000 to \$1,435,000, and continuing until March 1, 2045. Interest is payable semiannually, beginning on March 1, 2016, with an interest rate ranging from 2.00% to 5.00% over the life of the Bonds. Such bonds are subject to Federal arbitrage regulations, however, no arbitrage liability is reported at June 30, 2019.

| | |
|----------------------------------|----------------------|
| | \$ 22,725,000 |
| Unamortized bond premium | <u>1,395,394</u> |
| Total lease revenue bonds | \$ 24,120,394 |

Capital Leases Payable

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.

\$ 26,337

In August 2016, the City renewed the capital lease arrangement in the amount of \$18,487 for mail machines. The monthly payment for the first twelve months will be \$506 and \$713 thereafter.

10,168

In June 2017, the City entered into a capital lease arrangement in the amount of \$309,466 for copiers. The interest rate is 0.10% with a monthly payment of \$5,320 through June 2022.

187,944

In December 2017, the City entered into a capital lease arrangement in the amount of \$248,114 for a new telephone system. Annual payment of \$49,623 is due through February 2022.

148,868

Total capital leases payable 373,317

Total Governmental Long Term Debt \$ 24,493,711

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

c. Proprietary long-term debt at June 30, 2019 consisted of the following items:

2015 Revenue Certificates of Participation - Water Utility Enterprise Fund

\$8,150,000 Refunding Revenue Bonds, Series 2015 were issued on October 1, 2015, for the current refunding of the remaining outstanding balance of the previously issued \$16,845,000 of the Refunding Certificate of Participation Series 2004. The refunding was undertaken to achieve debt service savings. Principal payments for 2015 Revenue certificates range from \$925,000 to \$985,000 and are due annually each December 15 through 2023. Interest is payable semi-annually on June 15 and December 15, at rates ranging from 1.0% to 5.0% over the life of the certificate. Such certificates are subject to Federal arbitrage regulations; however, no arbitrage liability is reported at June 30, 2019.

\$ 4,730,000

Total 2015 refunding revenue bonds

\$ 4,730,000

2015 Revenue Certificates of Participation - Water Utility Enterprise Fund - Debt Service Coverage

The Refunding Revenue Certificates of Participation were issued on October 1, 2015 for the current refunding of the 2004 Water Revenue Bond Refunding. The prior Refunding Revenue Certificates of Participation were issued on April 20, 2004 for prior 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 2023. At June 30, 2019 total interest and principal remaining on the certificates is \$4,967,700. 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. Revenue recognized during the year was \$37.8 million against debt service payments of \$998,550. The following analysis shows the test result for compliance with this covenant:

| | |
|--|---------------------|
| Operating Revenue | \$ 37,038,704 |
| Non-operating revenues | <u>793,305</u> |
| Gross revenue | 37,832,009 |
| Less: Expenses (excluding depreciation amortization, interest and fiscal charges) | <u>(28,891,265)</u> |
| Net revenues | <u>\$ 8,940,744</u> |
| Debt service requirement for next year: \$1,010,350 x 125% | <u>\$ 1,262,938</u> |

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

**c. Proprietary long-term debt at June 30, 2019 consisted of the following items:
(continued)**

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 remaining principal and interest requirements on the debt is \$18,037,880. The Bonds are due in annual principal installments of \$730,000 to \$4,125,000 beginning December 15, 2010 and is payable semiannually on June 15 and December 15 through December 2030 at rates ranging from 2.0% to 6.389% over the life of the certificates. Such certificates are subject to Federal arbitrage regulations; however no arbitrage liability is reported at June 30, 2019.

\$ 11,360,000

Unamortized bond premium

291,152

Total 2010 revenue bonds

\$ 11,651,152

**2010 Revenue Bonds - Water Utility Enterprise Fund - Debt
Service Coverage**

The Revenue Bonds, Series 2010, were issued on April 30, 2010 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. The remaining principal and interest requirements on the debt at June 30, 2019 is \$16,661,141. 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 and due payable during the next succeeding bond year. Revenue recognized during the year was \$37.8 million against debt service payments of \$1,376,740. The following analysis shows the test result for compliance with this covenant:

| | |
|--|---------------------|
| Operating Revenue | \$ 37,038,704 |
| Non-operating revenues | <u>793,305</u> |
| Gross revenue | 37,832,009 |
| Less: Expenses (excluding depreciation amortization, interest and fiscal charges) | <u>(28,891,265)</u> |
| Net revenues | <u>\$ 8,940,744</u> |
| Debt service requirement for next year: \$1,369,390 x 125% | <u>\$ 1,711,738</u> |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

**c. Proprietary long-term debt at June 30, 2019 consisted of the following items:
(continued)**

**2017 Refunding Sewer Revenue Bond – Sewage Collection
Enterprise fund**

On March 1, 2017, the Garden Grove Sanitary District issued \$15,970,000 in bonds to provide funds to refinance the District's obligations to the 2006 Sewer Revenue Certificate of Participation. The Certificates were issued to finance the rehabilitation, replacement and improvement of the wastewater collection system of the Garden Grove Sanitation District. The 2017 Bonds are due in annual principal installments of \$555,000 to \$1,160,000 beginning June 15, 2017 through 2036. Interest rates range from 2.0% to 5.0% and is payable semiannually on June 15 and December 15.

The net proceeds of the bond issue were used to provide for the prepayment of the 2006 Certificates. The reacquisition price was less than the net carrying amount of the old debt by \$206,922. This amount is being reflected as a deferred inflow of resources and amortized over the life of the refunding debt.

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.

| | |
|--|-----------------------------|
| | \$ 14,310,000 |
| Unamortized bond premium | <u>1,225,716</u> |
| Total 2017 revenue refunding bond | <u>\$ 15,535,716</u> |

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

c. Proprietary long-term debt at June 30, 2019 consisted of the following items: (continued)

**2017 Refunding Sewer Revenue Bond – 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 Revenue | \$ 10,754,855 |
| Non-operating revenues | <u>1,197,077</u> |
| Gross revenue | 11,951,932 |
| Less: Expenses (excluding depreciation amortization, interest and fiscal charges) | <u>(5,152,423)</u> |
| Net revenues | <u>\$ 6,799,509</u> |
| Debt service requirement for next year: \$1,194,375 x 115% | <u>\$ 1,373,531</u> |

Total Proprietary Long Term Debt \$ 31,916,868

Total Long Term Debt \$ 56,410,579

d. Private-purpose trust activity long-term debt at June 30, 2019 consisted of the following items:

Tax Allocation Bonds Issue of 2016

\$42,000,000 Tax allocation bonds were issued on March 17, 2016. The SRDA issued the "2016 Bonds" in the aggregate principal amount necessary to provide net proceeds of \$42,000,000 to fund the Water Park Hotel pursuant to the first amended and restated disposition and development agreement dated April 13, 2010. Interest on the bonds will be payable semiannually each April 1 and October 1, commencing October 1, 2016. The rates ranging from 1.0% to 5.0%. The "2016 Bonds" will be payable on a parity with the debt service on the 2014 Bonds to the extent set forth in the 2016 Bond Indenture. Such certificates are subject to federal arbitrage regulations. No arbitrage liability is reported at June 30, 2019.

| | |
|--|----------------------|
| | \$ 36,540,000 |
| Unamortized bond premium | <u>5,141,617</u> |
| Total Tax Allocation Bond Issue of 2016 | <u>\$ 41,681,617</u> |

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

d. Private-purpose trust activity long-term debt at June 30, 2019 consisted of the following items: (continued)

Tax Allocation Refunding Bonds Issue of 2014

\$38,810,000 Tax allocation refunding bonds were issued on July 16, 2014. The bonds were issued for the purpose of refunding the Garden Grove Agency for Community Development's previously issued \$57,025,000 community project tax allocation refunding bonds, Series 2003. Proceeds of the Series 2014 bonds will also be used (i) to fund a debt service reserve fund for the 2014 Bonds and (ii) to pay costs incurred in connection with the issuance, sale, and delivery of the 2014 Bonds.

Pledged revenue recognized during the year was \$3.67 million against the total debt service payment of \$3.67 million. Principal payments ranging from \$2,685,000 to \$3,330,000 are due annually through the year 2029. Interest is due semi-annually on October 1 and April 1, at rates ranging from 1.0% to 5.0%. Such bonds are subject to Federal arbitrage regulations; however, no liability is reported at June 30, 2019.

\$ 26,630,000

Unamortized bond premium

3,236,360

Total Tax Allocation Bond Issue of 2014

\$ 29,866,360

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 \$105,000 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.

1,230,000

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

d. Private-purpose trust activity long-term debt at June 30, 2019 consisted of the following items: (continued)

Agreements Payable

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.

\$ 3,666,667

Loan Payable to City

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 (\$847,149), 2004-05 (\$1,523,830), and 2005-06 (\$1,350,397) 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). In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have previously been invalidated. In fiscal year 2017-18, the California Department of Finance changed its previous determination and has now approved the repayment of the ERAF and SERAF loans (\$13,254,260) as an enforceable obligation.

13,254,260

Total Private Purpose Trust Funds Long Term Debt

\$ 89,698,904

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

- e. The scheduled annual requirements to amortize all governmental long-term debt outstanding as of June 30, 2019 including interest payments are as follows:

| Year Ending June 30 | Lease Revenue Bonds 2015A | | |
|--------------------------------|----------------------------------|----------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 465,000 | \$ 1,040,450 | \$ 1,505,450 |
| 2021 | 490,000 | 1,017,200 | 1,507,200 |
| 2022 | 515,000 | 992,700 | 1,507,700 |
| 2023 | 540,000 | 966,950 | 1,506,950 |
| 2024 | 565,000 | 939,950 | 1,504,950 |
| 2025-2029 | 3,290,000 | 4,245,750 | 7,535,750 |
| 2030-2034 | 4,150,000 | 3,387,000 | 7,537,000 |
| 2035-2039 | 5,055,000 | 2,479,200 | 7,534,200 |
| 2040-2044 | 6,220,000 | 1,309,400 | 7,529,400 |
| 2045 | 1,435,000 | 71,750 | 1,506,750 |
| Total | <u>\$ 22,725,000</u> | <u>\$ 16,450,350</u> | <u>\$ 39,175,350</u> |

| Year Ending June 30 | Capital Leases Payable | | |
|--------------------------------|-------------------------------|-----------------|-------------------|
| | Principal | Interest | Total |
| 2020 | \$ 141,542 | \$ 2,959 | \$ 144,501 |
| 2021 | 115,965 | 2,198 | 118,163 |
| 2022 | 115,810 | 672 | 116,482 |
| Total | <u>\$ 373,317</u> | <u>\$ 5,829</u> | <u>\$ 379,146</u> |

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

- f. The scheduled annual requirements to amortize all proprietary long-term debt outstanding as of June 30, 2019 including interest payments are as follows:**

| Year Ending June 30 | 2015 Refunding Water Revenue Bonds | | |
|--------------------------------|---|-------------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ 925,000 | \$ 85,350 | \$ 1,010,350 |
| 2021 | 935,000 | 66,750 | 1,001,750 |
| 2022 | 955,000 | 47,850 | 1,002,850 |
| 2023 | 985,000 | 28,450 | 1,013,450 |
| 2024 | 930,000 | 9,300 | 939,300 |
| Total | <u>\$ 4,730,000</u> | <u>\$ 237,700</u> | <u>\$ 4,967,700</u> |

| Year Ending June 30 | 2010 Water Revenue Bonds | | |
|--------------------------------|---------------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 730,000 | \$ 639,390 | \$ 1,369,390 |
| 2021 | 770,000 | 601,890 | 1,371,890 |
| 2022 | 805,000 | 562,515 | 1,367,515 |
| 2023 | 850,000 | 523,984 | 1,373,984 |
| 2024 | 885,000 | 484,027 | 1,369,027 |
| 2025-2029 | 4,125,000 | 2,183,212 | 6,308,212 |
| 2030-2031 | 3,195,000 | 306,123 | 3,501,123 |
| Total | <u>\$ 11,360,000</u> | <u>\$ 5,301,141</u> | <u>\$ 16,661,141</u> |

| Year Ending June 30 | 2017 Sewer Refunding Revenue Bonds | | |
|--------------------------------|---|---------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 555,000 | \$ 639,375 | \$ 1,194,375 |
| 2021 | 590,000 | 611,625 | 1,201,625 |
| 2022 | 615,000 | 582,125 | 1,197,125 |
| 2023 | 645,000 | 551,375 | 1,196,375 |
| 2024 | 680,000 | 519,125 | 1,199,125 |
| 2025-2029 | 3,945,000 | 2,050,375 | 5,995,375 |
| 2030-2034 | 5,000,000 | 996,400 | 5,996,400 |
| 2035-2036 | 2,280,000 | 120,400 | 2,400,400 |
| Total | <u>\$ 14,310,000</u> | <u>\$ 6,070,800</u> | <u>\$ 20,380,800</u> |

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

- g. The scheduled annual requirements to amortize all the Successor Agency long-term debt outstanding as of June 30, 2019 including interest payments are as follows:

| Year Ending June 30 | Tax Allocation Refunding Bonds Issue of 2016 | | |
|--------------------------------|---|----------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ - | \$ 1,652,250 | \$ 1,652,250 |
| 2021 | 1,900,000 | 1,614,250 | 3,514,250 |
| 2022 | 1,975,000 | 1,536,750 | 3,511,750 |
| 2023 | 2,055,000 | 1,445,875 | 3,500,875 |
| 2024 | 2,160,000 | 1,340,500 | 3,500,500 |
| 2025-2029 | 12,525,000 | 4,928,125 | 17,453,125 |
| 2030-2034 | 15,925,000 | 1,516,625 | 17,441,625 |
| Total | <u>\$ 36,540,000</u> | <u>\$ 14,034,375</u> | <u>\$ 50,574,375</u> |

| Year Ending June 30 | Tax Allocation Refunding Bonds Issue of 2014 | | |
|--------------------------------|---|---------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 2,685,000 | \$ 1,193,950 | \$ 3,878,950 |
| 2021 | 2,795,000 | 1,084,350 | 3,879,350 |
| 2022 | 2,905,000 | 970,350 | 3,875,350 |
| 2023 | 3,015,000 | 836,875 | 3,851,875 |
| 2024 | 3,170,000 | 682,250 | 3,852,250 |
| 2025-2029 | 10,430,000 | 1,519,000 | 11,949,000 |
| 2030-2033 | 1,630,000 | 40,750 | 1,670,750 |
| Total | <u>\$ 26,630,000</u> | <u>\$ 6,327,525</u> | <u>\$ 32,957,525</u> |

| Year Ending June 30 | Subordinate Note 2008 | | |
|--------------------------------|------------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ 105,000 | \$ 70,650 | \$ 175,650 |
| 2021 | 115,000 | 64,050 | 179,050 |
| 2022 | 120,000 | 57,000 | 177,000 |
| 2023 | 130,000 | 49,500 | 179,500 |
| 2024 | 135,000 | 41,550 | 176,550 |
| 2025-2028 | 625,000 | 77,550 | 702,550 |
| Total | <u>\$ 1,230,000</u> | <u>\$ 360,300</u> | <u>\$ 1,590,300</u> |

| Year Ending June 30 | Agreements Payable | | |
|--------------------------------|---------------------------|------------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ 3,666,667 | \$ 91,667 | \$ 3,758,334 |
| Total | <u>\$ 3,666,667</u> | <u>\$ 91,667</u> | <u>\$ 3,758,334</u> |

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

9. Compensated Absences

The City accounts for compensated absences (unpaid vacation, annual leave, unused holiday, compensated time off, and sick leave) in the Employee Benefit internal service fund. The balance for accrued compensated absences at June 30, 2019 is \$7,148,888.

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. The maximum management may accumulate is an amount equivalent to 2 full calendar years of service plus 40 hours.

Annual leave accrues for all firemen 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. Annual leave accrues for all fire management at 17 hours per month from date of hire through 1 year, 22 hours per month after 1 year, 25 hours per month after 9 years, 28 hours per month after 14 years, 31.25 hours per month after 19 years, 34.5 hours per month after 24 years. The maximum a fire employee may accumulate is an amount equivalent to 2 full calendar years of service plus 72 hours. Accumulated vacation, annual leave benefits and comp time, payable in future years when used by City employees, totaled \$5,884,354 at June 30, 2019.

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. Police employees accumulate on the basis of 10 hours for each month of service beginning from the date of hire. Fire employees do not accumulate sick leave benefits since converting to the annual leave benefit. 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 1,000, police employees 100% of up to 750 unused hours, and management employees 50% of all unused hours. Studies have indicated that only 10.9 percent of all accumulated sick leave is actually used by employees, therefore, the sick leave liability is estimated at 10.9 percent of the total accumulated benefit, or \$1,264,534 at June 30, 2019.

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. Compensated absences are liquidated using the employee benefits internal service fund's available net position.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|---------------------|-----------------------|---------------------------|--------------------------------|
| Vacation, Annual Leave, Benefits, and Comp Time | \$ 6,079,919 | \$ 7,548,950 | \$ (7,744,515) | \$ 5,884,354 | \$ 5,413,607 |
| Sick Leave | 1,511,091 | 1,192,746 | (1,439,303) | 1,264,534 | 1,163,370 |
| Total | <u>\$ 7,591,010</u> | <u>\$ 8,741,696</u> | <u>\$ (9,183,818)</u> | <u>\$ 7,148,888</u> | <u>\$ 6,576,977</u> |

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

10. 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 and 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 \$35,928,000 for claims outstanding including claims incurred but not reported on June 30, 2019, 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-insured for the first \$2 million per occurrence. Excess liability insurance is carried thereafter to \$33 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, 2019, in the amount of \$5,454,441 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 or proceed to trial as recommended by the attorney. The City believes that it has meritorious defenses to the allegations contained in the cases. However, the City has accrued and reserved reasonable amounts based on the actuarial analysis and attorney recommendations to cover the potential losses to the extent the exposures are deemed probable and estimable.

Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there were no reductions in the City's insurance coverage during the year ended June 30, 2019. Changes in the aggregate liability for claims for fiscal year ended June 30, 2019 and June 30, 2018 are as follows:

| Worker's Compensation | 2019 | 2018 |
|------------------------------|----------------------|----------------------|
| Liability, July 1 | \$ 33,345,000 | \$ 27,323,001 |
| Cost and claims incurred | 7,118,036 | 10,121,215 |
| Claim payments | (4,535,036) | (4,099,216) |
| Liability, June 30 | <u>\$ 35,928,000</u> | <u>\$ 33,345,000</u> |
| Due within one year | \$ 5,348,000 | \$ 4,673,037 |
| Due in more than one year | <u>30,580,000</u> | <u>28,671,963</u> |
| | <u>\$ 35,928,000</u> | <u>\$ 33,345,000</u> |
| Risk Management | | |
| Liability, July 1 | \$ 4,033,000 | \$ 4,526,000 |
| Cost and claims incurred | 1,654,934 | 750,490 |
| Claim payments | (233,493) | (1,243,490) |
| Liability, June 30 | <u>\$ 5,454,441</u> | <u>\$ 4,033,000</u> |
| Due within one year | \$ 2,776,441 | \$ 946,383 |
| Due in more than one year | <u>2,678,000</u> | <u>3,086,617</u> |
| | <u>\$ 5,454,441</u> | <u>\$ 4,033,000</u> |

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System

a. General Information about the Pension Plans

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 CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

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.

Each employee contributes toward his or her retirement based upon the retirement formula. Under PEPRA, the mandated employee contribution rate is one half of the normal cost as determined annually by CalPERS for the City when the actuarial valuation of the plans are performed. Active PEPRA plan members in the Miscellaneous Plan of the City are required to contribute 6.00% of reportable earnings for a 2.0% at 62 retirement plan. Active PEPRA plan members in the Safety Plan of the City are required to contribute 11.00% of reportable earnings for a 2.7% at 57 retirement plan. Active "Classic" plan members in the Miscellaneous Plan of the City are required to contribute 8.00% of reportable earnings for a 2.5% at 55 retirement plan. Active "Classic" plan members in the Safety Plan of the City are required to contribute 9.00% of reportable earnings for a 3.0% at 50 retirement plan.

