

City of Garden Grove, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

July 1, 2012 - June 30, 2013



The Moving Wall



Tree Lighting Celebration



Atlantis Play Center - Splash Pad



Summer Concert Series

City of Garden Grove, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
June 30, 2013

Department of Finance

Kingsley Okereke
Finance Director

**CITY OF GARDEN GROVE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

TABLE OF CONTENTS

INTRODUCTORY SECTION	<u>PAGE</u>
Letter of Transmittal.....	i
GFOA Certificate of Achievement for Excellence in Financial Reporting	viii
Organization Chart.....	ix
List of Elected Officials.....	x
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis (Unaudited)	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet	16
Reconciliation of Balance Sheet to the Statement of Net Assets	18
Statement of Revenues, Expenditures and Changes in Fund Balances.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Proprietary Funds:	
Statement of Net Position	24
Statement of Revenues, Expenses and Changes in Net Assets.....	26
Statement of Cash Flows	28
Private-Purpose Trust Fund:	
Statement of Fiduciary Net Position.....	32
Statement of Changes in Fiduciary Net Position.....	33
Notes to the Basic Financial Statements	35
Required Supplementary Information (Unaudited)	
Schedule of Funding Progress – Public Employees Retirement System.....	73
Schedule of Funding Progress - Postemployment Benefits	74
Budgetary Comparison Schedule:	
General Fund	75
Home Grant Special Revenue Fund	76
Notes to Required Supplementary Information	77

Other Supplementary Information	
Nonmajor Governmental Funds:	
Combining Balance Sheet	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	86
Schedules of Revenues, Expenditures and Changes in Fund Balance Budget and Actual:	
Public Safety Special Revenue Fund.....	90
State Gas Tax Special Revenue Fund	91
Golf Course Special Revenue Fund	92
Self Supporting Revenue Special Revenue Fund	93
Developer Fees Special Revenue Fund	94
Garden Grove Cable Special Revenue Fund.....	95
Street Lighting Special Revenue Fund	96
Park Maintenance Special Revenue Fund	97
Main Street District Special Revenue Fund.....	98
Air Quality Improvement Special Revenue Fund	99
Garden Grove Tourism Improvement District Special Revenue Fund.....	100
Other Grants and Contributions Special Revenue Fund	101
Street Rehabilitation Special Revenue Fund	102
Low and Moderate Income Housing Assets Capital Projects Fund	103
Housing Authority Asset Capital Projects Fund.....	104
Internal Service Funds:	
Combining Statement of Net Position	106
Combining Statement of Revenues, Expenses and Changes in Net Assets	108
Combining Statement of Cash Flows.....	110

STATISTICAL SECTION (UNAUDITED)

Government-wide Information:	
Net Position by Component – Last Ten Fiscal Years	114
Changes in Net Position – Last Ten Fiscal Years	116
Fund Information:	
Balance of Governmental Funds – Last Ten Fiscal Years	120
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	122
General Fund Major Tax Revenues by Source – Last Ten Fiscal Years	124
Assessed Value and Estimated Actual Values of Taxable Property – Last Ten Fiscal Years....	125
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	126
Principal Property Tax Payers – Current Year and Nine Years Ago	127
Property Tax Levies and Collections – Last Ten Fiscal Years	128
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	130
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	132
Direct and Overlapping Bonds and Debt.....	133
Legal Debt Margin Information – Last Ten Fiscal Years.....	134
Pledged-Revenue Coverage – Last Ten Fiscal Years	136
Demographic and Economic Statistics - Last Ten Calendar Years	138
Principal Employers – Current Year and Nine Years Ago	139
Full-Time and Part-Time City Employees by Department – Last Ten Fiscal Years	140
Operating Indicators by Function – Last Seven Fiscal Years	141
Capital Asset Statistics by Function – Last Seven Fiscal Years	142



Introductory Section



CITY OF GARDEN GROVE

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

December 4, 2013

Honorable Mayor and City Council
City of Garden Grove, California

Transmitted through the City Manager

Honorable Mayor and Council:

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Garden Grove, California, (the "City"), for the fiscal year ended June 30, 2013. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To accomplish this, City Management designed and established internal controls, which provide reasonable, but not absolute, assurance as to the effectiveness and efficiency of its operations, reliability of its financial reporting, and its compliance with applicable laws and regulations. Cost benefit considerations are weighed in meeting reasonable assurance objectives.