The required employer contribution rates for fiscal year ended June 30, 2019 under PEPRA are the same as the employer contribution rates for existing miscellaneous employees and public safety employees.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

a. General Information about the Pension Plans (continued)

Benefits provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

| | Miscellaneous | |
|--|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2.5% @ 55 | 2.0% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50-55 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.5% | 1.0% to 2.5% |
| Required employee contribution rates | 8.00% | 6.00% |
| Required employer contribution rates | 30.545% | 30.545% |

| | Safety | |
|--|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 3.0% @ 50 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 | 50 - 57 |
| Monthly benefits, as a % of eligible compensation | 3.00% | 2.0% to 2.7% |
| Required employee contribution rates | 9.00% | 11.00% |
| Required employer contribution rates | 53.387% | 53.387% |

Employees covered - At June 30, 2017 (actuarial valuation date), the following employees were covered by the benefit terms for each Plan:

| | Misc | Safety |
|---|-------------|---------------|
| Inactive employees or beneficiaries currently receiving benefits | 610 | 454 |
| Inactive employees entitled to but not yet receiving benefits | 444 | 105 |
| Active employees | 406 | 246 |
| Total | 1,460 | 805 |

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

a. General Information about the Pension Plans (continued)

Contributions - Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

b. Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

| | |
|-----------------------------------|---|
| Actuarial Cost Method | Entry Age Normal in accordance with the requirements of GASB 68 |
| Actuarial Assumptions | |
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Salary Increase | Varies by Entry Age and Service |
| Mortality Rate Table ¹ | Derived using CalPERS' Membership Data for all Funds |
| Post Retirement Benefit Increase | Contract COLA up to 2.0% until Purchasing Power Protection Allowance. Floor on Purchasing Power applies, 2.50% thereafter |

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

b. Net Pension Liability (continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

| Asset Class | Current Target | Real Return ² Years 1 -10 | Real Return Years 11+ ³ |
|--------------------|-----------------------|---|---|
| Global Equity | 50.00% | 4.80% | 5.98% |
| Fixed Income | 28.00% | 1.00% | 2.62% |
| Inflation Assets | - | 0.77% | 1.81% |
| Private Equity | 8.00% | 6.30% | 7.23% |
| Real assets | 13.00% | 3.75% | 4.93% |
| Liquidity | 1.00% | - | (0.92%) |

¹ In the system's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.0% used for this period.

³ An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

b. Net Pension Liability (continued)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

| | |
|---|--|
| Net Difference between projected and actual earnings on investments | 5 year straight-line amortization |
| All other amounts | Straight-line amortization over the average expected remaining service lifetime (EARLS) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period |

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

c. Changes in Net Pension Liability

The following table shows the balances related to pension at June 30, 2019:

| | Miscellaneous Plan | Safety Plan | Total |
|-----------------------|-------------------------------|------------------------|----------------|
| Net Pension Liability | \$ 91,846,580 | \$ 184,113,277 | \$ 275,959,857 |
| Deferred outflows | \$ 14,568,985 | \$ 30,607,988 | \$ 45,176,973 |
| Deferred inflows | \$ 5,156,159 | \$ 3,223,113 | \$ 8,379,272 |
| Pension Expense | \$ 11,800,179 | \$ 22,929,398 | \$ 34,729,577 |

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

c. Changes in Net Pension Liability (continued)

The following table shows the changes in the Net Pension Liability for each plan:

| Miscellaneous Plan: | Increase(Decrease) | | |
|---|------------------------------|---------------------------------|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (c) = (a) - (b) |
| Balance at June 30, 2017 | <u>\$ 310,066,229</u> | <u>\$ 211,866,615</u> | <u>\$ 98,199,614</u> |
| Changes in the year: | | | |
| Service cost | 5,401,390 | - | 5,401,390 |
| Interest on the total pension liability | 21,444,843 | - | 21,444,843 |
| Changes of benefit terms | - | - | - |
| Changes in assumptions | (1,737,101) | - | (1,737,101) |
| Difference between actual and expected experience | (4,057,535) | - | (4,057,535) |
| Plan to Plan Resource Movement | - | 36,458 | (36,458) |
| Contribution - employer | - | 8,199,628 | (8,199,628) |
| Contribution - employee | - | 2,429,785 | (2,429,785) |
| Net Investment income | - | 17,695,861 | (17,695,861) |
| Benefit payments, including refunds of employee contributions | (14,088,814) | (14,088,814) | - |
| Administrative expense | - | (330,147) | 330,147 |
| Other Miscellaneous Income/(Expense) ¹ | - | (626,954) | 626,954 |
| Net changes | <u>6,962,783</u> | <u>13,315,817</u> | <u>(6,353,034)</u> |
| Balance at June 30, 2018 | <u><u>\$ 317,029,012</u></u> | <u><u>\$ 225,182,432</u></u> | <u><u>\$ 91,846,580</u></u> |

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

c. Changes in Net Pension Liability (continued)

| <i>Safety Plan:</i> | Increase (Decrease) | | |
|---|--|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (c) = (a) - (b) |
| Balance at June 30, 2017 | <u>\$ 516,757,727</u> | <u>\$ 331,283,676</u> | <u>\$ 185,474,051</u> |
| Changes in the year: | | | |
| Service cost | 8,706,648 | - | 8,706,648 |
| Interest on the total pension liability | 36,094,312 | - | 36,094,312 |
| Changes of benefit terms | - | - | - |
| Changes in assumptions | (2,221,006) | - | (2,221,006) |
| Difference between actual and expected experience | (961,074) | - | (961,074) |
| Plan to Plan Resource Movement | - | (37,788) | 37,788 |
| Contribution - employer | - | 14,147,727 | (14,147,727) |
| Contribution - employee | - | 2,873,704 | (2,873,704) |
| Net Investment income | - | 27,492,574 | (27,492,574) |
| Benefit payments, including refunds of employee contributions | (26,226,816) | (26,226,816) | - |
| Administrative Expense | - | (516,231) | 516,231 |
| Other Miscellaneous | - | (980,332) | 980,332 |
| Income/(Expense) ¹ | <u>-</u> | <u>(980,332)</u> | <u>980,332</u> |
| Net changes | <u>15,392,064</u> | <u>16,752,838</u> | <u>(1,360,774)</u> |
| Balance at June 30, 2018 | <u><u>\$ 532,149,791</u></u> | <u><u>\$ 348,036,514</u></u> | <u><u>\$ 184,113,277</u></u> |

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

c. Changes in Net Pension Liability (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of each Plan, calculated using the discount rate for each Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

| | <u>Miscellaneous</u> | <u>Safety</u> |
|-----------------------|----------------------|----------------|
| 1% Lower | 6.15% | 6.15% |
| Net Pension Liability | \$ 135,051,085 | \$ 256,544,764 |
| Current Discount Rate | 7.15% | 7.15% |
| Net Pension Liability | \$ 91,846,580 | \$ 184,113,277 |
| 1% Higher | 8.15% | 8.15% |
| Net Pension Liability | \$ 56,268,973 | \$ 124,782,194 |

The Net Pension Liabilities for the City's pension plans have been primarily liquidated by funding from the General, Water, Sewage Collection and Housing Authority funds based on their proportionate personnel costs of the year.

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports and can be obtained on the CalPERS website.

d. Pension expenses and deferred outflows/inflows of resources related to pensions

For the year ended June 30, 2019, the City recognized pension expenses of \$11,800,179 and \$22,929,398 for Miscellaneous Plan and Safety Plan, respectively. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Miscellaneous Plan</u> | |
|--|---------------------------------------|--------------------------------------|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Pension contributions subsequent to measurement date | \$ 9,153,245 | \$ - |
| Changes in assumptions | 4,629,288 | (1,138,101) |
| Differences between expected and actual experiences | - | (4,018,058) |
| Net difference between projected and actual earnings on pension plan investments | 786,452 | - |
| Total | <u>\$ 14,568,985</u> | <u>\$ (5,156,159)</u> |

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

d. Pension expenses and deferred outflows/inflows of resources related to pensions (continued)

| | Safety Plan | |
|--|---------------------------------------|--------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date | \$ 15,691,168 | \$ - |
| Changes in assumptions | 13,136,380 | (1,604,060) |
| Differences between expected and actual experiences | 367,174 | (1,619,053) |
| Net difference between projected and actual earnings on pension plan investments | 1,413,266 | - |
| Total | <u>\$ 30,607,988</u> | <u>\$ (3,223,113)</u> |

The \$9,153,245 and \$15,691,168 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Measurement Periods Ended June 30 | Miscellaneous Plan | Safety Plan |
|--|--|--|
| | Deferred Outflow/(Inflows) of Resources | Deferred Outflow/(Inflows) of Resources |
| 2019 | \$ 4,036,152 | \$ 11,576,900 |
| 2020 | (1,125,360) | 4,800,987 |
| 2021 | (2,107,890) | (3,837,408) |
| 2022 | (543,321) | (846,772) |

12. Other Postemployment Benefits

a. Plan Descriptions

The City administers other post-employment benefit (OPEB) plan which is subject to changes based on the discretion of the Council:

PEMHCA: The City provides an agent multiple-employer defined benefit healthcare plan to retirees through the California Public Employee Retirement System (CalPERS) under the California Public Employees Medical and Hospital Care Act (PEMHCA), commonly referred to as PERS Health.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

b. Employees Covered

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible to begin drawing a PERS pension. The benefits are available only to employees who retire from the City.

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the City plan:

| | Number of Participants |
|---|-----------------------------------|
| Inactive Employees Receiving Benefits | 261 |
| Inactive Employees Entitled to But Receiving Benefits | - |
| Participating Active Employees | 651 |
| Total Number of Participants | <u>912</u> |

c. Contributions

The contributions for the City's other post-employment benefits are based on pay-as-you-go financing requirements.

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 City's contribution rates were \$136 and \$133 per month for each retiree for the calendar years ended 2019 and 2018, respectively.

For the fiscal year ended June 30, 2019, the City contributed \$467,790 to the plan.

d. Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The City's total OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74/75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on an employee by employee basis and then aggregated.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

d. Actuarial Methods and Assumptions Used to Determine Total OPEB Liability (continued)

To the extent that different benefit formulas apply to different employees of the same class, the service cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees). This greatly simplifies administration and accounting; as well as resulting in the correct service cost for new hires.

SUBSTANTIVE PLAN: As required under GASB 74/75 the valuation is based on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by the city regarding practices with respect to employer and employee contribution and other relevant factors.

ECONOMIC ASSUMPTIONS:

INFLATION: 2.75% per year. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN/DISCOUNT RATE: 3.8% per year net of expenses. This is based on the Bond Buyer 20 Bond Index.

TREND: 4% per year. The long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: 2.75% per year.

MORTALITY

| <u>Participant Type</u> | <u>Mortality Tables</u> |
|--------------------------------|---|
| Police | 2014 CalPERS Mortality for Active Safety Employees |
| Firefighters | 2014 CalPERS Mortality for Active Safety Employees |
| Miscellaneous | 2014 CalPERS Mortality for Active Miscellaneous Employees |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

d. Actuarial Methods and Assumptions Used to Determine Total OPEB Liability (continued)

RETIREMENT RATES

| <u>Employee Type</u> | <u>Retirement Rate Tables</u> |
|-----------------------------|--|
| Police Officers | 2009 CalPERS 3%@50 Rates for Sworn Police Employees or PERPRA rates, as appropriate |
| Firefighters | 2009 CalPERS 3%@50 Rates for Sworn Fire Employees or PERPRA rates, as appropriate |
| General Employees | 2009 CalPERS 2.5%@50 Rates for Miscellaneous Employees or PERPRA rates, as appropriate |

SERVICE REQUIREMENT

| <u>Employee Type</u> | <u>Service Requirement Tables</u> |
|-----------------------------|--|
| Police | 100% at 5 Years of Service |
| Firefighters | 100% at 5 Years of Service |
| Miscellaneous | 100% at 5 Years of Service |

e. Recognition of Deferred Outflows and Inflows of Resources

Changes in the NOL arising from certain sources are recognized on a deferred basis. Under GASB 74 & 75 OPEB expense includes service cost, interest cost, change in total OPEB liability due to plan changes; all adjusted for deferred inflows and outflows.

The total OPEB liability (TOL) can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and the actual plan experience.

Under GASB 74 and 75, a portion of actuarial gain and losses can be deferred as follows:

- Investment gains and losses can be deferred five years.
- Experience gains and losses can be deferred over the expected average remaining service lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have working lifetime of zero. This often make the EARSL, quite short.
- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working lifetime.
- Liability changes resulting from plan changes, for example, cannot be deferred.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

e. Recognition of Deferred Outflows and Inflows of Resources (continued)

OPEB Expense a Deferred Outflow/Inflow of Resources to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expenses of \$1,275,939. As of fiscal year ended June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| OPEB contributions subsequent to measurement date | \$ 467,790 | \$ - |
| Changes of assumptions | - | (832,797) |
| Total | \$ 467,790 | \$ (832,797) |

The \$467,790 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2020.

| Measurement Periods Ended June 30 | Deferred Outflows/Inflows of Resources |
|--|---|
| 2019 | \$ 378,241 |
| 2020 | (89,549) |
| 2021 | (89,549) |
| 2022 | (89,549) |
| 2023 | (89,549) |
| Thereafter | (385,052) |

f. Total OPEB Liability

If actuarial assumptions are borne out by experience, the City will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability (TOL). The TOL is calculated as the APVPBP minus the present value of future service costs. To the extent that benefits are funded through a GASB 74 qualifying trust, the trust's Fiduciary Net Position (FNP) is subtracted to get the NOL. The FNP is the value of assets adjusted for any applicable payables and receivables.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

g. Changes in the OPEB Liability

The changes in the OPEB liability for the City are as follows:

Changes in Total OPEB Liability as of June 30, 2018

| | <u>Increase (Decrease)</u> |
|---|----------------------------|
| | <u>Total OPEB</u> |
| | <u>Liability</u> |
| Balance at June 30, 2017 | \$ 18,180,623 |
| Changes recognized for the measurement period: | |
| Service Cost | 669,889 |
| Interest on TOL | 695,599 |
| Employer Contributions | (420,642) |
| Employee Contributions | - |
| Assumption Changes | (922,346) |
| Actual Investment Income | - |
| Administrative Expense | - |
| Benefit Payments | - |
| Net Changes | <u>22,500</u> |
| Balance at June 30, 2018 | <u>\$ 18,203,123</u> |

h. Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability with a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

| | Discount Rate 1% Lower | Valuation Discount Rate | Discount Rate 1% Higher |
|----------------------|---------------------------|----------------------------|----------------------------|
| Total OPEB Liability | \$21,435,664 | \$18,203,123 | \$15,578,431 |

i. Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

| | Trend Rate 1% Lower | Valuation Discount Rate | Discount Rate 1% Higher |
|----------------------|------------------------|----------------------------|----------------------------|
| Total OPEB Liability | \$13,451,777 | \$18,203,123 | \$24,645,284 |

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

13. Non-committal debt

- a. 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. As of June 30, 2019, the balance outstanding was \$9,100,000.

14. 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. Construction Commitments

The City has active construction projects as of June 30, 2019. City project commitments includes street improvements, storm drain improvements and traffic improvements. Proprietary fund project commitments include water main improvements, water reservoir rehabilitation projects and sewer main improvements. At fiscal year-end, the City's construction project commitments with contractors are as follows:

| | <u>Spent-to-date</u> | <u>Remaining Commitment</u> |
|--------------------------|----------------------|---------------------------------|
| Street Improvements | \$ 1,729,902 | \$ 5,920,885 |
| Strom Drain Improvements | 1,367,613 | 797,291 |
| Water Improvements | 2,698,782 | 2,411,794 |
| Sewer Improvements | <u>1,067,384</u> | <u>4,631,010</u> |
| Total | <u>\$ 6,863,681</u> | <u>\$ 13,760,980</u> |

15. 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 22.0%. 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.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

16. Tax Abatements

The City of Garden Grove enters into various tax abatement agreements for the purpose of attracting and retaining businesses within the City. The Garden Grove Agency for Community Development also entered into three such agreements specific to hotel developments that are now the enforceable obligations of the Successor Agency pursuant to the 2011 Redevelopment Agency Dissolution Act.

In 2016, the City approved an Amended and Restated Operating Covenant Agreement with California Fuels and Lubricants for business retention purposes pursuant to Senate Bill 562. The Amended Agreement effective July 1, 2016 provides for economic development assistance in form of varying revenue sharing ratios of the amount of sales tax revenue generated in excess of \$200,000 annually for a period of 20 years. For Fiscal Year 2018-19, California Fuels and Lubricants received assistance payments of \$542,755.

In 2010, the Successor Agency entered into an agreement with Garden Grove MXD, LLC for the construction of the Great Wolf Lodge. The performance based assistance began in 2015-16 and is based on the Transient Occupancy Tax rate. If the Transient Occupancy Tax rate charged by the City impacts an agreed upon Transient Occupancy Tax rate differential with a neighboring City, an amount will be rebated to the developer equal to the total room revenue multiplied by that Transient Occupancy Tax differential. The amount of Transient Occupancy Tax rebated to Garden Grove MXD, LLC for the Fiscal Year 2018-19 is \$773,153. This amount is an approved enforceable obligation of the Successor Agency, and will be paid via the State of California approved Recognized Obligation Payments Schedule.

17. Prior Period Adjustment

GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

Prior period adjustments were made to the beginning net position/fund balance of the Government-Wide Financial Statements and the Fund Financial Statements. As a result, the beginning of the year was restated to properly account for these corrections.

A prior period adjustment of \$264,625, was made to increase the beginning fund balance of Housing Successor Agency Fund, a major special revenue fund, for an understatement of revenue and notes receivable at June 30, 2018.

A prior period adjustment of \$176,531 was made to decrease the beginning fund balance of the Housing Successor Agency Fund, for an overstatement of land held for resale at June 30, 2018.

The Governmental Activities had a net restatement of \$314,008 due to notes receivable being understated by \$264,625 and capital assets being understated \$49,383 at June 30, 2018.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

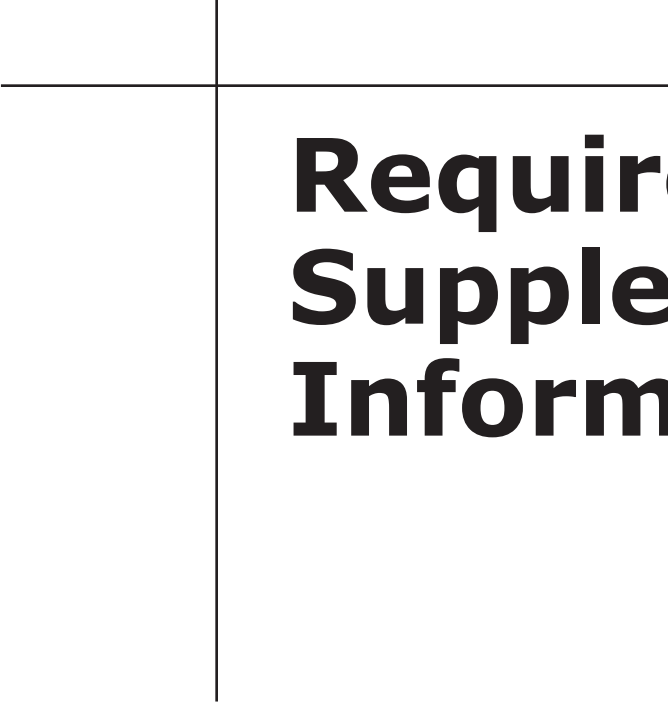
17. Prior Period Adjustment (continued)

The aforementioned adjustments resulted in the following restatement to net position at July 1, 2018:

| | <u>Housing Successor Agency Fund</u> | <u>Governmental Activities</u> |
|---|---|---|
| Net position at July 1, 2018, as previously reported | \$ 22,229,387 | \$ 576,850,058 |
| Prior period adjustments: | | |
| Note receivable | 264,625 | 264,625 |
| Land held for resale | (176,531) | - |
| Capital assets | - | 171,030 |
| Accumulated depreciation | - | (121,647) |
| Net position at July 1, 2018, as restated | <u><u>\$ 22,317,481</u></u> | <u><u>\$ 577,164,066</u></u> |

18. Subsequent Event

In April 2019, the City Council voted to approve entering into a contract with Orange County Fire Authority (OCFA) for fire and emergency medical services. The transition to OCFA became effective August 16, 2019.