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

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

The Honorable Mayor and Council
Transmittal Letter Fiscal-Year 2012-2013 CAFR
December 4, 2013

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

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

Profile of the City of Garden Grove

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

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

Garden Grove is a full service city. The services provided by the City include police, fire, paramedic, street maintenance, park maintenance, water, sewer, refuse, recreation, traffic/transportation, public improvements, planning, zoning and general administrative services. Also included in the City's overall operations are the Garden Grove Housing Authority, the Garden Grove Sanitary District, and the Garden Grove Public Financing Authority. Additional information is available on these blended component units in note A.1.a - d, in the notes to basic financial statements.

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

Local Economy and Economic Outlook

While the economy continues to slowly recover, it still remains fragile. Recent economic forecasts for Orange County indicate a slow but steady economic growth that shows no signs of "running out of steam". Additionally, inflation appears to be less of a concern than deflation in the short term. Overall, consumer confidence continues to improve as is evidenced by 2013 housing and automobiles sales increases. However, consumer spending, a key local government revenue driver, is yet to return to its pre-recession level, and will likely remain hindered by the continuing high unemployment.

Garden Grove much like other Orange County, California cities continues to actively manage its budget and finances in the face of the slow and uncertain economic recovery. The City Council adopted the second year of a 3-Year Fiscal Plan put in place last year to help the city weather the impacts of the tepid economic recovery. The plan contemplates annual budgets that are balanced as legally required, and which includes all critical front-line services to the public. The plan also utilizes cost reduction initiatives, economic development and revenue generating priorities, and the use of reserves to close budget structural deficits over the short term. The City will continue to closely monitor its revenues and expenditures in order to make appropriate adjustments to maintain the City's financial health.

Additionally, the State of California recently announced a projected budget surplus for the new fiscal year, which spells relief for cities and other local government entities. The State's projected surplus will relieve the City of some uncertainty regarding the need to transfer resources to the State in the near future. This is good news for the City as it continues to adjust to the demise of the Redevelopment Agency and moves past the recent economic downturn. Moving forward, the City's future success will depend not only on expenditure reductions but on the eventual resumption of economic growth to

help close the structural deficit. The City will continue to actively pursue economic development and major projects and initiatives that will enhance and expand the City's economic base. With prudent fiscal management, the City Council's visionary leadership, and the dedication of our employees, the City of Garden Grove is well positioned to meet its future obligations and service goals.

Long-Term Financial Planning

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

Five-Year Operating Plan

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

Five-Year Capital Plan

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

General Fund Three-Year Budget Plan

The Three-Year Budget plan articulates the City's budget cost reduction and revenue strategies designed to ride out short to medium term situations. The Budget Implementation Plan focuses on a range of temporary and permanent cost reduction initiatives, economic development and revenue generation priorities and the use of fiscal reserves to be implemented over the next three fiscal years. Addressing the situation over a three year approach allows the City to continue to provide critical services to the public while allowing the City Council to achieve its goals for public safety, improved transportation infrastructure, park improvements and enhanced long-term financial stability for the City. The FY2013-2014 budget reflects the second year of the 3-Year Plan that includes a continuation of employee furloughs, and deferrals of major expenditures on building improvements, and vehicle and equipment purchases. These adjustments enabled the City to weather the effects of tepid economic growth and loss of redevelopment revenue, while providing requisite services to its residents.

Major Initiatives

(1) Employee Development

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

(2) Preparing Today for a Better Future

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

The City continued its Sewer System Management Plan during the year as evidenced by the completed construction of the "Chapman", "Euclid-Lampson" and "Taylor-Deannan" sewer improvement project, which consisted of 6,800 feet of new replacement sewer pipe and 24 manholes. Designs of Belgrave Pump Station Replacement Project and the Lenore-Lampson Sewer Improvement Project were also completed during the current fiscal year.

The City continues to invest in median irrigation retrofit projects, which consists of targeting median islands containing overhead sprinkler systems and water-wasting plants and retrofitting those with low-flow, sub-surface drip irrigation and drought-tolerant landscaping. The City has successfully completed over two miles of irrigation retrofits on Brookhurst Street with a portion covered by Federal funds, and in 2014, local grants were awarded for retrofitting medians located near city hall.

The City's continued economic development efforts are highlighted by the Water Park Hotel project. This development project consists of a 600-room hotel with a 100,000 square foot water park and a 20,000 square foot conference center. The project is estimated to generate new jobs and \$8 million annual revenue for the City. In addition, the Brookhurst Triangle development project is planned to consist of about 700 residential units with up to 200,000 square feet of retail/dinning/entertainment mixed commercial use. The developer has estimated to start construction on phase one, comprised of a 200-unit apartment and ancillary clubhouse with swimming pool in late December 2013.