Required Supplemental Information

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CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
THE LAST TEN FISCAL YEARS*

| Measurement Period | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| TOTAL PENSION LIABILITY | | | | | |
| Service cost | \$ 5,401,390 | \$ 5,295,064 | \$ 4,717,431 | \$ 4,505,053 | \$ 4,722,338 |
| Interest on total pension liability | 21,444,843 | 20,965,466 | 20,513,676 | 19,499,703 | 18,697,528 |
| Changes of assumptions | (1,737,101) | 17,855,824 | - | (4,893,202) | - |
| Difference between expected and actual experience | (4,057,535) | (5,244,453) | 1,501,168 | (1,007,886) | - |
| Benefit payments, including refunds of employee contributions | (14,088,814) | (13,540,154) | (12,581,087) | (12,134,038) | (11,490,804) |
| Net change in total pension liability | 6,962,783 | 25,331,747 | 14,151,188 | 5,969,630 | 11,929,062 |
| Total pension liability - beginning | 310,066,229 | 284,734,482 | 270,583,294 | 264,613,664 | 252,684,602 |
| Total pension liability - ending (a) | \$ 317,029,012 | \$ 310,066,229 | \$ 284,734,482 | \$ 270,583,294 | \$ 264,613,664 |
| PLAN FIDUCIARY NET POSITION | | | | | |
| Contribution - Employer | \$ 8,199,628 | \$ 7,579,342 | \$ 6,646,792 | \$ 5,948,472 | \$ 5,101,581 |
| Contribution - Employee | 2,429,785 | 2,308,262 | 2,242,990 | 2,281,790 | 2,070,127 |
| Net investment income ² | 17,695,861 | 21,554,042 | 1,004,774 | 4,419,750 | 29,571,239 |
| Benefit payments, including refunds of employee contributions | (14,088,814) | (13,540,154) | (12,581,087) | (12,134,038) | (11,490,804) |
| Net Plan to Plan Resource Movement | 36,458 | (64,848) | (69,973) | - | - |
| Administrative Expense | (330,147) | (286,986) | (120,179) | (221,880) | - |
| Other Miscellaneous Income/(Expense) ¹ | (626,954) | - | - | - | - |
| Net change in fiduciary net position | 13,315,817 | 17,549,658 | (2,876,683) | 294,094 | 25,252,143 |
| Plan fiduciary net position - beginning ² | 211,866,615 | 194,316,867 | 197,193,550 | 196,899,456 | 171,647,313 |
| Plan fiduciary net position - ending (b) | \$ 225,182,432 | \$ 211,866,525 | \$ 194,316,867 | \$ 197,193,550 | \$ 196,899,456 |
| Plan net pension liability - ending (a) - (b) | \$ 91,846,580 | \$ 98,199,704 | \$ 90,417,615 | \$ 73,389,744 | \$ 67,714,208 |
| Plan fiduciary net position as a percentage of the total pension liability | 71.03% | 68.33% | 68.24% | 72.88% | 74.41% |
| Covered payroll | \$ 29,746,612 | \$ 29,037,915 | \$ 28,573,176 | \$ 27,094,801 | \$ 27,060,561 |
| Plan net pension liability as a percentage of covered payroll | 308.76% | 338.18% | 316.44% | 270.86% | 250.23% |

*Historical information is required only for measurement periods for which GASB 68 is applicable

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB68).

² Includes any beginning of year adjustment.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts were reported on the 7.5 percent discount rate.

CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
THE LAST TEN FISCAL YEARS*

| Measurement Period | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| TOTAL PENSION LIABILITY | | | | | |
| Service cost | \$ 8,706,648 | \$ 8,648,153 | \$ 7,378,575 | \$ 7,025,519 | \$ 7,433,857 |
| Interest on total pension liability | 36,094,312 | 35,007,255 | 33,944,797 | 32,447,673 | 31,439,433 |
| Changes of assumptions | (2,221,006) | 29,556,856 | - | (4,660,010) | - |
| Difference between expected and actual experience | (961,074) | (2,081,126) | 2,203,036 | (8,032,852) | - |
| Benefit payments, including refunds of employee contributions | (26,226,816) | (24,371,140) | (22,718,361) | (21,846,674) | (20,185,546) |
| Net change in total pension liability | 15,392,064 | 46,759,998 | 20,808,047 | 4,933,656 | 18,687,744 |
| Total pension liability - beginning | 516,757,727 | 469,997,729 | 449,189,682 | 444,256,026 | 425,568,282 |
| Total pension liability - ending (a) | \$ 532,149,791 | \$ 516,757,727 | \$ 469,997,729 | \$ 449,189,682 | \$ 444,256,026 |
| Contribution - Employer | \$ 14,147,727 | \$ 13,302,274 | \$ 11,468,654 | \$ 10,155,643 | \$ 9,427,732 |
| Contribution - Employee | 2,873,704 | 2,823,680 | 2,915,098 | 2,611,738 | 2,439,710 |
| Net investment income | 27,492,574 | 33,837,324 | 1,532,436 | 6,960,883 | 47,553,580 |
| Benefit payments, including refunds of employee contributions | (26,226,816) | (24,371,140) | (22,718,361) | (21,846,674) | (20,185,546) |
| Net Plan to Plan Resource Movement | (37,788) | - | - | - | - |
| Administrative Expense | (516,231) | (452,000) | (190,840) | (352,473) | - |
| Other Miscellaneous Income/(Expense) ¹ | (980,332) | - | - | - | - |
| Net change in fiduciary net position | 16,752,838 | 25,140,138 | (6,993,013) | (2,470,883) | 39,235,476 |
| Plan fiduciary net position - beginning ² | 331,283,676 | 306,143,539 | 313,136,552 | 315,607,435 | 276,371,959 |
| Plan fiduciary net position - ending (b) | \$ 348,036,514 | \$ 331,283,677 | \$ 306,143,539 | \$ 313,136,552 | \$ 315,607,435 |
| Plan net pension liability - ending (a) - (b) | \$ 184,113,277 | \$ 185,474,050 | \$ 163,854,190 | \$ 136,053,130 | \$ 128,648,591 |
| Plan fiduciary net position as a percentage of the total pension liability | 65.40% | 64.11% | 65.14% | 69.71% | 71.04% |
| Covered payroll | \$ 28,541,707 | \$ 28,636,267 | \$ 27,481,750 | \$ 26,325,623 | \$ 26,592,225 |
| Plan net pension liability as a percentage of covered payroll | 645.07% | 647.69% | 596.23% | 516.81% | 483.78% |

*Historical information is required only for measurement periods for which GASB 68 is applicable

1 During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

2 Includes any beginning of year adjustment.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts were reported on the 7.5 percent discount rate.

**CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
THE LAST TEN FISCAL YEARS***

Schedule of Plan Contributions for the Fiscal Years Ended June 30

| | Miscellaneous | | | | | |
|--|----------------------|---------------|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Actuarially determined contributions | \$ 9,153,245 | \$ 8,199,628 | \$ 7,579,342 | \$ 6,646,792 | \$ 5,948,472 | \$ 5,101,581 |
| Contributions in relation to the | | | | | | |
| actuarially determined contributions | (9,153,245) | (8,199,628) | (7,579,342) | (6,646,792) | (5,948,472) | (5,101,581) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 28,044,597 | \$ 29,746,612 | \$ 29,037,915 | \$ 28,573,176 | \$ 27,094,801 | \$ 27,060,561 |
| Contributions as a percentage of covered payroll | 32.64% | 27.56% | 26.10% | 23.26% | 21.95% | 18.85% |

* Historical information is required only for measurement periods for which GASB 68 is applicable

Notes to Schedule of Plan Contributions:

Valuation date: 6/30/2016

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method/period | For details, see June 30, 2015 Funding Valuation Report. |
| Asset valuation method | Market value of assets. For details, see June 30, 2015 Funding Valuation Report. |
| Inflation | 2.75% |
| Salary Increases | Varies by entry age and service |
| Payroll growth | 3.00% |
| Investment rate of return | 7.375%, net of pension plan investment administrative expenses; includes inflation. |
| Retirement age | The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. |
| Mortality | The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries. |
| Other information | For changes to previous year's information, refer to past GASB 68 reports. |

**CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
THE LAST TEN FISCAL YEARS***

Schedule of Plan Contributions for the Fiscal Years Ended June 30

| | Safety | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| Actuarially determined contributions | \$ 15,691,168 | \$ 14,147,727 | \$ 13,302,273 | \$ 11,468,654 | \$ 10,155,643 | \$ 9,427,732 |
| Contributions in relation to the | | | | | | |
| actuarially determined contributions | (15,691,168) | (14,147,727) | (13,302,273) | (11,468,654) | (10,155,643) | (9,427,732) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 27,659,707 | \$ 28,541,707 | \$ 28,636,267 | \$ 27,481,750 | \$ 26,325,623 | \$ 26,592,225 |
| Contributions as a percentage of covered payroll | 56.73% | 49.57% | 46.45% | 41.73% | 38.58% | 35.45% |

* Historical information is required only for measurement periods for which GASB 68 is applicable

Notes to Schedule:

Valuation date: 6/30/2016

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method/period | For details, see June 30, 2015 Funding Valuation Report. |
| Asset valuation method | Market value of assets. For details, see June 30, 2015 Funding Valuation Report. |
| Inflation | 2.75% |
| Salary Increases | Varies by entry age and service |
| Payroll growth | 3.00% |
| Investment rate of return | 7.375%, net of pension plan investment administrative expenses; includes inflation. |
| Retirement age | The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. |
| Mortality | The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries. |
| Other information | For changes to previous year's information, refer to past GASB 68 reports. |

CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
for the Measurement Periods Ended June 30
THE LAST TEN FISCAL YEARS*

| <i>Measurement Period</i> | <u>2017</u> | <u>2018</u> |
|---|----------------------|----------------------|
| TOTAL OPEB LIABILITY | | |
| Service cost | \$ 651,960 | \$ 669,889 |
| Interest on total OPEB liability | 610,096 | 695,599 |
| Employer Contributions | - | (420,642) |
| Changes of assumptions | - | (922,346) |
| Benefit payments | (391,489) | - |
| Net change in total OPEB liability | 870,567 | 22,500 |
| Total OPEB liability - beginning | 17,310,056 | 18,180,623 |
| Total OPEB liability - ending | <u>\$ 18,180,623</u> | <u>\$ 18,203,123</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% |
| Covered-employee payroll | 57,674,182 | 55,704,304 |
| Net OPEB liability as a percentage of covered-employee payroll | 31.52% | 32.68% |

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

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, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------------------|------------------------------|----------------------|---|
| REVENUES: | | | | |
| Taxes | \$ 97,570,787 | \$ 97,570,787 | \$ 110,241,920 | \$ 12,671,133 |
| Licenses and permits | 1,687,722 | 1,687,722 | 2,565,448 | 877,726 |
| Fines, forfeits and penalties | 1,819,087 | 1,819,087 | 1,644,738 | (174,349) |
| Investment earnings | 1,702,497 | 1,702,497 | 3,415,620 | 1,713,123 |
| Charges for current services | 6,645,193 | 6,645,193 | 7,922,150 | 1,276,957 |
| From other agencies | 251,822 | 251,822 | 207,216 | (44,606) |
| Other revenues | 2,114,699 | 2,920,165 | 3,841,818 | 921,653 |
| Total revenues | <u>111,791,807</u> | <u>112,597,273</u> | <u>129,838,910</u> | <u>17,241,637</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | 24,609,287 | 24,664,457 | 24,308,795 | 355,662 |
| Police | 57,119,798 | 57,444,563 | 54,851,012 | 2,593,551 |
| Traffic safety | 2,011,589 | 1,999,339 | 2,174,167 | (174,828) |
| Public right of way | 5,079,016 | 5,071,609 | 4,560,491 | 511,118 |
| Community buildings | 3,521,004 | 3,521,004 | 3,006,914 | 514,090 |
| Community services | 2,759,478 | 2,939,768 | 2,734,079 | 205,689 |
| Economic development | 1,179,135 | 3,790,482 | 884,492 | 2,905,990 |
| Parks and greenbelts | 1,152,435 | 1,152,435 | 1,200,071 | (47,636) |
| Community planning and development | 5,925,422 | 6,953,975 | 5,789,426 | 1,164,549 |
| Municipal support | 7,974,548 | 8,276,793 | 8,210,024 | 66,769 |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | 229,580 | 229,580 | 165,015 | 64,565 |
| Traffic safety | - | - | - | - |
| Public right of way | 234,000 | 1,117,088 | 308,067 | 809,021 |
| Community buildings | - | 2,800,000 | 2,846,439 | (46,439) |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | 579,874 | 579,874 | 579,874 | - |
| Interest | 1,064,018 | 1,064,018 | 1,064,018 | - |
| Bond issuance costs | - | - | - | - |
| Total expenditures | <u>113,439,184</u> | <u>121,604,985</u> | <u>112,682,884</u> | <u>8,922,101</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,647,377)</u> | <u>(9,007,712)</u> | <u>17,156,026</u> | <u>26,163,738</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 2,224,400 | 2,224,000 | 848,117 | (1,375,883) |
| Transfers out | (637,900) | (637,900) | (554,862) | 83,038 |
| Total other financing sources (uses) | <u>1,586,500</u> | <u>1,586,100</u> | <u>293,255</u> | <u>(1,292,845)</u> |
| Net change in fund balance | (60,877) | (7,421,612) | 17,449,281 | 24,870,893 |
| Fund balance, beginning of year | <u>49,668,047</u> | <u>49,668,047</u> | <u>49,668,047</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 49,607,170</u> | <u>\$ 42,246,435</u> | <u>\$ 67,117,328</u> | <u>\$ 24,870,893</u> |

See accompanying note to required supplementary information.



Other Supplemental Information

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CITY OF GARDEN GROVE 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, park 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 South Coast Air Quality Management District for the primary purpose of establishing a ride share program for City employees.

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.

**CITY OF GARDEN GROVE
SPECIAL REVENUE FUNDS (CONTINUED)**

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.

Street Rehabilitation Fund

This fund is used to account for revenues received and expenditures made for various street rehabilitation projects.

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.

CAPITAL PROJECTS FUNDS

Major Fund:

Housing Successor Agency Fund

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

Nonmajor Funds:

Housing Authority Assets Fund

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

Public Safety Fund

Capital projects with Public Safety are accounted for in this fund.

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**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

| | Special Revenue Funds | | | |
|--------------------------------------|-----------------------|---------------------|-------------------|-------------------------------|
| | Public Safety | State Gas Tax | Golf Course | Self Supporting Revenue |
| ASSETS | | | | |
| Cash and investments | \$ 1,458,451 | \$ 6,349,225 | \$ 696,521 | \$ 106,106 |
| Cash with fiscal agents | - | - | - | - |
| Taxes receivable | 134,279 | - | - | - |
| Accounts receivable | - | 578,950 | - | 2,089 |
| Interest receivable | 3,400 | 28,851 | - | - |
| Deposits and prepaid items | 813 | - | - | - |
| Inventory | - | - | 3,943 | - |
| Intergovernmental receivable | - | - | - | - |
| Notes receivable, net | - | - | - | - |
| Total assets | <u>\$ 1,596,943</u> | <u>\$ 6,957,026</u> | <u>\$ 700,464</u> | <u>\$ 108,195</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 9,134 | \$ 799,446 | \$ 158,497 | \$ 14,729 |
| Accrued liabilities | 9,481 | 41,378 | 24,214 | 58,132 |
| Refundable deposits | - | - | - | 27,469 |
| Unearned revenue | - | - | - | 8,005 |
| Due to other funds | - | - | - | - |
| Total liabilities | <u>18,615</u> | <u>840,824</u> | <u>182,711</u> | <u>108,335</u> |
| Fund balances: | | | | |
| Restricted: | | | | |
| Public safety | 1,578,328 | - | - | - |
| Public right of way | - | 6,116,202 | - | - |
| Drainage | - | - | - | - |
| Community planning and development | - | - | 517,753 | - |
| Community services | - | - | - | - |
| Unassigned | - | - | - | (140) |
| Total fund balances | <u>1,578,328</u> | <u>6,116,202</u> | <u>517,753</u> | <u>(140)</u> |
| Total liabilities and fund balances | <u>\$ 1,596,943</u> | <u>\$ 6,957,026</u> | <u>\$ 700,464</u> | <u>\$ 108,195</u> |

| Special Revenue Funds | | | | | |
|-----------------------|--------------------|-------------------|------------------|----------------------|-------------------------|
| Developer Fees | Garden Grove Cable | Street Lighting | Park Maintenance | Main Street District | Air Quality Improvement |
| \$ 8,239,616 | \$ - | \$ 361,713 | \$ 41,030 | \$ 210,825 | \$ 555,689 |
| - | - | - | - | - | - |
| - | - | 9,166 | 4,538 | - | - |
| - | 9,996 | 1,352 | 38,225 | 252 | 19 |
| 34,254 | - | 657 | - | 941 | 2,504 |
| - | 3,749 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 53,347 |
| - | - | - | - | - | - |
| <u>\$ 8,273,870</u> | <u>\$ 13,745</u> | <u>\$ 372,888</u> | <u>\$ 83,793</u> | <u>\$ 212,018</u> | <u>\$ 611,559</u> |
| | | | | | |
| \$ 141,526 | \$ 3,552 | \$ 336,391 | \$ 16,550 | \$ 3,611 | \$ 2,939 |
| 27,237 | 10,914 | 3,590 | 968 | - | 484 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 39,011 | - | - | - | - |
| <u>168,763</u> | <u>53,477</u> | <u>339,981</u> | <u>17,518</u> | <u>3,611</u> | <u>3,423</u> |
| | | | | | |
| - | - | - | - | - | - |
| 1,421,499 | - | 32,907 | - | 208,407 | 608,136 |
| 273,269 | - | - | - | - | - |
| 2,158,818 | - | - | 66,275 | - | - |
| 4,251,521 | - | - | - | - | - |
| - | (39,732) | - | - | - | - |
| <u>8,105,107</u> | <u>(39,732)</u> | <u>32,907</u> | <u>66,275</u> | <u>208,407</u> | <u>608,136</u> |
| | | | | | |
| <u>\$ 8,273,870</u> | <u>\$ 13,745</u> | <u>\$ 372,888</u> | <u>\$ 83,793</u> | <u>\$ 212,018</u> | <u>\$ 611,559</u> |

(continued)

**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

| | Special Revenue Funds | | |
|--------------------------------------|--------------------------------------|---------------------------------------|--------------------------|
| | Other Grants and Contributions | GG Tourism Improvement District | Street Rehabilitation |
| ASSETS | | | |
| Cash and investments | \$ 3,523,903 | \$ 424,966 | \$ 2,155,830 |
| Cash with fiscal agents | - | - | - |
| Taxes receivable | - | 263,768 | - |
| Accounts receivable | 84,664 | - | - |
| Interest receivable | 2,205 | - | 9,588 |
| Deposits and prepaid items | - | - | - |
| Inventory | - | - | - |
| Intergovernmental receivable | 710,800 | - | 412,701 |
| Notes receivable, net | 3,259,033 | - | - |
| Total assets | <u>\$ 7,580,605</u> | <u>\$ 688,734</u> | <u>\$ 2,578,119</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 753,737 | \$ - | \$ 945,186 |
| Accrued liabilities | 7,599 | 426,081 | 37,971 |
| Refundable deposits | - | - | - |
| Unearned revenue | 55,229 | - | - |
| Due to other funds | 943,503 | - | 385,074 |
| Total liabilities | <u>1,760,068</u> | <u>426,081</u> | <u>1,368,231</u> |
| Fund balances: | | | |
| Restricted | | | |
| Public safety | - | - | - |
| Public right of way | 1,904,907 | - | 1,209,888 |
| Drainage | - | - | - |
| Community planning and development | 3,661,888 | 262,653 | - |
| Community services | 253,742 | - | - |
| Unassigned | - | - | - |
| Total fund balances | <u>5,820,537</u> | <u>262,653</u> | <u>1,209,888</u> |
| Total liabilities and fund balances | <u>\$ 7,580,605</u> | <u>\$ 688,734</u> | <u>\$ 2,578,119</u> |

| Special Revenue | | Capital Project Funds | | Total |
|---------------------------------------|--------------------------------|-----------------------|-----------------------------------|-------|
| Fund | | | | |
| HOME Grant Special Revenue Fund | Housing Authority Assets | Public Safety | Nonmajor Governmental Funds | |
| \$ 328,416 | \$ 639,471 | \$ 352,680 | \$ 25,444,442 | |
| - | - | 1,561,857 | 1,561,857 | |
| - | - | - | 411,751 | |
| - | 1,714 | - | 717,261 | |
| 1,130 | 2,809 | - | 86,339 | |
| - | - | - | 4,562 | |
| - | - | - | 3,943 | |
| 6,692 | - | - | 1,183,540 | |
| 16,512,217 | 1,739,701 | - | 21,510,951 | |
| <u>\$ 16,848,455</u> | <u>\$ 2,383,695</u> | <u>\$ 1,914,537</u> | <u>\$ 50,924,646</u> | |
| | | | | |
| \$ 3,703 | \$ - | \$ - | \$ 3,189,001 | |
| 50,117 | - | 282,718 | 980,884 | |
| - | - | - | 27,469 | |
| - | - | - | 63,234 | |
| - | - | - | 1,367,588 | |
| <u>53,820</u> | <u>-</u> | <u>282,718</u> | <u>5,628,176</u> | |
| | | | | |
| - | - | 1,631,819 | 3,210,147 | |
| - | - | - | 11,501,946 | |
| - | - | - | 273,269 | |
| 16,794,635 | 2,383,695 | - | 25,845,717 | |
| - | - | - | 4,505,263 | |
| - | - | - | (39,872) | |
| <u>16,794,635</u> | <u>2,383,695</u> | <u>1,631,819</u> | <u>45,296,470</u> | |
| | | | | |
| <u>\$ 16,848,455</u> | <u>\$ 2,383,695</u> | <u>\$ 1,914,537</u> | <u>\$ 50,924,646</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, 2019

| | Special Revenue Funds | | | |
|--|-----------------------|------------------|----------------|-------------------------------|
| | Public Safety | State Gas Tax | Golf Course | Self Supporting Revenue |
| REVENUES: | | | | |
| Taxes | \$ 775,709 | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | 91,262 | - | - | - |
| Investment earnings | 11,710 | 62,949 | - | - |
| Charges for current services | 57,890 | - | 187,483 | 738,052 |
| From other agencies | 404,820 | 6,875,499 | - | - |
| Other revenues | - | - | - | 819 |
| Total revenues | 1,341,391 | 6,938,448 | 187,483 | 738,871 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | 151,095 | - | - | - |
| Police | 580,186 | - | - | - |
| Traffic safety | - | 405,792 | - | - |
| Public right of way | - | 2,380,698 | - | - |
| Community services | - | - | - | 929,264 |
| Economic development | - | - | - | - |
| Parks and greenbelts | - | - | 381,270 | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | 67,855 | - | - | - |
| Police | 435,508 | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | 2,094,625 | - | - |
| Drainage | - | 1,165 | - | - |
| Community buildings | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Total expenditures | 1,234,644 | 4,882,280 | 381,270 | 929,264 |
| Excess (deficiency) of revenues over (under) expenditures | 106,747 | 2,056,168 | (193,787) | (190,393) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | 188,028 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | 188,028 |
| Net change in fund balances | 106,747 | 2,056,168 | (193,787) | (2,365) |
| Fund balance, beginning of year | 1,471,581 | 4,060,034 | 711,540 | 2,225 |
| Fund balance (deficit), end of year | \$ 1,578,328 | \$ 6,116,202 | \$ 517,753 | \$ (140) |

| Special Revenue Funds | | | | | |
|-----------------------|--------------------|-----------------|------------------|----------------------|-------------------------|
| Developer Fees | Garden Grove Cable | Street Lighting | Park Maintenance | Main Street District | Air Quality Improvement |
| \$ - | \$ - | \$ 46 | \$ - | \$ - | \$ - |
| 79,860 | - | - | - | - | - |
| - | - | - | - | - | - |
| 110,993 | - | 987 | 208 | 3,306 | 7,948 |
| 4,134,673 | - | 1,350,215 | 704,700 | 26,630 | - |
| - | - | - | - | - | 223,308 |
| - | 51,735 | - | - | - | - |
| 4,325,526 | 51,735 | 1,351,248 | 704,908 | 29,936 | 231,256 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 1,298,111 | - | - | - |
| - | - | 58,736 | - | 18,650 | - |
| 78,772 | 418,811 | - | - | - | - |
| - | - | - | - | - | - |
| 18,453 | - | - | 700,000 | - | - |
| 138,545 | 39,490 | - | - | - | 4,884 |
| - | - | 24,070 | - | - | 140,892 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 50,000 | - | - | - | - | - |
| 273,051 | - | - | - | - | - |
| 2,647 | - | - | - | - | - |
| 63,089 | - | - | - | - | - |
| 354,850 | - | - | - | - | - |
| 979,407 | 458,301 | 1,380,917 | 700,000 | 18,650 | 145,776 |
| 3,346,119 | (406,566) | (29,669) | 4,908 | 11,286 | 85,480 |
| - | 366,834 | - | - | - | - |
| - | - | - | - | - | - |
| - | 366,834 | - | - | - | - |
| 3,346,119 | (39,732) | (29,669) | 4,908 | 11,286 | 85,480 |
| 4,758,988 | - | 62,576 | 61,367 | 197,121 | 522,656 |
| \$ 8,105,107 | \$ (39,732) | \$ 32,907 | \$ 66,275 | \$ 208,407 | \$ 608,136 |

(continued)

CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | Special Revenue Funds | | |
|--|---|--|----------------------------------|
| | Other Grants and Contributions | GG Tourism Improvement District | Street Rehabilitation |
| REVENUES: | | | |
| Taxes | \$ - | \$ 3,060,518 | \$ - |
| Licenses and permits | - | - | - |
| Fines, forfeits and penalties | 1,114,311 | - | - |
| Investment earnings | 58,192 | - | 27,269 |
| Charges for current services | - | - | - |
| From other agencies | 2,968,028 | - | 2,814,575 |
| Other revenues | 5,514 | - | - |
| Total revenues | <u>4,146,045</u> | <u>3,060,518</u> | <u>2,841,844</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Fire | 23,526 | - | - |
| Police | 850,593 | - | - |
| Traffic safety | 403,705 | - | - |
| Public right of way | 67,873 | - | 20,567 |
| Community services | 480,840 | - | 213,582 |
| Economic Development | - | 2,327,198 | - |
| Parks and greenbelts | - | - | - |
| Community planning and development | 978,160 | - | - |
| Municipal support | - | - | - |
| Capital outlay: | | | |
| Fire | 23,010 | - | - |
| Police | - | - | - |
| Traffic safety | - | - | 361,957 |
| Public right of way | 1,144,483 | - | 3,235,283 |
| Drainage | - | - | - |
| Community buildings | 44,397 | - | - |
| Parks and greenbelts | - | - | - |
| Total expenditures | <u>4,016,587</u> | <u>2,327,198</u> | <u>3,831,389</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>129,458</u> | <u>733,320</u> | <u>(989,545)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | - | - | - |
| Transfers out | - | (748,117) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(748,117)</u> | <u>-</u> |
| Net change in fund balances | 129,458 | (14,797) | (989,545) |
| Fund balance, beginning of year | <u>5,691,079</u> | <u>277,450</u> | <u>2,199,433</u> |
| Fund balance (deficit), end of year | <u>\$ 5,820,537</u> | <u>\$ 262,653</u> | <u>\$ 1,209,888</u> |

| Special Revenue Fund | | Capital Project Funds | | Total | | | |
|----------------------|------------|--------------------------|---------------|-----------------------------|------------|----|------------|
| | | Housing Authority Assets | Public Safety | Nonmajor Governmental Funds | | | |
| HOME Grant | | | | | | | |
| \$ | - | \$ | - | \$ | 3,836,273 | | |
| | - | | - | | 79,860 | | |
| | - | | - | | 1,205,573 | | |
| | 420,656 | | 11,950 | | 795,065 | | |
| | - | | - | | 7,199,643 | | |
| | 106,012 | | - | | 13,392,242 | | |
| | 25,389 | | - | | 83,457 | | |
| | 552,057 | | 11,950 | | 26,592,113 | | |
| | | | | | | | |
| | - | | - | \$ | 174,621 | | |
| | - | | - | | 1,430,779 | | |
| | - | | - | | 2,107,608 | | |
| | - | | - | | 2,546,524 | | |
| | - | | - | | 2,121,269 | | |
| | - | 723 | - | | 2,327,921 | | |
| | - | | - | | 1,099,723 | | |
| | 22,013 | - | - | | 1,183,092 | | |
| | 916,395 | - | - | | 1,081,357 | | |
| | | | | | | | |
| | - | | 2,163,285 | | 2,254,150 | | |
| | - | | - | | 435,508 | | |
| | - | | - | | 411,957 | | |
| | - | | - | | 6,747,442 | | |
| | - | | - | | 3,812 | | |
| | - | | - | | 107,486 | | |
| | - | | - | | 354,850 | | |
| | 938,408 | 723 | 2,163,285 | | 24,388,099 | | |
| | | | | | | | |
| | (386,351) | 78,174 | (2,151,335) | | 2,204,014 | | |
| | | | | | | | |
| | - | - | - | | 554,862 | | |
| | - | - | - | | (748,117) | | |
| | - | - | - | | (193,255) | | |
| | | | | | | | |
| | (386,351) | 78,174 | (2,151,335) | | 2,010,759 | | |
| | | | | | | | |
| | 17,180,986 | 2,305,521 | 3,783,154 | | 43,285,711 | | |
| | | | | | | | |
| \$ | 16,794,635 | \$ | 2,383,695 | \$ | 1,631,819 | \$ | 45,296,470 |

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, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ 725,000 | \$ 725,000 | \$ 775,709 | \$ 50,709 |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | 40,000 | 40,000 | 91,262 | 51,262 |
| Investment earnings | - | - | 11,710 | 11,710 |
| Charges for current services | 55,000 | 55,000 | 57,890 | 2,890 |
| From other agencies | 250,000 | 250,000 | 404,820 | 154,820 |
| Other revenues | - | - | - | - |
| Total revenues | <u>1,070,000</u> | <u>1,070,000</u> | <u>1,341,391</u> | <u>271,391</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | 128,012 | 328,377 | 151,095 | 177,282 |
| Police | 590,631 | 1,332,455 | 580,186 | 752,269 |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Economic development | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | 178,200 | 178,200 | 67,855 | 110,345 |
| Police | 233,500 | 275,164 | 435,508 | (160,344) |
| 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 | - | - | - | - |
| Total expenditures | <u>1,130,343</u> | <u>2,114,196</u> | <u>1,234,644</u> | <u>879,552</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(60,343)</u> | <u>(1,044,196)</u> | <u>106,747</u> | <u>1,150,943</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (60,343) | (1,044,196) | 106,747 | 1,150,943 |
| Fund balance, beginning of year | <u>1,471,581</u> | <u>1,471,581</u> | <u>1,471,581</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 1,411,238</u> | <u>\$ 427,385</u> | <u>\$ 1,578,328</u> | <u>\$ 1,150,943</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, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | 31,000 | 31,000 | 62,949 | 31,949 |
| Charges for current services | - | - | - | - |
| From other agencies | 6,550,000 | 6,550,000 | 6,875,499 | 325,499 |
| Other revenues | 2,000 | 2,000 | - | (2,000) |
| Total revenues | <u>6,583,000</u> | <u>6,583,000</u> | <u>6,938,448</u> | <u>355,448</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | 333,085 | 381,085 | 405,792 | (24,707) |
| Public right of way | 1,666,915 | 2,397,999 | 2,380,698 | 17,301 |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Economic development | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | 87,895 | - | 87,895 |
| Public right of way | 5,003,000 | 7,398,129 | 2,094,625 | 5,303,504 |
| Drainage | - | - | 1,165 | (1,165) |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | <u>7,003,000</u> | <u>10,265,108</u> | <u>4,882,280</u> | <u>5,382,828</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(420,000)</u> | <u>(3,682,108)</u> | <u>2,056,168</u> | <u>5,738,276</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (420,000) | (3,682,108) | 2,056,168 | 5,738,276 |
| Fund balance, beginning of year | <u>4,060,034</u> | <u>4,060,034</u> | <u>4,060,034</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 3,640,034</u> | <u>\$ 377,926</u> | <u>\$ 6,116,202</u> | <u>\$ 5,738,276</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, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | - | - |
| Charges for current services | 350,000 | 350,000 | 187,483 | (162,517) |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 350,000 | 350,000 | 187,483 | (162,517) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Economic development | - | - | - | - |
| Parks and greenbelts | 78,448 | 532,259 | 381,270 | 150,989 |
| 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 | - | - | - | - |
| Total expenditures | 78,448 | 532,259 | 381,270 | 150,989 |
| Excess (deficiency) of revenues over (under) expenditures | 271,552 | (182,259) | (193,787) | (11,528) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balance | 271,552 | (182,259) | (193,787) | (11,528) |
| Fund balance, beginning of year | 711,540 | 711,540 | 711,540 | - |
| Fund balance, end of year | \$ 983,092 | \$ 529,281 | \$ 517,753 | \$ (11,528) |

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 JUNE 30, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | - | - |
| Charges for current services | 675,000 | 675,000 | 738,052 | 63,052 |
| From other agencies | - | - | - | - |
| Other revenues | - | - | 819 | 819 |
| Total revenues | <u>675,000</u> | <u>675,000</u> | <u>738,871</u> | <u>63,871</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | 946,090 | 946,090 | 929,264 | 16,826 |
| Economic development | - | - | - | - |
| 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 | - | - | - | - |
| Total expenditures | <u>946,090</u> | <u>946,090</u> | <u>929,264</u> | <u>16,826</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(271,090)</u> | <u>(271,090)</u> | <u>(190,393)</u> | <u>80,697</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 271,100 | 271,100 | 188,028 | (83,072) |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>271,100</u> | <u>271,100</u> | <u>188,028</u> | <u>(83,072)</u> |
| Net change in fund balance | 10 | 10 | (2,365) | (2,375) |
| Fund balance, beginning of year | <u>2,225</u> | <u>2,225</u> | <u>2,225</u> | <u>-</u> |
| Fund balance (deficit), end of year | <u>\$ 2,235</u> | <u>\$ 2,235</u> | <u>\$ (140)</u> | <u>\$ (2,375)</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, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | 27,000 | 27,000 | 79,860 | 52,860 |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | 217,000 | 217,000 | 110,993 | (106,007) |
| Charges for current services | 657,000 | 657,000 | 4,134,673 | 3,477,673 |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 901,000 | 901,000 | 4,325,526 | 3,424,526 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | 82,178 | 78,772 | 3,406 |
| Economic development | - | - | - | - |
| Parks and greenbelts | 30,000 | 30,000 | 18,453 | 11,547 |
| Community planning and development | 238,723 | 540,308 | 138,545 | 401,763 |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | 50,000 | 50,000 | - |
| Public right of way | 117,000 | 491,174 | 273,051 | 218,123 |
| Drainage | - | 152,462 | 2,647 | 149,815 |
| Community buildings | 100,000 | 181,707 | 63,089 | 118,618 |
| Community services | - | - | - | - |
| Parks and greenbelts | 410,000 | 940,511 | 354,850 | 585,661 |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | 895,723 | 2,468,340 | 979,407 | 1,488,933 |
| Excess (deficiency) of revenues over (under) expenditures | 5,277 | (1,567,340) | 3,346,119 | 4,913,459 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balance | 5,277 | (1,567,340) | 3,346,119 | 4,913,459 |
| Fund balance, beginning of year | 4,758,988 | 4,758,988 | 4,758,988 | - |
| Fund balance, end of year | \$ 4,764,265 | \$ 3,191,648 | \$ 8,105,107 | \$ 4,913,459 |

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, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | - | - |
| Charges for current services | - | - | - | - |
| From other agencies | - | - | - | - |
| Other revenues | 90,000 | 90,000 | 51,735 | (38,265) |
| Total revenues | 90,000 | 90,000 | 51,735 | (38,265) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | 418,612 | 418,612 | 418,811 | (199) |
| Economic development | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | 36,977 | 36,977 | 39,490 | (2,513) |
| Municipal support | 1,245 | 1,245 | - | 1,245 |
| 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 | - | - | - | - |
| Total expenditures | 456,834 | 456,834 | 458,301 | (1,467) |
| Excess (deficiency) of revenues over (under) expenditures | (366,834) | (366,834) | (406,566) | (39,732) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 366,800 | 366,800 | 366,834 | 34 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 366,800 | 366,800 | 366,834 | 34 |
| Net change in fund balance | (34) | (34) | (39,732) | (39,698) |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance (deficit), end of year | \$ (34) | \$ (34) | \$ (39,732) | \$ (39,698) |

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, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ 46 | \$ 46 |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | 987 | 987 |
| Charges for current services | 1,380,917 | 1,380,917 | 1,350,215 | (30,702) |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | <u>1,380,917</u> | <u>1,380,917</u> | <u>1,351,248</u> | <u>(29,669)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | 1,326,316 | 1,326,316 | 1,298,111 | 28,205 |
| Public right of way | 32,920 | 32,920 | 58,736 | (25,816) |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Economic development | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | 21,681 | 21,681 | 24,070 | (2,389) |
| 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 | - | - | - | - |
| Total expenditures | <u>1,380,917</u> | <u>1,380,917</u> | <u>1,380,917</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>(29,669)</u> | <u>(29,669)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | - | - | (29,669) | (29,669) |
| Fund balance, beginning of year | <u>62,576</u> | <u>62,576</u> | <u>62,576</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 62,576</u> | <u>\$ 62,576</u> | <u>\$ 32,907</u> | <u>\$ (29,669)</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, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------------------|------------------------------|-------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | 208 | 208 |
| Charges for current services | 700,000 | 700,000 | 704,700 | 4,700 |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 700,000 | 700,000 | 704,908 | 4,908 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Economic development | - | - | - | - |
| Parks and greenbelts | 700,000 | 700,000 | 700,000 | - |
| 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 | - | - | - | - |
| Total expenditures | 700,000 | 700,000 | 700,000 | - |
| Excess (deficiency) of revenues over (under) expenditures | - | - | 4,908 | 4,908 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balance | - | - | 4,908 | 4,908 |
| Fund balance, beginning of year | 61,367 | 61,367 | 61,367 | - |
| Fund balance, end of year | \$ 61,367 | \$ 61,367 | \$ 66,275 | \$ 4,908 |

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, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | 3,306 | 3,306 |
| Charges for current services | 26,700 | 26,700 | 26,630 | (70) |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 26,700 | 26,700 | 29,936 | 3,236 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | 42,543 | 141,981 | 18,650 | 123,331 |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Economic development | - | - | - | - |
| 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 | - | - | - | - |
| Total expenditures | 42,543 | 141,981 | 18,650 | 123,331 |
| Excess (deficiency) of revenues over (under) expenditures | (15,843) | (115,281) | 11,286 | 126,567 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balance | (15,843) | (115,281) | 11,286 | 126,567 |
| Fund balance, beginning of year | 197,121 | 197,121 | 197,121 | - |
| Fund balance, end of year | \$ 181,278 | \$ 81,840 | \$ 208,407 | \$ 126,567 |

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, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | 7,948 | 7,948 |
| Charges for current services | - | - | - | - |
| From other agencies | 226,100 | 226,100 | 223,308 | (2,792) |
| Other revenues | - | - | - | - |
| Total revenues | 226,100 | 226,100 | 231,256 | 5,156 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Economic development | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | 18,030 | 18,030 | 4,884 | 13,146 |
| Municipal support | 172,201 | 412,494 | 140,892 | 271,602 |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | 12,000 | 12,000 | - | 12,000 |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | 202,231 | 442,524 | 145,776 | 296,748 |
| Excess (deficiency) of revenues over (under) expenditures | 23,869 | (216,424) | 85,480 | 301,904 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balance | 23,869 | (216,424) | 85,480 | 301,904 |
| Fund balance, beginning of year | 522,656 | 522,656 | 522,656 | - |
| Fund balance, end of year | \$ 546,525 | \$ 306,232 | \$ 608,136 | \$ 301,904 |