The City continues its efforts to end homelessness by providing Emergency Solution Grant funds to Thomas House Temporary Shelter, Women's Transitional Living Center, and Interval House Crisis Shelters. Through these grant funds shelter, supportive services, education, outreach and treatment were provided to 1,386 individuals.

The City continues its efforts to bring together the community, identify a sense of place and ownership and improve Garden Grove's Downtown by creating a Vision/Master Plan for the future – "Reimagine Downtown". The City has held various brainstorming sessions and set up an interactive website for the public to share their ideas and thoughts to help create a unique identity/character for the City of Garden Grove. Although this Implementation Program and goal for the City's future downtown may take 20+ years to be fully established and completed, these developments together will generate new jobs and revenue for the City and encourage visitors from outside the City to visit and buy in Garden Grove.

Financial Policies

The City maintains financial policies over various programs and activities:

Enterprise Fund Business Principles

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

Investment Policy

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

Purchasing Policy

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

The Honorable Mayor and Council
Transmittal Letter Fiscal-Year 2012-2013 CAFR
December 4, 2013

serve the public with integrity while ensuring the receipt of the best value for the tax dollar.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Garden Grove for its comprehensive annual financial report for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

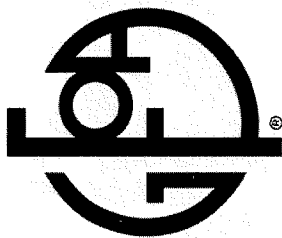
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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



Kingsley Okereke
Finance and Economic Development Director



**The Government Finance Officers Association
of the United States and Canada**

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Kingsley Okereke
Finance Director
City of Garden Grove, California

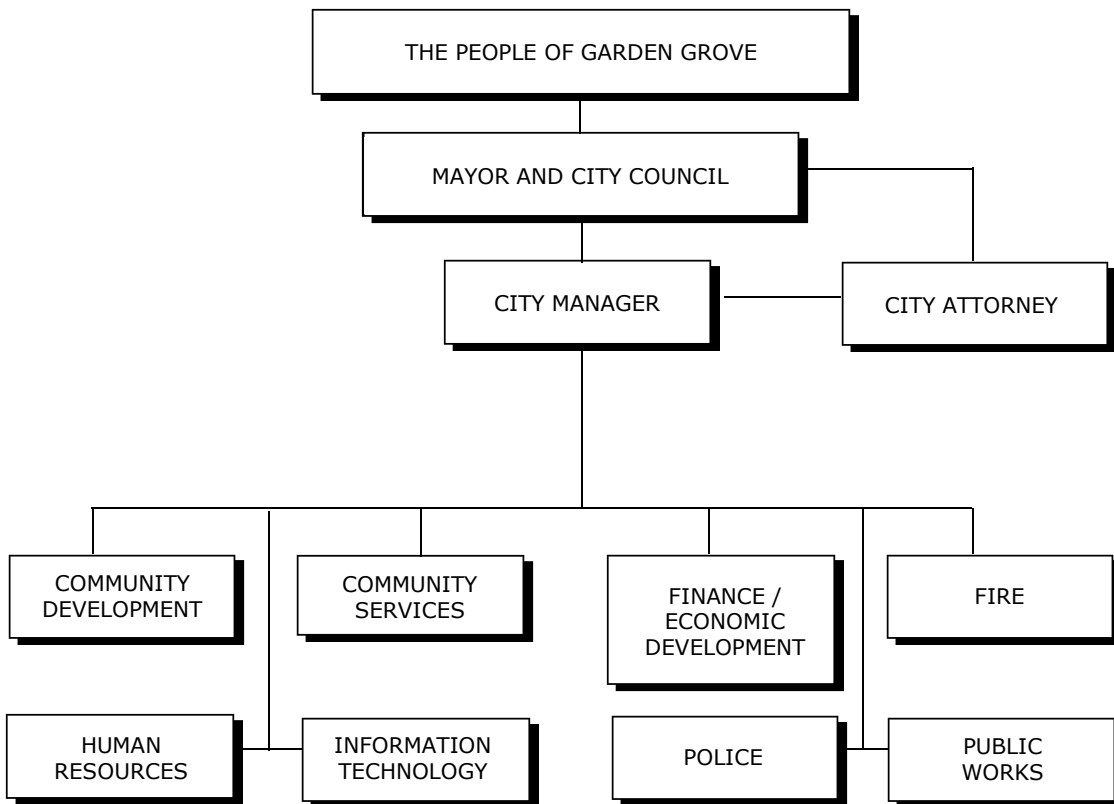
The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.