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, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | 700,000 | 700,000 | 1,114,311 | 414,311 |
| Investment earnings | - | - | 58,192 | 58,192 |
| Charges for current services | - | - | - | - |
| From other agencies | 3,655,116 | 3,955,116 | 2,968,028 | (987,088) |
| Other revenues | - | - | 5,514 | 5,514 |
| Total revenues | <u>4,355,116</u> | <u>4,655,116</u> | <u>4,146,045</u> | <u>(509,071)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | 53,520 | 23,526 | 29,994 |
| Police | 517,511 | 1,140,726 | 850,593 | 290,133 |
| Traffic safety | 572,910 | 572,910 | 403,705 | 169,205 |
| Public right of way | 92,598 | 158,171 | 67,873 | 90,298 |
| Community buildings | - | - | - | - |
| Community services | 546,749 | 647,732 | 480,840 | 166,892 |
| Economic development | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | 1,020,632 | 2,444,095 | 978,160 | 1,465,935 |
| Municipal support | - | - | - | - |
| Sewer/refuse | - | - | - | - |
| Capital outlay: | | | | |
| Fire | - | - | 23,010 | (23,010) |
| Police | - | - | - | - |
| Traffic safety | 100,000 | 458,747 | - | 458,747 |
| Public right of way | 2,310,500 | 4,142,236 | 1,144,483 | 2,997,753 |
| Drainage | - | - | - | - |
| Community buildings | - | 50,000 | 44,397 | 5,603 |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | <u>5,160,900</u> | <u>9,668,137</u> | <u>4,016,587</u> | <u>5,651,550</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(805,784)</u> | <u>(5,013,021)</u> | <u>129,458</u> | <u>5,142,479</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (805,784) | (5,013,021) | 129,458 | 5,142,479 |
| Fund balance, beginning of year | <u>5,691,079</u> | <u>5,691,079</u> | <u>5,691,079</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 4,885,295</u> | <u>\$ 678,058</u> | <u>\$ 5,820,537</u> | <u>\$ 5,142,479</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, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ 3,431,598 | \$ 3,431,598 | \$ 3,060,518 | \$ (371,080) |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | - | - |
| Charges for current services | - | - | - | - |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 3,431,598 | 3,431,598 | 3,060,518 | (371,080) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Economic development | 2,607,236 | 3,019,482 | 2,327,198 | 692,284 |
| 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 | - | - | - | - |
| Total expenditures | 2,607,236 | 3,019,482 | 2,327,198 | 692,284 |
| Excess (deficiency) of revenues over (under) expenditures | 824,362 | 412,116 | 733,320 | 321,204 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (824,400) | (824,400) | (748,117) | 76,283 |
| Total other financing sources (uses) | (824,400) | (824,400) | (748,117) | 76,283 |
| Net change in fund balance | (38) | (412,284) | (14,797) | 397,487 |
| Fund balance, beginning of year | 277,450 | 277,450 | 277,450 | - |
| Fund balance (deficit), end of year | \$ 277,412 | \$ (134,834) | \$ 262,653 | \$ 397,487 |

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, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | 19,882 | 19,882 | 27,269 | 7,387 |
| Charges for current services | - | - | - | - |
| From other agencies | 4,684,588 | 4,684,588 | 2,814,575 | (1,870,013) |
| Other revenues | - | - | - | - |
| Total revenues | <u>4,704,470</u> | <u>4,704,470</u> | <u>2,841,844</u> | <u>(1,862,626)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | 20,567 | (20,567) |
| Community buildings | - | - | - | - |
| Community services | 184,000 | 248,602 | 213,582 | 35,020 |
| Economic development | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | 10,800 | 389,552 | 361,957 | 27,595 |
| Public right of way | 4,849,670 | 6,771,255 | 3,235,283 | 3,535,972 |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | <u>5,044,470</u> | <u>7,409,409</u> | <u>3,831,389</u> | <u>3,578,020</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(340,000)</u> | <u>(2,704,939)</u> | <u>(989,545)</u> | <u>1,715,394</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (340,000) | (2,704,939) | (989,545) | 1,715,394 |
| Fund balance, beginning of year | <u>2,199,433</u> | <u>2,199,433</u> | <u>2,199,433</u> | <u>-</u> |
| Fund balance (deficit), end of year | <u>\$ 1,859,433</u> | <u>\$ (505,506)</u> | <u>\$ 1,209,888</u> | <u>\$ 1,715,394</u> |

CITY OF GARDEN GROVE
HOME GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | 420,656 | 420,656 |
| Charges for current services | - | - | - | - |
| From other agencies | 836,883 | 836,883 | 106,012 | (730,871) |
| Other revenues | - | - | 25,389 | 25,389 |
| Total revenues | <u>836,883</u> | <u>836,883</u> | <u>552,057</u> | <u>(284,826)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Economic development | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | 836,883 | 2,291,190 | 22,013 | 2,269,177 |
| Municipal support | - | - | 916,395 | (916,395) |
| 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 | - | - | - | - |
| Total expenditures | <u>836,883</u> | <u>2,291,190</u> | <u>938,408</u> | <u>1,352,782</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>(1,454,307)</u> | <u>(386,351)</u> | <u>1,067,956</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | - | (1,454,307) | (386,351) | 1,067,956 |
| Fund balance, beginning of year | <u>17,180,986</u> | <u>17,180,986</u> | <u>17,180,986</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 17,180,986</u> | <u>\$ 15,726,679</u> | <u>\$ 16,794,635</u> | <u>\$ 1,067,956</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, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------------------|------------------------------|-------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | 39,813 | 39,813 | 132,893 | 93,080 |
| Charges for current services | - | - | - | - |
| From other agencies | - | - | - | - |
| Other revenues | - | - | 14,332 | 14,332 |
| Total revenues | 39,813 | 39,813 | 147,225 | 107,412 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | 244,170 | 244,170 | 151,528 | 92,642 |
| Municipal support | - | - | 61,214 | (61,214) |
| 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 | - | - | - | - |
| Total expenditures | 244,170 | 244,170 | 212,742 | 31,428 |
| Excess (deficiency) of revenues over (under) expenditures | (204,357) | (204,357) | (65,517) | 138,840 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balance | (204,357) | (204,357) | (65,517) | 138,840 |
| Fund balance, beginning of year, as restated | 22,317,481 | 22,317,481 | 22,317,481 | - |
| Fund balance, end of year | \$ 22,113,124 | \$ 22,113,124 | \$ 22,251,964 | \$ 138,840 |

See accompanying note to required supplementary information.

CITY OF GARDEN GROVE
HOUSING AUTHORITY ASSETS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | 68,268 | 68,268 | 78,897 | 10,629 |
| Charges for current services | - | - | - | - |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 68,268 | 68,268 | 78,897 | 10,629 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Economic development | 37,000 | 71,850 | 723 | 71,127 |
| 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 | - | - | - | - |
| Total expenditures | 37,000 | 71,850 | 723 | 71,127 |
| Excess (deficiency) of revenues over (under) expenditures | 31,268 | (3,582) | 78,174 | 81,756 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balance | 31,268 | (3,582) | 78,174 | 81,756 |
| Fund balance, beginning of year | 2,305,521 | 2,305,521 | 2,305,521 | - |
| Fund balance, end of year | \$ 2,336,789 | \$ 2,301,939 | \$ 2,383,695 | \$ 81,756 |

CITY OF GARDEN GROVE
PUBLIC SAFETY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | 11,950 | 11,950 |
| Charges for current services | - | - | - | - |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | - | - | 11,950 | 11,950 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | 15,000 | - | 15,000 |
| Community services | - | - | - | - |
| Economic development | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | - | 2,224,769 | 2,163,285 | 61,484 |
| 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 | - | - | - | - |
| Total expenditures | - | 2,239,769 | 2,163,285 | 76,484 |
| Excess (deficiency) of revenues over (under) expenditures | - | (2,239,769) | (2,151,335) | 88,434 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balance | - | (2,239,769) | (2,151,335) | 88,434 |
| Fund balance, beginning of year | 3,783,154 | 3,783,154 | 3,783,154 | - |
| Fund balance, end of year | \$ 3,783,154 | \$ 1,543,385 | \$ 1,631,819 | \$ 88,434 |

**CITY OF GARDEN GROVE
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 in 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.

Communication Replacement Fund

This fund is used to account for both the operating and capital costs of the City's communication system in relation to the county-wide 800MHZ backbone project. Funds are used to pay for the City's backbone costs and the capital costs incurred to upgrade its communications equipment to integrate with the county-wide communications system. The financing comes from charges to the various City departments based on an allocation of actual costs. Actual costs include depreciation and maintenance.

CITY OF GARDEN GROVE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

| | Workers' | Fleet | Employee | Information |
|--|---------------------|-------------------|-----------------|--------------------|
| | Compensation | Management | Benefits | Systems |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash investments | \$ 39,166,697 | \$ 34,989,267 | \$ 7,434,154 | \$ 3,855,939 |
| Accounts receivable, net | - | 4,804 | 75,049 | - |
| Interest receivable | 275,941 | - | - | 17,479 |
| Due from other funds | 1,600,535 | - | 1,503,794 | - |
| Inventory | - | 86,427 | - | - |
| Prepaid Items | - | - | 685,873 | 42,380 |
| Total current assets | 41,043,173 | 35,080,498 | 9,698,870 | 3,915,798 |
| Noncurrent Assets: | | | | |
| Deposits | - | - | - | 1,720 |
| Intercity loans receivable | - | 2,803,542 | - | - |
| Capital assets | | | | |
| Construction in progress | - | 163,544 | - | - |
| Depreciable capital assets, net | - | 9,808,380 | - | 312,626 |
| Total noncurrent assets | - | 12,775,466 | - | 314,346 |
| Total assets | 41,043,173 | 47,855,964 | 9,698,870 | 4,230,144 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| OPEB related | - | 4,094 | - | 11,772 |
| Pension related | - | 418,130 | - | 801,294 |
| Total Deferred Outflows | - | 422,224 | - | 813,066 |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 2,700 | 214,920 | 567,511 | 67,910 |
| Accrued liabilities | 47,138 | 41,163 | 367,423 | 72,388 |
| Interest payable | - | - | - | 57 |
| Current portion of long term liabilities | | | | |
| Capital leases | - | - | - | 61,984 |
| Accrued compensated absences | - | - | 6,576,977 | - |
| Claims payable | 5,348,000 | - | - | - |
| Total current liabilities | 5,397,838 | 256,083 | 7,511,911 | 202,339 |
| Noncurrent liabilities: | | | | |
| Capital leases | - | - | - | 125,961 |
| Accrued compensated absences | - | - | 571,911 | - |
| Claims payable | 30,580,000 | - | - | - |
| Intercity loans payable | - | - | - | - |
| Net pension liability | - | 2,635,997 | - | 5,051,562 |
| OPEB liability | - | 159,327 | - | 458,065 |
| Total noncurrent liabilities | 30,580,000 | 2,795,324 | 571,911 | 5,635,588 |
| Total liabilities | 35,977,838 | 3,051,407 | 8,083,822 | 5,837,927 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| OPEB related | - | 7,289 | - | 20,957 |
| Pension related | - | 147,982 | - | 283,589 |
| Total Deferred Inflows | - | 155,271 | - | 304,546 |
| NET POSITION | | | | |
| Net investment in capital assets | - | 9,971,924 | - | 124,681 |
| Unrestricted | 5,065,335 | 35,099,586 | 1,615,048 | (1,223,944) |
| Total net position (deficit) | \$ 5,065,335 | \$ 45,071,510 | \$ 1,615,048 | \$ (1,099,263) |

| Warehouse Operations | Telephone System | Risk Management | Communication Replacement | Total |
|-------------------------|---------------------|--------------------|------------------------------|----------------|
| \$ 627,019 | \$ 1,840,382 | \$ 15,494,689 | \$ 812,618 | \$ 104,220,765 |
| - | - | - | - | 79,853 |
| - | - | 68,425 | - | 361,845 |
| - | - | - | - | 3,104,329 |
| 387,330 | - | - | - | 473,757 |
| - | 8,783 | 36,815 | - | 773,851 |
| 1,014,349 | 1,849,165 | 15,599,929 | 812,618 | 109,014,400 |
| - | - | - | - | 1,720 |
| - | - | 2,590,532 | - | 5,394,074 |
| - | - | - | - | 163,544 |
| - | 186,085 | - | 2,507,567 | 12,814,658 |
| - | 186,085 | 2,590,532 | 2,507,567 | 18,373,996 |
| 1,014,349 | 2,035,250 | 18,190,461 | 3,320,185 | 127,388,396 |
| - | - | - | - | 15,866 |
| - | - | - | - | 1,219,424 |
| - | - | - | - | 1,235,290 |
| 31,173 | 8,775 | 118,088 | - | 1,011,077 |
| 12,427 | 5,832 | 11,707 | - | 558,078 |
| - | - | - | - | 57 |
| - | 49,623 | - | - | 111,607 |
| - | - | - | - | 6,576,977 |
| - | - | 2,776,441 | - | 8,124,441 |
| 43,600 | 64,230 | 2,906,236 | - | 16,382,237 |
| - | 99,246 | - | - | 225,207 |
| - | - | - | - | 571,911 |
| - | - | 2,678,000 | - | 33,258,000 |
| - | - | - | 2,803,542 | 2,803,542 |
| - | - | - | - | 7,687,559 |
| - | - | - | - | 617,392 |
| - | 99,246 | 2,678,000 | 2,803,542 | 45,163,611 |
| 43,600 | 163,476 | 5,584,236 | 2,803,542 | 61,545,848 |
| - | - | - | - | 28,246 |
| - | - | - | - | 431,571 |
| - | - | - | - | 459,817 |
| - | 37,216 | - | 2,507,567 | 12,641,388 |
| 970,749 | 1,834,558 | 12,606,225 | (1,990,924) | 53,976,633 |
| \$ 970,749 | \$ 1,871,774 | \$ 12,606,225 | \$ 516,643 | \$ 66,618,021 |

CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | Workers' Compensation | Fleet Management | Employee Benefits | Information Systems |
|--|--|-----------------------------------|------------------------------------|--------------------------------------|
| Operating revenues: | | | | |
| Charges for services | \$ 6,042,819 | \$ 8,218,036 | \$ 43,590,832 | \$ 2,488,087 |
| Other | - | - | - | - |
| Total operating revenues | <u>6,042,819</u> | <u>8,218,036</u> | <u>43,590,832</u> | <u>2,488,087</u> |
| Operating expenses: | | | | |
| Salaries and wages | 1,326,931 | 1,285,370 | 11,547,992 | 2,393,424 |
| Employee benefits | - | - | 33,011,738 | - |
| Contractual services | 26,751 | 659,978 | 73,724 | 274,713 |
| Liability claims | 7,735,438 | 213,835 | - | 25,010 |
| Materials and supplies | - | 1,400,602 | 294,743 | 138,357 |
| Depreciation | - | 1,091,570 | - | 113,493 |
| Total operating expenses | <u>9,089,120</u> | <u>4,651,355</u> | <u>44,928,197</u> | <u>2,944,997</u> |
| Operating (loss) income | <u>(3,046,301)</u> | <u>3,566,681</u> | <u>(1,337,365)</u> | <u>(456,910)</u> |
| Nonoperating revenues (expenses): | | | | |
| Investment income | 2,536,256 | 37,756 | - | 58,653 |
| Gain (loss) on disposal of assets | - | 71,231 | - | (536,900) |
| Interest expense | - | - | - | (2,686) |
| Total nonoperating revenue (expenses) | <u>2,536,256</u> | <u>108,987</u> | <u>-</u> | <u>(480,933)</u> |
| (Loss) income before transfers and capital contributions | (510,045) | 3,675,668 | (1,337,365) | (937,843) |
| Capital contributions | - | 39,508 | - | - |
| Transfers in | - | - | - | 1,000,000 |
| Transfers out | - | - | - | - |
| Change in net position | (510,045) | 3,715,176 | (1,337,365) | 62,157 |
| Total net position, beginning of year, | <u>5,575,380</u> | <u>41,356,334</u> | <u>2,952,413</u> | <u>(1,161,420)</u> |
| Total net position (deficit), end of year | <u><u>\$ 5,065,335</u></u> | <u><u>\$ 45,071,510</u></u> | <u><u>\$ 1,615,048</u></u> | <u><u>\$ (1,099,263)</u></u> |

| Warehouse Operations | Telephone System | Risk Management | Communication Replacement | Total |
|---------------------------------|-----------------------------|----------------------------|--------------------------------------|---------------|
| \$ 491,336 | \$ 631,779 | \$ 1,603,537 | \$ 600,000 | \$ 63,666,426 |
| - | - | - | - | - |
| 491,336 | 631,779 | 1,603,537 | 600,000 | 63,666,426 |
| 282,875 | 124,912 | 316,276 | - | 17,277,780 |
| - | - | - | - | 33,011,738 |
| - | 434,270 | 1,449,869 | - | 2,919,305 |
| 33,840 | - | 2,797,787 | - | 10,805,910 |
| 1,150 | 8,126 | 1,993 | - | 1,844,971 |
| - | 62,029 | - | 296,991 | 1,564,083 |
| 317,865 | 629,337 | 4,565,925 | 296,991 | 67,423,787 |
| 173,471 | 2,442 | (2,962,388) | 303,009 | (3,757,361) |
| - | - | 598,931 | - | 3,231,596 |
| - | - | (100,000) | - | (565,669) |
| - | - | - | (37,756) | (40,442) |
| - | - | 498,931 | (37,756) | 2,625,485 |
| 173,471 | 2,442 | (2,463,457) | 265,253 | (1,131,876) |
| - | - | - | - | 39,508 |
| - | - | - | - | 1,000,000 |
| - | - | (100,000) | - | (100,000) |
| 173,471 | 2,442 | (2,563,457) | 265,253 | (192,368) |
| 797,278 | 1,869,332 | 15,169,682 | 251,390 | 66,810,389 |
| \$ 970,749 | \$ 1,871,774 | \$ 12,606,225 | \$ 516,643 | \$ 66,618,021 |

CITY OF GARDEN GROVE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | Workers' Compensation | Fleet Management | Employee Benefits | Information Systems |
|--|--|-----------------------------------|------------------------------------|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from user departments | \$ 5,970,566 | \$ 8,202,739 | \$ 39,082,114 | \$ 2,490,209 |
| Payments to suppliers | (5,412,598) | (1,722,896) | - | (574,636) |
| Payments to employees | (1,326,731) | (1,167,339) | (12,388,253) | (1,922,318) |
| Payments for employee benefits | - | - | (28,968,549) | - |
| Net cash (used) provided by operating activities | (768,763) | 5,312,504 | (2,274,688) | (6,745) |
| CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES | | | | |
| Cash received from other funds | 1,417,812 | 400,506 | - | 1,000,000 |
| Cash paid to other funds | (1,367,589) | - | (1,503,794) | - |
| Net cash provided (used) by non capital financing activities | 50,223 | 400,506 | (1,503,794) | 1,000,000 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchases of capital assets | - | (1,917,617) | - | (586,599) |
| Proceeds from sale of capital assets | - | 73,094 | - | - |
| Payments on lease purchase agreement | - | - | - | (61,132) |
| Interest paid | - | - | - | (2,705) |
| Net cash (used) by capital and related financing activities | - | (1,844,523) | - | (650,436) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest earnings | 900,554 | 37,756 | - | 47,611 |
| Increase in fair value of investments | 1,557,139 | - | - | - |
| Net cash provided by investing activities | 2,457,693 | 37,756 | - | 47,611 |
| Net increase (decrease) in cash and cash equivalents | 1,739,153 | 3,906,243 | (3,778,482) | 390,430 |
| Cash and cash equivalents, beginning of year | 37,427,544 | 31,083,024 | 11,212,636 | 3,465,509 |
| Cash and cash equivalents, end of year | \$ 39,166,697 | \$ 34,989,267 | \$ 7,434,154 | \$ 3,855,939 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating (loss) income | \$ (3,046,301) | \$ 3,566,681 | \$ (1,337,365) | \$ (456,910) |
| Adjustments to reconcile operating (loss) income to net cash (used) provided by operating activities: | | | | |
| Depreciation expense | - | 1,091,570 | - | 113,493 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | (116,690) | 12,730 | 11,902 | - |
| (Increase) decrease in inventory | - | (45,878) | - | - |
| (Increase) decrease in prepaid expense | - | 398,490 | (685,873) | (26,760) |
| Increase (decrease) in accounts payable | (168,400) | 170,879 | 30,650 | (107,676) |
| Increase (decrease) in compensated absences | - | - | (442,119) | - |
| Increase (decrease) in accrued liabilities | (20,372) | 15,578 | 149,570 | 24,332 |
| Increase (decrease) in refundable deposits | - | - | (1,453) | - |
| Increase (decrease) in claims payable | 2,583,000 | - | - | - |
| Increase (decrease) in OPEB liability and related changes in deferred outflows and inflows of resources | - | 7,002 | - | 20,129 |
| Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources | - | 95,452 | - | 426,647 |
| Total adjustments | 2,277,538 | 1,745,823 | (937,323) | 450,165 |
| Net cash (used) provided by operating activities | \$ (768,763) | \$ 5,312,504 | \$ (2,274,688) | \$ (6,745) |

| Warehouse Operations | Telephone System | Risk Management | Communication Replacement | Total |
|-------------------------|---------------------|--------------------|------------------------------|----------------|
| \$ 425,217 | \$ 631,311 | \$ 1,603,476 | \$ 600,000 | \$ 59,005,632 |
| (32,368) | (489,285) | (2,781,395) | (10,178) | (11,023,356) |
| (275,614) | (122,250) | (313,700) | - | (17,516,205) |
| - | - | - | - | (28,968,549) |
| 117,235 | 19,776 | (1,491,619) | 589,822 | 1,497,522 |
| - | - | 260,018 | - | 3,078,336 |
| - | - | (2,950,550) | (438,262) | (6,260,195) |
| - | - | (2,690,532) | (438,262) | (3,181,859) |
| - | - | (100,000) | (45,064) | (2,649,280) |
| - | - | - | - | 73,094 |
| - | (49,622) | - | - | (110,754) |
| - | - | - | - | (2,705) |
| - | (49,622) | (100,000) | (45,064) | (2,689,645) |
| - | - | 361,654 | - | 1,347,575 |
| - | - | 253,221 | - | 1,810,360 |
| - | - | 614,875 | - | 3,157,935 |
| 117,235 | (29,846) | (3,667,276) | 106,496 | (1,216,047) |
| 509,784 | 1,870,228 | 19,161,965 | 706,122 | 105,436,812 |
| \$ 627,019 | \$ 1,840,382 | \$ 15,494,689 | \$ 812,618 | \$ 104,220,765 |
| \$ 173,471 | \$ 2,442 | \$ (2,962,388) | \$ 303,009 | (3,757,361) |
| - | 62,029 | - | 296,991 | 1,564,083 |
| - | - | - | - | (92,058) |
| 14,298 | - | (36,815) | - | (68,395) |
| - | (8,783) | - | - | (322,926) |
| (77,794) | (38,575) | 83,568 | (10,178) | (117,526) |
| - | - | - | - | (442,119) |
| 7,260 | 2,663 | 2,575 | - | 181,606 |
| - | - | - | - | (1,453) |
| - | - | 1,421,441 | - | 4,004,441 |
| - | - | - | - | 27,131 |
| - | - | - | - | 522,099 |
| (56,236) | 17,334 | 1,470,769 | 286,813 | 5,254,883 |
| \$ 117,235 | \$ 19,776 | \$ (1,491,619) | \$ 589,822 | \$ 1,497,522 |

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A decorative graphic consisting of a horizontal line and a vertical line intersecting to form a crosshair. The vertical line is positioned to the left of the text, and the horizontal line is positioned above the text.

Statistical Section

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Statistical Section

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

Financial Trends

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

| | | |
|--------------|---|---|
| Schedule I | - | Net 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 Government 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 to issue additional debt.

| | | |
|---------------|---|---|
| Schedule X | - | Ratios of Outstanding Debt by Type |
| Schedule XI | - | Ratios 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 socioeconomic environment within which the City's financial activities take place.

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

Operating Information

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

| | | |
|----------------|---|--|
| Schedule XVII | - | Full-Time and Part-Time City Employees by Department |
| Schedule XVIII | - | Operating Indicators by Function |
| Schedule XIX | - | 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 are changed to "Net Position by Component" and "Changes in Net Position", respectively.

The City implemented GASB 68 in FY 2015; the government-wide schedules include information beginning in that year.

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

| | Fiscal Year | | | |
|---------------------------|--------------------|-------------------|-------------------|-------------------|
| | 2010 | 2011 | 2012 | 2013 |
| Governmental activities: | | | | |
| Net investment in | | | | |
| capital assets | \$ 553,141 | \$ 560,993 | \$ 643,306 | \$ 643,095 |
| Restricted | 94,568 | 97,634 | 29,975 | 22,114 |
| Unrestricted | 129,445 | 129,866 | 119,190 | 123,504 |
| Total governmental | | | | |
| activities net position | <u>\$ 777,154</u> | <u>\$ 788,493</u> | <u>\$ 792,471</u> | <u>\$ 788,713</u> |
| Business-type activities: | | | | |
| Net investment in | | | | |
| capital assets | \$ 85,079 | \$ 88,713 | \$ 89,607 | \$ 97,657 |
| Restricted | - | - | - | - |
| Unrestricted | 28,226 | 45,395 | 36,861 | 39,457 |
| Total business-type | | | | |
| activities net position | <u>\$ 113,305</u> | <u>\$ 134,108</u> | <u>\$ 126,468</u> | <u>\$ 137,114</u> |
| Primary government: | | | | |
| Net investment in | | | | |
| capital assets | \$ 638,220 | \$ 649,706 | \$ 732,913 | \$ 740,752 |
| Restricted | 94,568 | 97,634 | 29,975 | 22,114 |
| Unrestricted | 157,671 | 175,261 | 156,051 | 162,961 |
| Total primary government | | | | |
| net position | <u>\$ 890,459</u> | <u>\$ 922,601</u> | <u>\$ 918,939</u> | <u>\$ 925,827</u> |

The City of Garden Grove implemented GASB 63 and GASB 65 for the fiscal year ended June 30, 2013, and GASB 68 for the fiscal year ended June 30, 2015.

Source: Finance Department, City of Garden Grove

| Fiscal Year | | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 644,220 | \$ 642,786 | \$ 641,661 | \$ 631,964 | \$ 622,932 | \$ 621,163 |
| 22,150 | 17,848 | 21,967 | 24,613 | 65,456 | 69,820 |
| 117,646 | (83,857) | (88,223) | (86,633) | (111,538) | (104,976) |
| <u>\$ 784,016</u> | <u>\$ 576,777</u> | <u>\$ 575,405</u> | <u>\$ 569,944</u> | <u>\$ 576,850</u> | <u>\$ 586,007</u> |
| | | | | | |
| \$ 107,299 | \$ 111,947 | \$ 117,488 | \$ 118,371 | \$ 119,954 | \$ 125,805 |
| - | - | - | - | - | - |
| 44,291 | 29,703 | 26,011 | 28,288 | 29,677 | 32,485 |
| <u>\$ 151,590</u> | <u>\$ 141,650</u> | <u>\$ 143,499</u> | <u>\$ 146,659</u> | <u>\$ 149,631</u> | <u>\$ 158,290</u> |
| | | | | | |
| \$ 751,519 | \$ 754,733 | \$ 759,149 | \$ 750,335 | \$ 742,886 | \$ 746,968 |
| 22,150 | 17,848 | 21,967 | 24,613 | 65,456 | 69,820 |
| 161,937 | (54,154) | (62,212) | (58,345) | (81,861) | (72,491) |
| <u>\$ 935,606</u> | <u>\$ 718,427</u> | <u>\$ 718,904</u> | <u>\$ 716,603</u> | <u>\$ 726,481</u> | <u>\$ 744,297</u> |

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

| | Fiscal Year | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2010 | 2011 | 2012 | 2013 |
| Expenses: | | | | |
| Governmental activities: | | | | |
| Fire | \$ 18,757 | \$ 18,710 | \$ 19,497 | \$ 20,273 |
| Police | 42,554 | 44,899 | 44,751 | 45,467 |
| Traffic safety | 3,570 | 2,905 | 3,197 | 3,097 |
| Public right of way | 16,143 | 13,013 | 14,768 | 16,541 |
| Drainage | 1,352 | 1,374 | 1,417 | 1,426 |
| Community buildings | 4,519 | 4,319 | 4,961 | 4,596 |
| Community services | 4,389 | 4,088 | 4,430 | 4,452 |
| Economic Development | - | - | - | - |
| Parks and greenbelts | 2,098 | 1,584 | 1,785 | 1,838 |
| Community planning and development | 44,682 | 49,088 | 10,945 | 7,938 |
| Municipal support | 5,157 | 3,154 | 6,443 | 6,344 |
| Interest on long-term debt | 5,795 | 5,132 | 3,783 | 1,815 |
| Total governmental activities expenses | <u>149,016</u> | <u>148,266</u> | <u>115,977</u> | <u>113,787</u> |
| Business-type activities: | | | | |
| Water | 25,251 | 26,152 | 24,213 | 26,419 |
| Sanitary District | 13,088 | 8,708 | 7,672 | 8,641 |
| Mobile home parks/RV park | 2,205 | 1,497 | 565 | - |
| Housing authority | - | - | 30,894 | 31,586 |
| Total business-type activities expenses | <u>40,544</u> | <u>36,357</u> | <u>63,344</u> | <u>66,646</u> |
| Total primary government expenses | <u>189,560</u> | <u>184,623</u> | <u>179,321</u> | <u>180,433</u> |
| Program revenues: | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| Fire | 1,115 | 3,400 | 1,051 | 1,106 |
| Police | 3,592 | 3,607 | 3,321 | 3,486 |
| Traffic safety | 1,350 | 1,342 | 1,343 | 1,349 |
| Public right of way | 117 | 146 | 137 | 249 |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | 878 | 915 | 856 | 851 |
| Economic development | - | - | - | - |
| Parks and greenbelts | 1,368 | 1,368 | 1,346 | 1,319 |
| Community planning and development | 1,114 | 1,384 | 1,303 | 1,491 |
| Municipal support | 5,729 | 2,636 | 2,540 | 2,553 |
| Operating grants and contributions | 42,980 | 46,464 | 19,574 | 10,012 |
| Capital grants and contributions | 14,462 | 6,361 | 4,847 | 5,789 |
| Total governmental activities program revenues | <u>72,705</u> | <u>67,623</u> | <u>36,318</u> | <u>28,205</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | 28,878 | 30,261 | 34,318 | 33,738 |
| Sanitary District | 16,848 | 12,187 | 12,294 | 13,204 |
| Mobile home parks | 3,027 | 318 | 1 | - |
| Operating grants and contributions | - | - | 30,662 | 30,582 |
| Capital grants and contributions | 2,038 | - | - | - |
| Total business-type activities program revenues | <u>50,791</u> | <u>42,766</u> | <u>77,275</u> | <u>77,524</u> |
| Total primary government program revenues | <u>123,496</u> | <u>110,389</u> | <u>113,593</u> | <u>105,729</u> |
| Net revenues (expenses): | | | | |
| Governmental activities | (76,311) | (80,643) | (79,659) | (85,582) |
| Business-type activities | 10,247 | 6,409 | 13,931 | 10,878 |
| Total net revenues (expenses) | <u>\$ (66,064)</u> | <u>\$ (74,234)</u> | <u>\$ (65,728)</u> | <u>\$ (74,704)</u> |

| Fiscal Year | | | | | |
|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 20,876 | \$ 21,939 | \$ 20,700 | \$ 23,934 | \$ 27,428 | \$ 27,053 |
| 49,289 | 50,837 | 47,309 | 53,783 | 64,245 | 62,965 |
| 3,872 | 3,517 | 3,001 | 4,425 | 5,088 | 5,214 |
| 14,051 | 16,903 | 16,917 | 18,456 | 18,952 | 19,108 |
| 1,284 | 1,445 | 1,453 | 1,438 | 1,561 | 1,464 |
| 4,504 | 4,973 | 4,691 | 4,998 | 5,096 | 4,552 |
| 4,679 | 4,797 | 4,606 | 5,184 | 5,677 | 5,684 |
| - | 1,944 | 2,333 | 4,271 | 3,099 | 3,235 |
| 1,973 | 2,146 | 1,957 | 1,861 | 5,628 | 2,367 |
| 8,491 | 7,837 | 5,633 | 6,989 | 9,590 | 8,235 |
| 7,112 | 7,609 | 6,151 | 8,434 | 8,721 | 10,812 |
| 1,305 | 862 | 1,962 | 1,212 | 1,133 | 1,049 |
| <u>117,436</u> | <u>124,809</u> | <u>116,713</u> | <u>134,985</u> | <u>156,218</u> | <u>151,738</u> |
| 26,761 | 30,003 | 26,982 | 31,109 | 35,410 | 34,062 |
| 7,092 | 8,128 | 8,095 | 8,709 | 9,671 | 9,554 |
| - | - | - | - | - | - |
| 30,489 | 30,707 | 36,947 | 30,390 | 33,130 | 34,218 |
| 64,342 | 68,838 | 72,024 | 70,208 | 78,211 | 77,834 |
| <u>181,778</u> | <u>193,647</u> | <u>188,737</u> | <u>205,193</u> | <u>234,429</u> | <u>229,572</u> |
| 1,422 | 1,011 | 1,683 | 1,347 | 1,830 | 1,329 |
| 3,169 | 3,019 | 2,717 | 3,150 | 3,599 | 3,293 |
| 1,349 | 1,351 | 1,347 | 1,356 | 1,355 | 1,350 |
| 358 | 272 | 391 | 394 | 406 | 450 |
| - | - | - | - | - | - |
| - | - | - | 401 | - | 510 |
| 859 | 986 | 768 | 1,015 | 1,145 | 1,446 |
| - | - | - | 108 | - | - |
| 1,282 | 1,264 | 1,226 | 1,265 | 834 | 678 |
| 2,128 | 1,839 | 2,320 | 2,031 | 3,605 | 4,360 |
| 2,693 | 2,656 | 3,109 | 3,555 | 3,730 | 3,646 |
| 13,277 | 13,295 | 15,819 | 14,868 | 14,771 | 21,660 |
| 5,435 | 6,032 | 3,569 | 497 | 2,329 | 3,739 |
| <u>31,972</u> | <u>31,725</u> | <u>32,949</u> | <u>29,987</u> | <u>33,604</u> | <u>42,461</u> |
| 35,186 | 33,145 | 29,158 | 32,130 | 35,595 | 36,966 |
| 12,051 | 12,095 | 12,339 | 12,939 | 12,837 | 14,002 |
| - | - | - | - | - | - |
| 30,656 | 30,726 | 31,730 | 31,379 | 31,461 | 34,417 |
| - | - | - | - | - | - |
| <u>77,893</u> | <u>75,966</u> | <u>73,227</u> | <u>76,448</u> | <u>79,893</u> | <u>85,385</u> |
| 109,865 | 107,691 | 106,176 | 106,435 | 113,497 | 127,846 |
| (85,464) | (93,084) | (83,764) | (104,998) | (122,614) | (109,277) |
| 13,551 | 7,128 | 1,203 | 6,240 | 1,682 | 7,551 |
| <u>\$ (71,913)</u> | <u>\$ (85,956)</u> | <u>\$ (82,561)</u> | <u>\$ (98,758)</u> | <u>\$ (120,932)</u> | <u>\$ (101,726)</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 | | | |
|---|------------------|------------------|-----------------------|--------------------|
| | 2010 | 2011 | 2012 | 2013 |
| General revenues and other changes in net position: | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Sales taxes | \$ 14,076 | \$ 16,776 | \$ 18,461 | \$ 19,805 |
| Property taxes | 42,212 | 52,268 | 43,920 | 35,145 |
| Transient occupancy taxes | 10,196 | 11,697 | 12,320 | 14,448 |
| Other taxes | 4,864 | 5,775 | 7,297 | 7,316 |
| Motor vehicle taxes, levied for general purposes | 513 | 801 | 87 | 90 |
| Investment income | 8,830 | 4,240 | 760 | 1,757 |
| Other general revenues | 2,153 | 425 | 651 | 1,210 |
| Gain/(Loss) on sale of capital assets | - | - | (18,941) ¹ | - |
| Transfers | - | - | 20,373 ³ | - |
| Capital Contribution | - | - | - | 2,309 ⁴ |
| Special Item | - | - | - | - |
| Total governmental activities | <u>82,844</u> | <u>91,982</u> | <u>84,928</u> | <u>82,080</u> |
| Business-type activities: | | | | |
| Investment income | 1,583 | 1,510 | 334 | 437 |
| Gain/(Loss) on sale of capital assets | - | 12,886 | - | - |
| Other general revenues | - | - | 95 | - |
| Discontinued operations | - | - | (2,918) ² | - |
| Transfers | - | - | (20,373) ³ | - |
| Total business-type activities | <u>1,583</u> | <u>14,396</u> | <u>(22,862)</u> | <u>437</u> |
| Total primary government | <u>84,427</u> | <u>106,378</u> | <u>62,066</u> | <u>82,517</u> |
| Changes in net position | | | | |
| Governmental activities | 6,532 | 11,339 | 5,269 | (3,502) |
| Business-type activities | 11,830 | 20,805 | (8,931) | 11,315 |
| Total primary government | <u>\$ 18,362</u> | <u>\$ 32,144</u> | <u>\$ (3,662)</u> | <u>\$ 7,813</u> |

Source: Finance Department, City of Garden Grove

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

¹ 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.

² 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.

³ 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.

⁴ 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.

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

| Fiscal Year | | | | | |
|----------------------|-------------------|----------------|---------------|------------------|------------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 20,285 | \$ 19,251 | \$ 22,052 | \$ 21,793 | \$ 20,737 | \$ 24,612 |
| 35,286 | 36,972 | 40,574 | 42,113 | 47,033 | 49,356 |
| 16,443 | 17,217 | 20,897 | 25,121 | 25,983 | 26,285 |
| 7,438 | 7,761 | 8,214 | 8,314 | 8,660 | 8,350 |
| 75 | 72 | 71 | 79 | 93 | 85 |
| 1,945 | 2,005 | 3,344 | 1,337 | 1,870 | 7,666 |
| 297 | 534 | 7,270 | 488 | 622 | 766 |
| (1,002) ⁵ | 3 | 2,774 | - | - | - |
| - | (7) | - | 292 | 581 | 1,000 |
| - | - | - | - | - | - |
| - | - | - | - | 30,058 | - |
| <u>80,767</u> | <u>83,808</u> | <u>105,196</u> | <u>99,537</u> | <u>135,637</u> | <u>118,120</u> |
| 715 | 523 | 428 | 142 | 410 | 1,917 |
| 41 | 169 | 59 | - | - | - |
| 169 | 29 | 159 | 182 | 208 | 191 |
| - | - | - | - | - | - |
| - | 7 | - | (292) | (581) | (1,000) |
| <u>925</u> | <u>728</u> | <u>646</u> | <u>32</u> | <u>37</u> | <u>1,108</u> |
| <u>81,692</u> | <u>84,536</u> | <u>105,842</u> | <u>99,569</u> | <u>135,674</u> | <u>119,228</u> |
| (4,697) | (9,276) | 21,432 | (5,461) | 13,023 | 8,843 |
| 14,476 | 7,856 | 1,849 | 6,272 | 1,719 | 8,659 |
| <u>\$ 9,779</u> | <u>\$ (1,420)</u> | <u>23,281</u> | <u>811</u> | <u>\$ 14,742</u> | <u>\$ 17,502</u> |