Executive Director

Date June 10, 2013

CITY OF GARDEN GROVE



CITY OF GARDEN GROVE

CITY COUNCIL

Bruce A Broadwater
Mayor

Dina Nguyen
Mayor Pro Tem

Steven R Jones
Council Member

Kris Beard
Council Member

Christopher V Phan
Council Member

CITY OFFICIALS

Matthew J Fertal
City Manager

Tom Nixon
City Attorney

Charles Kalil
Information Technology Director

Susan Emery
Community Development Director

John Clark
Human Resources Director

Kim Huy
Community Services Director

Kevin Raney
Police Chief

Kingsley Okereke
Finance and Economic Development Director

William Murray
Public Works Director

Dave Barlag
Fire Chief



Financial Section

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Garden Grove, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Garden Grove, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, 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 a Matter

Change in Accounting Principle

As discussed in Note 15 to the financial statements, effective July 1, 2012, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion was 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, schedules of funding progress of the public employees retirement system and the postemployment benefits, and budgetary comparison information on pages 3–12 and 73–76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Macias Fini & O'Connell LLP

Newport Beach, California
December 4, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Garden Grove, we offer readers of the City of Garden Grove's financial statements this narrative overview and analysis of the 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

The assets and deferred outflow of resources of the City, including all component units, exceeded its liabilities and deferred inflow of resources at June 30, 2013, by \$925.8 million. Of the \$925.8 million of net position, \$740.7 million represents net investment in capital assets and \$22.1 million is restricted for specific purposes. The unrestricted balance of \$163.0 million is available to meet the City's ongoing obligations to citizens and creditors.

OVERVIEW OF THE FINANCIAL STATEMENTS

These discussions and analysis are intended to serve as an introduction to the City of Garden Grove's basic financial statements. The City's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) trust fund financial statements, and 4) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include Fire, Police, Traffic Safety, Public Right of Way, Drainage, Community Buildings, Community Services, Parks and Greenbelts, Community Planning and Development, and Municipal Support. The business-type activities of the City include Water Utility, Sewage Collection, Solid Waste Disposal, and Housing Authority operations.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to the government-wide financial statements to facilitate the comparison between governmental funds and governmental activities.

The City of Garden Grove maintains various individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund and HOME grant special revenue fund both of which are considered to be major funds. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 13-33 of this report.

Proprietary funds. The City of Garden Grove maintains four different types of proprietary (enterprise) funds. These enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water Utility, Sewage Collection, Solid Waste Disposal and Housing Authority operations.

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

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

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

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

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

The City of Garden Grove maintains one type of fiduciary fund; a private-purpose trust fund to account for the Successor Agency activities. The City elected to become the Successor Agency to the Garden Grove Agency for Community Development (Successor Agency). The fund is used to report resources held in trust until they are distributed to other units of the state and local government or used to pay enforceable obligations in existence at the date of dissolution of Garden Grove Redevelopment Agency (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). The Successor Agency will cease to exist when all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated. The fiduciary fund financial statements can be found on pages 32-33 of this report.

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

The notes to basic financial statements can be found on pages 35-72 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City of Garden Grove’s progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 73-76 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the budgetary comparison reports. Combining and individual fund statements and schedules can be found on pages 82-112 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Garden Grove, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$925.8 million at the close of the current fiscal year.

City of Garden Grove, Net Position
(in millions)

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 188.4	\$ 189.2	\$ 50.8	\$ 52.4	\$ 239.2	\$ 241.6
Capital assets	669.2	671.8	140.1	126.9	809.3	798.7
Total assets	<u>857.6</u>	<u>861.0</u>	<u>190.9</u>	<u>179.3</u>	<u>1,048.5</u>	<u>1,040.3</u>
Deferred outflow of resources	-	-	0.2	-	0.2	-
Long-term liabilities	58.9	46.4	47.1	46.7	106.0	93.1
Other liabilities	10.0	22.2	6.9	6.1	16.9	28.3
Total liabilities	<u>68.9</u>	<u>68.6</u>	<u>54.0</u>	<u>52.8</u>	<u>122.9</u>	<u>121.4</u>
Net position	<u>\$ 788.7</u>	<u>\$ 792.4</u>	<u>\$ 137.1</u>	<u>\$ 126.5</u>	<u>\$ 925.8</u>	<u>\$ 918.9</u>
Net investment in capital assets	643.1	643.3	97.6	89.6	740.7	732.9
Restricted	22.1	29.9	-	-	22.1	29.9
Unrestricted	123.5	119.2	39.5	36.9	163.0	156.1
Total net position	<u>\$ 788.7</u>	<u>\$ 792.4</u>	<u>\$ 137.1</u>	<u>\$ 126.5</u>	<u>\$ 925.8</u>	<u>\$ 918.9</u>

At the end of the current fiscal year, the City of Garden Grove is able to report positive total net position balance for the government as a whole. The largest portion of the City's net position, 80.0%, reflects its net investment in capital assets (e.g., land, street, water, sewer and storm drain systems, buildings and park assets, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$22.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$163.0 million, may be used to meet the government's ongoing obligations to citizens and creditors.