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

| | Fiscal Year | | | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2010 | 2011 | 2012 | 2013 |
| General fund: | | | | |
| Reserved | \$ 47,951 | \$ - | \$ - | \$ - |
| Non-Spendable: | | | | |
| Agency reimbursement agreement | - | - | - | - |
| COP reimbursement agreement | - | - | - | - |
| Intercity loan | - | 40,056 | 13,375 | 13,375 |
| Land held for resale | - | - | - | - |
| Prepaid items | - | 135 | - | - |
| Deposits | - | - | - | - |
| Restricted: | | | | |
| Public safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community services | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Committed: | | | | |
| Post-Employment Benefits | - | 1,000 | - | - |
| Community planning and development | - | - | - | - |
| Assigned: | | | | |
| Post-Employment Benefits | - | - | 1,000 | 1,000 |
| Garden Grove tourism improvement | - | - | 53 | 139 |
| Property tax lawsuit | - | 500 | 500 | 500 |
| Building improvements | - | 1,300 | 1,300 | 1,300 |
| General Plan | - | - | 113 | 132 |
| Paramedic Tax | - | - | - | - |
| Other purposes | - | 384 | - | - |
| Unreserved | 71 | - | - | - |
| Unassigned | - | 4,566 | 18,444 | 16,016 |
| Total general fund | <u>\$ 48,022</u> | <u>\$ 47,941</u> | <u>\$ 34,785</u> | <u>\$ 32,462</u> |
| All other governmental funds: | | | | |
| Reserved | \$ 142,099 | \$ - | \$ - | \$ - |
| Non-Spendable: | | | | |
| Intercity loan | - | 13,829 | - | - |
| Land held for resale | - | - | - | - |
| Prepaid items | - | 4 | - | - |
| Deposits | - | 815 | - | - |
| Restricted: | | | | |
| Fire | - | 1 | - | - |
| Police | - | 2,457 | 2,680 | 2,793 |
| Public right of way | - | 13,080 | 11,783 | 8,433 |
| Drainage | - | 287 | 354 | 453 |
| Community services | - | 1,450 | 207 | 650 |
| Community planning and development | - | 97,109 | 12,185 | 12,200 |
| Municipal support | - | 199 | 229 | 242 |
| Committed: | | | | |
| Community planning and development | - | 994 | - | - |
| Assigned: | | | | |
| Post-Employment Benefits | - | - | - | - |
| Property tax lawsuit | - | - | - | - |
| Building improvements | - | - | - | - |
| Other purposes | - | - | - | - |
| Unreserved, reported in: | | | | |
| Special revenue funds | (11,371) | - | - | - |
| Debt service funds | 1,399 | - | - | - |
| Capital projects funds | (39,251) | - | - | - |
| Unassigned | - | (31,170) | (3,055) | (67) |
| Total all other governmental funds | <u>\$ 92,876</u> | <u>\$ 99,055</u> | <u>\$ 24,383</u> | <u>\$ 24,704</u> |

Source: Finance Department, City of Garden Grove

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

| Fiscal Year | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 13,375 | 13,375 | 13,375 | 13,414 | 13,456 | 12,793 |
| - | - | - | - | - | - |
| - | - | 13 | 10 | 17 | 21 |
| - | - | - | - | - | - |
| - | - | - | 103 | 84 | 90 |
| - | - | - | - | - | - |
| - | - | - | 161 | 166 | 177 |
| - | - | - | 7 | 2,764 | 3,469 |
| - | - | - | 15 | 35 | 57 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 231 | 231 | 314 | 404 | - | - |
| 500 | 500 | 500 | 500 | 500 | 500 |
| 1,300 | 1,300 | 1,300 | 1,300 | 1,300 | 1,300 |
| 223 | 273 | 239 | 325 | 301 | 262 |
| - | - | - | - | 617 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 16,217 | 16,330 | 18,331 | 22,629 | 29,428 | 47,448 |
| <u>\$ 32,846</u> | <u>\$ 33,009</u> | <u>\$ 35,072</u> | <u>\$ 39,868</u> | <u>\$ 49,668</u> | <u>\$ 67,117</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 2,814 | 1,754 | 9,260 | 9,521 | 5,336 | 3,210 |
| 3,665 | 5,358 | 7,639 | 8,434 | 9,021 | 11,502 |
| 569 | 647 | 754 | 529 | 412 | 273 |
| - | 180 | 196 | 945 | 2,370 | 4,505 |
| 12,695 | 10,385 | 16,712 | 18,080 | 48,376 | 48,098 |
| 304 | - | 755 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| (551) | (755) | (4) | 466 | - | (40) |
| <u>\$ 19,496</u> | <u>\$ 17,569</u> | <u>\$ 35,312</u> | <u>\$ 37,975</u> | <u>\$ 65,515</u> | <u>\$ 67,548</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 | | |
|---|--------------------|-----------------|--------------------|
| | 2010 | 2011 | 2012 |
| Revenues: | | | |
| Taxes | \$ 85,353 | \$ 91,330 | \$ 82,531 |
| Licenses and permits | 1,553 | 962 | 946 |
| Fines, forfeitures and penalties | 3,103 | 2,911 | 2,673 |
| Investment earnings | 7,689 | 4,859 | 1,560 |
| Charges for current services | 11,413 | 12,002 | 10,401 |
| From other agencies | 55,879 | 50,336 | 15,617 |
| Other revenues | 2,100 | 6,393 | 1,612 |
| Total revenues | <u>167,090</u> | <u>168,793</u> | <u>115,340</u> |
| Expenditures | | | |
| Current: | | | |
| Fire | 19,331 | 18,862 | 19,996 |
| Police | 43,863 | 44,727 | 45,558 |
| Traffic safety | 2,967 | 2,733 | 2,894 |
| Public right of way | 7,373 | 5,865 | 5,880 |
| Drainage | 13 | - | - |
| Community buildings | 3,366 | 3,188 | 3,519 |
| Community services | 4,428 | 4,037 | 4,449 |
| Economic development | - | - | - |
| Parks and greenbelts | 1,649 | 1,664 | 1,883 |
| Community planning and development | 59,813 | 51,950 | 10,871 |
| Municipal support | 7,639 | 7,359 | 8,805 |
| Capital outlay | 16,671 | 15,754 | 15,569 |
| Debt service: | | | |
| Principal retirement | 4,956 | 4,214 | 4,434 |
| Interest | 7,726 | 4,938 | 3,226 |
| Total expenditures | <u>179,795</u> | <u>165,291</u> | <u>127,084</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(12,705)</u> | <u>3,502</u> | <u>(11,744)</u> |
| Other financing sources (uses): | | | |
| Transfers in | 52,785 | 41,588 | 78,846 |
| Transfers out | (47,597) | (41,492) | (57,373) |
| Issuance of debt | - | 2,500 | - |
| Proceeds of debt | - | - | 1,856 |
| Gain/(Loss) on sale of capital assets | 2,320 | - | - |
| Contribution to Housing Authority | - | - | - |
| Extraordinary Gain/(Loss) | - | - | (98,139) |
| Payment to bond escrow agent | - | - | - |
| Total other financing sources (uses) | <u>7,508</u> | <u>2,596</u> | <u>(74,810)</u> |
| Special Item | | | |
| Net change in fund balances | <u>\$ (5,197)</u> | <u>\$ 6,098</u> | <u>\$ (86,554)</u> |
| Debt service as a percentage of noncapital expenditures | 7.8% | 6.1% | 6.9% |

Source: Finance Department, City of Garden Grove

| Fiscal Year | | | | | | |
|-------------|------------|------------|-----------|-----------|------------|------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 77,231 | \$ 80,010 | \$ 81,823 | \$ 92,268 | \$ 98,042 | \$ 103,090 | \$ 114,078 |
| 1,128 | 1,405 | 1,139 | 1,554 | 1,687 | 2,005 | 2,645 |
| 2,960 | 2,755 | 2,629 | 2,222 | 2,622 | 3,134 | 2,850 |
| 1,800 | 1,780 | 1,546 | 1,285 | 1,275 | 1,846 | 4,344 |
| 10,084 | 10,267 | 9,528 | 9,943 | 10,041 | 11,945 | 15,122 |
| 13,324 | 12,857 | 15,945 | 15,991 | 11,640 | 12,047 | 13,599 |
| 3,332 | 1,991 | 2,079 | 11,071 | 3,847 | 4,193 | 3,940 |
| 109,859 | 111,065 | 114,689 | 134,334 | 129,154 | 138,260 | 156,578 |
| 20,447 | 20,143 | 21,672 | 23,195 | 23,707 | 25,067 | 24,483 |
| 45,478 | 47,027 | 49,389 | 51,942 | 53,168 | 56,128 | 56,282 |
| 2,595 | 3,105 | 3,102 | 2,959 | 4,215 | 3,925 | 4,282 |
| 5,730 | 5,662 | 6,886 | 7,515 | 7,257 | 7,197 | 7,107 |
| - | - | - | - | - | 66 | - |
| 3,082 | 3,086 | 3,408 | 3,317 | 3,185 | 3,421 | 3,007 |
| 4,453 | 4,562 | 4,793 | 5,470 | 4,852 | 4,687 | 4,855 |
| - | - | 1,944 | 2,333 | 2,757 | 3,099 | 3,212 |
| 1,927 | 2,019 | 2,247 | 2,217 | 1,939 | 2,325 | 2,300 |
| 7,761 | 8,156 | 7,359 | 7,229 | 6,497 | 7,982 | 7,124 |
| 6,797 | 7,215 | 7,600 | 8,012 | 7,903 | 7,626 | 9,353 |
| 10,366 | 14,956 | 9,032 | 7,371 | 6,754 | 10,938 | 13,635 |
| 1,939 | 2,036 | 1,937 | 2,097 | 3,342 | 573 | 580 |
| 1,383 | 1,280 | 1,199 | 939 | 1,184 | 1,087 | 1,064 |
| 111,958 | 119,247 | 120,568 | 124,596 | 126,760 | 134,121 | 137,284 |
| (2,099) | (8,182) | (5,879) | 9,738 | 2,394 | 4,139 | 19,294 |
| 1,239 | 3,232 | 7,761 | 11,783 | 1,396 | 2,826 | 1,403 |
| (1,139) | (1,181) | (3,558) | (11,683) | (1,296) | (1,253) | (1,303) |
| - | - | - | 25,962 | - | - | - |
| - | - | - | - | - | - | - |
| - | 1,307 | 22 | 1,735 | 4,965 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | (17,462) | - | - | - |
| 100 | 3,358 | 4,225 | 10,335 | 5,065 | 1,573 | 100 |
| | | | | | 30,029 | - |
| \$ (1,999) | \$ (4,824) | \$ (1,654) | \$ 20,073 | \$ 7,459 | \$ 35,741 | \$ 19,394 |
| 3.3% | 3.2% | 2.8% | 2.6% | 3.8% | 1.3% | 1.3% |

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

| Fiscal Year | Sales Tax | Property Tax | Franchise Tax | Business Operation Tax | Transient Occupancy Tax | Motor Vehicle Tax | Total |
|------------------------|----------------------|-------------------------|--------------------------|---------------------------------------|--|----------------------------------|--------------|
| 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 |
| 2015 | 19,251,431 | 36,972,309 | 2,532,706 | 5,228,239 | 17,216,510 | 71,970 | 81,273,165 |
| 2016 | 22,051,778 | 40,574,176 | 2,577,292 | 5,636,389 | 20,897,283 | 70,518 | 91,807,436 |
| 2017 | 21,792,872 | 42,113,373 | 2,532,462 | 5,781,098 | 25,121,419 | 79,429 | 97,420,653 |
| 2018 | 20,736,558 | 47,032,917 | 2,408,395 | 6,251,994 | 25,982,696 | 92,789 | 102,505,349 |
| 2019 | 24,612,288 | 49,355,823 | 2,404,867 | 5,945,451 | 26,285,461 | 84,911 | 108,688,801 |

Source: Finance Department, City of Garden Grove

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

| Fiscal Year Ended June 30 | City | | Taxable Assessed Value | Successor Agency | | Taxable Assessed Value ¹ | Total Direct Tax Rate |
|--|----------------|------------------|---------------------------------------|-----------------------------|-------------------------------|--|--------------------------------------|
| | Secured | Unsecured | | Secured ¹ | Unsecured ¹ | | |
| 2010 | 9,306,477 | 370,450 | 9,676,927 | 2,813,239 | 327,815 | 3,141,054 | 1.029% |
| 2011 | 9,304,082 | 321,497 | 9,625,579 | 2,707,066 | 302,619 | 3,009,685 | 1.064% |
| 2012 | 9,492,746 | 303,025 | 9,795,771 | 2,689,600 | 299,937 | 2,989,537 | 1.064% |
| 2013 | 9,580,743 | 303,685 | 9,884,428 | 2,720,784 | 271,370 | 2,992,154 | 1.074% |
| 2014 | 9,933,103 | 308,944 | 10,242,047 | 2,785,756 | 295,259 | 3,081,015 | 1.140% |
| 2015 | 10,538,784 | 356,435 | 10,895,219 | 2,897,658 | 328,394 | 3,226,052 | 1.145% |
| 2016 | 10,568,876 | 234,280 | 10,803,156 | 3,070,910 | 317,449 | 3,388,359 | 1.151% |
| 2017 | 12,226,724 | 364,776 | 12,591,500 | 3,579,711 | 363,489 | 3,943,200 | 1.150% |
| 2018 | 12,873,943 | 335,785 | 13,209,728 | 3,797,471 | 366,576 | 4,164,047 | 1.189% |
| 2019 | 13,500,136 | 301,174 | 13,801,310 | 3,801,697 | 361,772 | 4,163,469 | 1.183% |

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/HdL Coren & Cone

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

| Fiscal Year | Basic Levy | City Paramedic | Metropolitan Water District | Orange County | Sanitation and Water | School Services | Other | Total |
|--------------------|-------------------|-----------------------|------------------------------------|----------------------|-----------------------------|------------------------|--------------|--------------|
| 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 | - | - | 0.06602 | - | 1.13952 |
| 2015 | 1.0000 | 0.07000 | 0.00350 | - | - | 0.07163 | - | 1.14513 |
| 2016 | 1.0000 | 0.07000 | 0.00350 | - | - | 0.07748 | - | 1.15098 |
| 2017 | 1.0000 | 0.07000 | 0.00350 | - | - | 0.07603 | - | 1.14953 |
| 2018 | 1.0000 | 0.08000 | 0.00350 | - | - | 0.10599 | - | 1.18949 |
| 2019 | 1.0000 | 0.08000 | 0.00350 | - | - | 0.09900 | - | 1.18250 |

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 TEN YEARS AGO**

| Taxpayer | 2019 | | 2009 | |
|--|------------------------|--|------------------------|--|
| | Taxable Assessed Value | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Percent of Total City Taxable Assessed Value |
| GWGG LLC | \$ 222,977,588 | 1.32% | | |
| Investel Harbor Resorts LLC | 144,594,078 | 0.86% | | |
| Landmark Marriott Suites LLC | 117,554,608 | 0.70% | 95,187,259 | 0.72% |
| Khanna Enterprises General Partnership | 66,026,045 | 0.39% | | |
| Park Grove Fee Owner LLC | 51,211,872 | 0.30% | | |
| Chatham Rigg LLC | 48,893,929 | 0.29% | | |
| HGGA Promenade LP | 47,638,369 | 0.28% | | |
| House Food Holdings USA Inc | 43,155,784 | 0.26% | | |
| PPF Industrial | 41,450,611 | 0.25% | | |
| Newage Garden Grove LLC | 40,990,334 | 0.24% | | |
| Ohi Resort Hotels | | | 38,419,059 | 0.29% |
| Inland American Lodge GG | | | 79,724,950 | 0.61% |
| Walton CWCA Garden Grove | | | 63,240,000 | 0.48% |
| KPA Rigg LLC | | | 51,489,600 | 0.39% |
| Car Noa GGN LLC | | | 47,331,823 | 0.36% |
| Prime Healthcare Services | | | 38,706,255 | 0.29% |
| Kilroy Realty LP | | | 30,193,514 | 0.23% |
| Western Pacific Housing Inc | | | 27,940,343 | 0.21% |
| Swedlow Inc | | | 27,638,767 | 0.21% |
| | <u>\$ 824,493,218</u> | <u>4.89%</u> | <u>\$ 499,871,570</u> | <u>3.79%</u> |

Source: Hdl Coren & Cone The City of Garden Grove Top Ten Property Taxpayers

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

| Fiscal Year | City Tax Rate (Per \$100) | Total Tax Levied | Current Tax Collections | Percent of Current Taxes Collected | Delinquent Tax Collections | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy | Outstanding Delinquent Taxes | Ratio of Delinquent Taxes to Total Tax Levy |
|--------------------|----------------------------------|-------------------------|--------------------------------|---|-----------------------------------|------------------------------|---|-------------------------------------|--|
| 2010 | 0.0030 | 14,063,297 | 13,732,288 | 97.6 | 719,481 | 14,451,770 | 102.8 | 422,664 | 3.0% |
| 2011 | 0.0030 | 17,407,275 | 16,491,089 | 94.7 | 520,209 | 17,011,298 | 97.7 | 302,494 | 1.7% |
| 2012 | 0.0030 | 17,792,829 | 16,539,285 | 93.0 | 277,560 | 16,816,846 | 94.5 | 333,343 | 1.9% |
| 2013 | 0.0030 | 19,080,983 | 18,555,697 | 97.2 | 339,959 | 18,895,656 | 99.0 | 264,446 | 1.4% |
| 2014 | 0.0030 | 20,112,895 | 19,256,287 | 95.7 | 281,184 | 19,537,471 | 97.1 | 231,857 | 1.2% |
| 2015 | 0.0025 | 21,411,687 | 20,704,013 | 96.7 | 237,945 | 20,941,958 | 97.8 | 230,751 | 1.1% |
| 2016 | 0.0025 | 22,611,366 | 21,721,987 | 96.1 | 213,997 | 21,935,984 | 97.0 | 517,198 | 2.3% |
| 2017 | 0.0025 | 23,155,878 | 22,914,391 | 99.0 | 206,984 | 23,121,375 | 99.9 | 326,133 | 1.4% |
| 2018 | 0.0025 | 26,376,092 | 25,752,153 | 97.6 | 174,164 | 25,926,316 | 98.3 | 1,000,741 | 3.8% |
| 2019 | 0.0025 | 27,740,098 | 27,086,771 | 97.6 | 202,200 | 27,288,971 | 98.4 | 1,045,098 | 3.8% |

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 Department, City of Garden Grove

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

| Fiscal Year Ended June 30 | Governmental Activities | | | | | | Total Governmental Activities |
|---------------------------------|---|--|--------------------------------|---|----------------------|--------------------------------|-------------------------------------|
| | Certificates of Participation 2002 ¹ | Lease Revenue Bonds ² | RDA 2008 Bonds ³ | Tax Allocation Bonds ⁴ | Loans ^{5 6} | Capital Leases ⁷ | |
| 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 |
| 2015 | 17,210,000 | - | - | - | 4,128,913 | 812,176 | 22,151,089 |
| 2016 | - | 25,568,492 | - | - | 2,895,399 | 546,422 | 29,010,313 |
| 2017 | - | 25,104,126 | - | - | 69,826 | 622,676 | 25,796,628 |
| 2018 | - | 24,624,760 | - | - | 23,732 | 589,293 | 25,237,785 |
| 2019 | - | 24,120,394 | - | - | - | 373,317 | 24,493,711 |

^{1 2} The City refunded the 2002 COP in 2015 with the 2015A Lease Revenue Bonds and upsized with additional issuance of approximately \$8,500,000.

³ The former Redevelopment Agency entered into a subordinate note purchase agreement in the amount of \$2,015,000 in June 2008 to refund a note issued to Katella Cottages. After dissolution, this liability is the responsibility of the State of California. Since dissolution in February 2012, the RDA 2008 Bonds (above) no longer report the Katella Cottages Loan.

⁴ The City refunded the \$52,325,000 tax allocation bonds in 2003.

⁵ The former Redevelopment Agency borrowed \$32,000,000 from Union Bank in 2008. After dissolution this liability is the responsibility of the State of California. Since dissolution in February 2012, Loans (above) no longer report the Union Bank loan.

⁶ The Housing Authority refunded the \$9,010,000 HUD Section 108 loan, of which \$7,660,000 borrowed from HUD in 2008 was paid off in fiscal year 2015-2016.

⁷ The City entered into various capital leases for energy retrofitting, mail machines, copiers, and telephones.

⁸ The City issued \$16,625,000 Water Revenue Bond in 2010.

⁹ The City issued \$21,845,000 Sewer COP in 2006; and refunded the 2006 Sewer COPs in 2017.

¹⁰ 1993 COP was issued to finance acquisition of real property by the Garden Grove Housing Authority.

¹¹ These ratios are calculated using personal income and population for the prior calendar year.

Source: Finance Department, City of Garden Grove

| Business-type Activities | | | | | | |
|--|--------------------------------------|--|--------------------------------------|--------------------------------|---|-------------------------------------|
| Water Revenue Bonds ⁸ | Sewer Revenue COP ⁹ | Certificates of Participation ¹⁰ | Total Business-type Activities | Total Primary Government | Percentage of Personal Income ¹¹ | Debt Per Capita ¹¹ |
| 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 | 0.15% | 397 |
| 23,884,150 | 19,220,388 | - | 43,104,538 | 65,255,627 | 0.13% | 373 |
| 20,775,000 | 18,365,000 | - | 39,140,000 | 68,150,313 | 0.14% | 384 |
| 19,571,107 | 16,740,627 | - | 36,311,734 | 62,108,362 | 0.12% | 352 |
| 18,039,382 | 16,148,171 | - | 34,187,553 | 59,425,338 | 0.11% | 336 |
| 16,381,152 | 15,535,716 | - | 31,916,868 | 56,410,579 | 0.10% | 322 |

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

| Fiscal Year Ended June 30 | Outstanding General Bonded Debt | | | Total | Percent of Assessed Value ¹ | Per Capita |
|--|--|------------------------------------|-------------------------------------|--------------|---|-----------------------|
| | Certificates of Participation | Lease Revenue Bonds | Tax Allocation Bonds | | | |
| 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 |
| 2015 | 17,210 | - | - | 17,210 | 0.12% | 98 |
| 2016 | - | 25,568 | - | 25,568 | 0.18% | 144 |
| 2017 | - | 25,104 | - | 25,104 | 0.15% | 142 |
| 2018 | - | 24,625 | - | 24,625 | 0.14% | 139 |
| 2019 | - | 24,120 | - | 24,120 | 0.13% | 138 |

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

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

Source: Finance Department, City of Garden Grove

**CITY OF GARDEN GROVE
DIRECT AND OVERLAPPING BONDS AND DEBT
JUNE 30, 2019**

CITY OF GARDEN GROVE

2018-19 Assessed Valuation: \$16,905,098,847

| | Total Debt 6/30/2019 | % Applicable ¹ | City's Share of Debt 6/30/19 |
|---|-------------------------|---------------------------|---------------------------------|
| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | | | |
| Metropolitan Water District | \$ 48,050,000 | 0.579% | \$ 278,210 |
| Coast Community College District | 754,064,504 | 6.284 | 47,385,413 |
| North Orange County Joint Community College District | 320,459,001 | 2.315 | 7,418,626 |
| Rancho Santiago Community College District | 234,052,001 | 6.452 | 15,101,035 |
| Rancho Santiago Community College District School Facilities Improvement District No. 1 | 115,390,000 | 11.228 | 12,955,989 |
| Garden Grove Unified School District | 396,190,160 | 58.163 | 230,436,083 |
| Orange Unified School District | 188,000,000 | 1.110 | 2,086,800 |
| Anaheim Union High School District | 194,563,955 | 0.079 | 153,706 |
| Huntington Beach Union High School District | 180,274,998 | 1.299 | 2,341,772 |
| Anaheim School District | 253,886,416 | 0.100 | 253,886 |
| Magnolia School District | 21,323,305 | 0.226 | 48,191 |
| Westminster School District | 103,052,252 | 7.375 | 7,600,104 |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | | \$ 326,059,815 |
| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> | | | |
| Orange County General Fund Obligations | \$ 388,720,000 | 2.86% | \$ 11,101,843 |
| Orange County Pension Obligation Bonds | 407,629,239 | 2.856 | 11,641,891 |
| Orange County Board of Education Certificates of Participation | 13,490,000 | 2.856 | 385,274 |
| North Orange Regional Occupation Program Certificates of Participation | 9,290,000 | 0.028 | 2,601 |
| Coast Community College District General Fund Obligations | 2,950,000 | 6.284 | 185,378 |
| Orange Unified School District Certificates of Participation | 28,483,215 | 1.11 | 316,164 |
| Orange Unified School District Benefit Obligations | 76,765,000 | 1.11 | 852,092 |
| Anaheim Union High School District Certificates of Participation | 33,060,000 | 0.079 | 26,117 |
| Huntington Beach Union High School District Certificates of Participation | 63,101,090 | 1.299 | 819,683 |
| Magnolia School District Certificates of Participation | 14,831,359 | 0.226 | 33,519 |
| Westminster School District Certificates of Participation | 37,255,275 | 7.375 | 2,747,577 |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | \$ 28,112,139 |
| <u>DIRECT GOVERNMENTAL FUND DEBT (NET OF BOND DISCOUNT/PREMIUM):</u> | | | |
| City of Garden Grove Governmental Fund Obligations | \$ 24,120,394 | 100% | \$ 24,120,394 |
| Lease Revenue Bonds | 373,317 | 100% | 373,317 |
| Capital Lease Payable | | | \$24,493,711 |
| TOTAL DIRECT DEBT | | | \$ 24,493,711 |
| TOTAL OVERLAPPING DEBT | | | \$ 354,171,954 |
| COMBINED TOTAL DEBT | | | \$ 378,665,665 ² |

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 non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2018-19 Assessed Valuation:

| | |
|---|-------|
| Total Overlapping Tax and Assessment Debt | 2.09% |
| Total Direct Debt (\$24,493,711) | 0.14% |
| Combined Total Debt | 2.23% |

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

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

| | Fiscal Year | | | |
|---|--------------------|-------------------|-------------------|--------------------------|
| | 2010 | 2011 | 2012 | 2013 ¹ |
| Assessed valuation | \$ 9,676,927 | \$ 9,625,579 | \$ 9,795,771 | \$ 9,884,428 |
| Conversion percentage | 25% | 25% | 25% | 25% |
| Adjusted assessed valuation | 2,419,232 | 2,406,395 | 2,448,943 | 2,471,107 |
| Debt limit percentage | 15% | 15% | 15% | 15% |
| Debt limit | 362,885 | 360,959 | 367,341 | 370,666 |
| Total net debt applicable to limit: General obligation bonds | - | - | - | - |
| Legal debt margin | <u>\$ 362,885</u> | <u>\$ 360,959</u> | <u>\$ 367,341</u> | <u>\$ 370,666</u> |
| Total debt applicable to the limit as a percentage of debt limit | 0.0% | 0.0% | 0.0% | 0.0% |

¹ 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 Department, City of Garden Grove
Orange County Tax Assessor's Office

| Fiscal Year | | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2014 ¹ | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 10,242,047 | \$ 10,895,219 | \$ 10,803,156 | \$ 12,591,500 | \$ 13,209,728 | \$ 13,801,310 |
| 25% | 25% | 25% | 25% | 25% | 25% |
| 2,560,512 | 2,723,805 | 2,700,789 | 3,147,875 | 3,302,432 | 3,450,328 |
| 15% | 15% | 15% | 15% | 15% | 15% |
| 384,077 | 408,571 | 405,118 | 472,181 | 495,365 | 517,549 |
| - | - | - | - | - | - |
| <u>\$ 384,077</u> | <u>\$ 408,571</u> | <u>\$ 405,118</u> | <u>\$ 472,181</u> | <u>\$ 495,365</u> | <u>\$ 517,549</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**

| Fiscal Year | Gross Revenue | Expenses ¹ | Water Revenue Bonds | | Debt Service Requirement | | |
|--------------------|----------------------|------------------------------|---|------------------|---------------------------------|--------------|-----------------|
| | | | Resources Available for Debt Service | Principal | Interest | Total | Coverage |
| 2010 | 29,314,717 | 20,713,227 | 8,601,490 | 695,000 | 592,638 | 1,287,638 | 6.68 |
| 2011 | 30,651,300 | 21,520,591 | 9,130,709 | 1,040,000 | 1,299,320 | 2,339,320 | 3.90 |
| 2012 | 34,492,870 | 21,413,634 | 13,079,236 | 1,280,000 | 1,383,464 | 2,663,464 | 4.91 |
| 2013 | 33,933,081 | 22,848,625 | 11,084,456 | 1,320,000 | 1,340,727 | 2,660,727 | 4.17 |
| 2014 | 35,721,417 | 22,876,255 | 12,845,162 | 1,375,000 | 1,286,725 | 2,661,725 | 4.83 |
| 2015 | 33,573,575 | 25,146,241 | 8,427,334 | 1,430,000 | 1,225,677 | 2,655,677 | 3.17 |
| 2016 | 29,519,804 | 25,781,906 | 3,737,898 | 1,490,000 | 1,165,202 | 2,655,202 | 1.41 |
| 2017 | 32,345,481 | 26,404,580 | 5,940,901 | 1,515,000 | 861,491 | 2,376,491 | 2.50 |
| 2018 | 35,946,867 | 30,301,866 | 5,645,001 | 1,570,000 | 817,465 | 2,387,465 | 2.36 |
| 2019 | 37,832,009 | 28,891,265 | 8,940,744 | 1,600,000 | 775,290 | 2,375,290 | 3.77 |

Source: Finance Department, City of Garden Grove

¹ Total operating expense less depreciation and amortization.

² The City entered into a sewer revenue bond agreement on April 1, 2006; the first year's interest was prorated from bond commencement. The debt amortization started in FY09-10 with an annual principal repayment on June 15. In FY 16/17 the City refunded 2006 Sewer COP with the issuance of the Garden Grove Sanitary District, Revenue Refunding bonds, Series 2017.

| Sewer Revenue Bond | | | | | | | |
|---------------------------|--------------------------|-----------------|---|---------------------------------|------------------------------|--------------|-----------------|
| Fiscal Year | Gross Revenue | Expenses | Resources Available for Debt Service | Debt Service Requirement | | | Coverage |
| | | | | Principal ² | Interest ² | Total | |
| 2010 | 9,973,485 | 3,044,947 | 6,928,538 | 440,000 | 1,023,341 | 1,463,341 | 4.73 |
| 2011 | 9,570,394 | 2,786,977 | 6,783,417 | 460,000 | 1,005,741 | 1,465,741 | 4.63 |
| 2012 | 9,293,119 | 3,555,210 | 5,737,909 | 475,000 | 987,341 | 1,462,341 | 3.92 |
| 2013 | 10,302,890 | 3,645,873 | 6,657,017 | 495,000 | 968,341 | 1,463,341 | 4.55 |
| 2014 | 10,361,393 | 3,264,411 | 7,096,982 | 515,000 | 948,541 | 1,463,541 | 4.85 |
| 2015 | 10,242,532 | 3,814,961 | 6,427,571 | 535,000 | 927,941 | 1,462,941 | 4.39 |
| 2016 | 10,521,214 | 3,880,996 | 6,640,218 | 560,000 | 906,541 | 1,466,541 | 4.53 |
| 2017 | 10,356,150 | 4,424,966 | 5,931,184 | 580,000 | 884,141 | 1,464,141 | 4.05 |
| 2018 | 10,641,504 | 5,009,287 | 5,632,217 | 520,000 | 676,575 | 1,196,575 | 4.71 |
| 2019 | 11,951,932 | 5,152,423 | 6,799,509 | 540,000 | 660,975 | 1,200,975 | 5.66 |

(Continued)

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

| Fiscal Year | Tax Increment ¹ | Tax Allocation Bonds Debt Service Requirement | | | Coverage |
|------------------------|---------------------------------------|--|-----------------|--------------|-----------------|
| | | Principal | Interest | Total | |
| 2010 | 21,281,936 | 1,765,000 | 2,577,762 | 4,342,762 | 4.90 |
| 2011 | 19,632,456 | 1,850,000 | 2,533,638 | 4,383,638 | 4.48 |
| 2012 | 7,198,257 | 1,945,000 | 2,402,238 | 4,347,238 | 1.66 |
| 2013 | 20,003,696 | 2,020,000 | 2,320,413 | 4,340,413 | 4.61 |
| 2014 | 20,205,156 | 2,105,000 | 2,232,756 | 4,337,756 | 4.66 |
| 2015 | 20,526,084 | 2,195,000 | 2,130,406 | 4,325,406 | 4.75 |
| 2016 | 15,837,862 | 2,360,000 | 1,526,300 | 3,886,300 | 4.08 |
| 2017 | 18,484,197 | 2,430,000 | 1,454,450 | 3,884,450 | 4.76 |
| 2018 | 17,693,119 | 2,505,000 | 1,380,425 | 3,885,425 | 4.55 |
| 2019 | 17,445,206 | 2,380,000 | 1,295,250 | 3,675,250 | 4.75 |

Source: Finance Department, City of Garden Grove

¹ Due to the dissolution of the Redevelopment Agency in February 2012, the Tax Increment is now deposited in the City of Garden Grove RPTTF project area.

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

| Fiscal Year | Tax Allocation Bonds Debt Service Requirement | | | | |
|------------------------|--|------------------|-----------------|--------------|-----------------|
| | Tax Increment ¹ | Principal | Interest | Total | Coverage |
| 2010 | - | - | - | - | - |
| 2011 | - | - | - | - | - |
| 2012 | - | - | - | - | - |
| 2013 | - | - | - | - | - |
| 2014 | - | - | - | - | - |
| 2015 | - | - | - | - | - |
| 2016 | - | - | - | - | - |
| 2017 | 18,484,197 | - | 1,716,504 | 1,716,504 | 10.77 |
| 2018 | 17,693,119 | - | 1,652,250 | 1,652,250 | 10.71 |
| 2019 | 17,445,206 | - | 1,652,250 | 1,652,250 | 10.56 |

Source: Finance Department, City of Garden Grove

¹ Due to the dissolution of the Redevelopment Agency in February 2012, the Tax Increment is now deposited in the City of Garden Grove RPTTF project area.

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

| Fiscal Year | Population | Personal Income (in thousands) | Per Capita Personal Income | Unemployment Rate |
|------------------------|-------------------|---|---|------------------------------|
| 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 | 25,581 | 9.6% |
| 2013 | 173,075 | 4,696,862 | 27,205 | 7.8% |
| 2014 | 173,953 | 4,747,258 | 27,429 | 6.5% |
| 2015 | 174,774 | 4,924,023 | 28,307 | 4.2% |
| 2016 | 177,303 | 4,999,605 | 28,606 | 4.4% |
| 2017 | 176,277 | 5,087,579 | 28,694 | 4.8% |
| 2018 | 176,896 | 5,243,712 | 29,747 | 3.4% |
| 2019 | 175,155 | 5,490,131 | 31,344 | 3.3% |

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

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

| Employer | 2019 | | 2009 | |
|---|--------------------------------|--|--------------------------------|--|
| | Number of Employees | Percent of Total Employment | Number of Employees | Percent of Total Employment |
| Great Wolf Lodge Southern California | 700 | 0.84% | | |
| Air Industries Company | 625 | 0.75% | 662 | 0.82% |
| Garden Grove Medical Center | 516 | 0.62% | | |
| GKN Aerospace Transparency Systems, Inc. | 409 | 0.49% | 357 | 0.44% |
| Safran Cabin | 350 | 0.42% | 300 | 0.37% |
| Costco | 323 | 0.39% | | |
| Walmart #4171 | 281 | 0.34% | | |
| Lutheran Social Services of Southern California | 250 | 0.30% | | |
| Full Clip/Customfab Inc. | 230 | 0.27% | | |
| Crystal Cathedral | | | 495 | 0.61% |
| Hyatt Regency | | | 400 | 0.49% |
| Driessen Aircraft Interior Systems | | | 370 | 0.46% |
| Saint Gobain Performance Plastics | | | 363 | 0.45% |
| OfficeMax Inc. | | | 360 | 0.44% |
| Anning Johnson Company | | | 350 | 0.43% |
| Microsemi Corp -Integrated Products | | | 275 | 0.34% |

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

Source: Business Tax Division, City of Garden Grove

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

| Department | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| City Manager | 10 | 10 | 9 | 9 | 9 | 9 | 10 | 29 | 29 | 29 |
| Community Development | 59 | 59 | 65 | 58 | 58 | 58 | 53 | 37 | 37 | 37 |
| Community Services | 145 | 143 | 159 | 156 | 157 | 151 | 147 | 146 | 153 | 153 |
| Economic Development | 13 | 13 | 13 | - | - | - | - | - | - | - |
| Finance | 37 | 37 | 37 | 39 | 40 | 40 | 41 | 38 | 38 | 38 |
| Fire | 111 | 110 | 110 | 107 | 109 | 111 | 111 | 106 | 106 | 106 |
| Information Technology | 20 | 20 | 20 | 20 | 19 | 19 | 19 | 20 | 20 | 20 |
| Personnel | 9 | 9 | 10 | 9 | 9 | 9 | 10 | 11 | 11 | 11 |
| Police | 334 | 333 | 302 | 275 | 268 | 273 | 272 | 289 | 293 | 293 |
| Public Works | <u>196</u> | <u>196</u> | <u>199</u> | <u>194</u> | <u>195</u> | <u>194</u> | <u>196</u> | <u>198</u> | <u>198</u> | <u>198</u> |
| Total | <u>934</u> | <u>930</u> | <u>924</u> | <u>867</u> | <u>864</u> | <u>864</u> | <u>859</u> | <u>874</u> | <u>885</u> | <u>885</u> |
| Full time employees | 682 | 681 | 676 | 621 | 623 | 633 | 632 | 640 | 641 | 641 |
| Part time employees | 252 | 249 | 248 | 246 | 241 | 231 | 227 | 234 | 244 | 244 |

Source: Budget Division, City of Garden Grove

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police: | | | | | | | | | | |
| Arrests | 7,195 | 6,920 | 6,651 | 6,774 | 6,423 | 6,478 | 5,468 | 6,358 | 7,476 | 6,112 |
| Traffic citations issued | 15,490 | 14,945 | 11,393 | 13,815 | 10,903 | 9,604 | 9,890 | 9,114 | 11,114 | 8,598 |
| Fire: | | | | | | | | | | |
| Number of emergency calls | 16,306 | 23,381 | 25,586 | 26,739 | 26,785 | 26,785 | 14,627 | 15,134 | 15,297 | 15,142 |
| Public Right-of-Way: | | | | | | | | | | |
| Parking citations issued | 26,660 | 24,800 | 24,590 | 24,571 | 25,919 | 28,017 | 25,500 | 27,127 | 33,797 | 34,508 |
| Permits issued | 269 | 201 | 314 | 406 | 501 | 605 | 546 | 482 | 566 | 563 |
| Community Services: | | | | | | | | | | |
| Number of recreation classes | 1,398 | 1,817 | 1,540 | 1,987 | 2,016 | 2,416 | 1,918 | 1,947 | 1,701 | 2,057 |
| Housing vouchers | 2,337 | 2,337 | 2,337 | 2,337 | 2,337 | 2,337 | 2,337 | 2,337 | 2,215 | 2,215 |
| Community Planning and Development | | | | | | | | | | |
| Building permits issued | 3,514 | 3,881 | 2,036 | 2,427 | 2,808 | 2,041 | 2,259 | 2,233 | 3,066 | 3,986 |
| Water: | | | | | | | | | | |
| Number of accounts | 34,239 | 33,689 | 33,751 | 34,206 | 33,807 | 33,834 | 33,870 | 33,892 | 33,893 | 33,911 |
| Average daily consumption (thousands of gallons) | 21,843 | 20,528 | 21,480 | 21,324 | 22,024 | 20,391 | 17,563 | 17,946 | 20,249 | 18,298 |
| Solid Waste Disposal: | | | | | | | | | | |
| Number of accounts | 30,723 | 33,308 | 33,424 | 33,886 | 34,136 | 33,658 | 33,968 | 33,966 | 33,786 | 33,700 |
| Drainage: | | | | | | | | | | |
| Channels cleaned (miles) | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Municipal Support: | | | | | | | | | | |
| Passports issued ¹ | 463 | 292 | 624 | 673 | 507 | 247 | N/A | N/A | N/A | N/A |
| Source: City of Garden Grove | | | | | | | | | | |

¹ Passport services discontinued as of July 1, 2015.

**SCHEDULE XIX
CITY OF GARDEN GROVE
CAPITAL ASSETS STATISTICS
BY FUNCTION
LAST TEN FISCAL YEARS**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police: Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire: Fire stations | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Public Right-of-Way: Streets (miles) | 305 | 305 | 305 | 305 | 305 | 305 | 305 | 305 | 305 | 305 |
| Community Services: Parks | 16 | 16 | 16 | 16 | 16 | 16 | 19 | 19 | 20 | 19 |
| Park acreage | 142 | 142 | 142 | 142 | 142 | 142 | 137 | 137 | 140 | 124 |
| Community centers | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 9 |
| Water: Water mains (miles) | 433 | 433 | 433 | 433 | 433 | 433 | 433 | 433 | 433 | 433 |
| Number of connections | 34,239 | 33,689 | 33,751 | 34,206 | 34,257 | 34,294 | 34,313 | 34,336 | 34,347 | 34,380 |
| Sewage Collection: Sanitary sewers (miles) | 320 | 320 | 320 | 320 | 320 | 320 | 320 | 320 | 320 | 320 |
| Drainage: Storm drains (miles) | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 |

Source: City of Garden Grove