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

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 12.4	\$ 11.9	\$ 46.9	\$ 46.6	\$ 59.3	\$ 58.5
Operating grants and contributions	10.0	19.6	30.6	30.7	40.6	50.3
Capital grants and contributions	5.8	4.8	-	-	5.8	4.8
General revenues:						
Sales taxes	19.8	18.5	-	-	19.8	18.5
Property taxes	35.0	43.9	-	-	35.0	43.9
Other taxes	21.9	19.7	-	-	21.9	19.7
Earning on investments	1.8	0.7	0.4	0.3	2.2	1.0
Other	1.2	0.6	-	0.1	1.2	0.7
Capital contributions from Successor Agency	2.4	-	-	-	2.4	-
Transfer in (out)	-	20.4	-	(20.4)	-	-
Total revenues	110.3	140.1	77.9	57.3	188.2	197.4
Expenses:						
Fire	20.3	19.5	-	-	20.3	19.5
Police	45.4	44.8	-	-	45.4	44.8
Traffic safety	3.1	3.2	-	-	3.1	3.2
Public right of way	16.5	14.8	-	-	16.5	14.8
Drainage	1.4	1.4	-	-	1.4	1.4
Community buildings	4.6	5.0	-	-	4.6	5.0
Community services	4.6	4.4	-	-	4.6	4.4
Parks and greenbelts	1.8	1.8	-	-	1.8	1.8
Community planning and development	8.0	10.9	-	-	8.0	10.9
Municipal support	6.3	6.4	-	-	6.3	6.4
Interest on Long-term debt	1.8	3.8	-	-	1.8	3.8
Water utility	-	-	26.4	24.2	26.4	24.2
Sewage collection	-	-	6.0	5.9	6.0	5.9
Solid waste disposal	-	-	2.6	1.8	2.6	1.8
Housing authority	-	-	31.6	30.9	31.6	30.9
Mobile home parks	-	-	-	-	-	-
RV park	-	-	-	0.5	-	0.5
Total expenses	113.8	116.0	66.6	63.3	180.4	179.3
Excess (deficiency) of revenues over (under) expenditures	(3.5)	24.1	11.3	(6.0)	7.8	18.1
Special Items (extraordinary gain (loss), discontinued operations)	-	(18.9)	-	(2.9)	-	(21.8)
Change in net position	(3.5)	5.2	11.3	(8.9)	7.8	(3.7)
Net position, beginning of year, as previously reported	792.5	787.2	126.5	135.4	919.0	922.6
Change in accounting principle (GASB65)	(0.3)	-	(0.7)	-	(1.0)	-
Net position, beginning of year, as restated	792.2	787.2	125.8	135.4	918.0	922.6
Net position, June 30	<u>\$ 788.7</u>	<u>\$ 792.4</u>	<u>\$ 137.1</u>	<u>\$ 126.5</u>	<u>\$ 925.8</u>	<u>\$ 918.9</u>

Governmental Activities. The City of Garden Grove governmental activities net position decreased by \$3.5 million from the prior fiscal year for an ending balance of \$788.7 million. The operating grant and contribution and property tax revenue decreased as a result of the elimination of the redevelopment agency. There were no significant changes in expenses from the prior year. The City's implementation of GASB65 resulted in a \$0.3 million change in accounting principle to adjust cost of issuance and loss on deferred refunding. See footnotes A.4.f for Deferred Outflows/Inflows of Resources and D.15 for New Accounting Standards Implemented.

Business-type activities. Business-type activities net position increased by \$11.3 million from the prior fiscal year for an ending balance of \$137.1 million. Operating revenues and expenses have stayed roughly the same as prior fiscal year. The \$0.7 million change in accounting principle was the GASB 65 adjustment of cost of issuance and loss on deferred refunding. See footnotes A.4.f for Deferred Outflows/Inflows of Resources and D.15 for New Accounting Standards Implemented.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use. The City's governmental funds can be found on pages 16 and 20.

At the end of the current fiscal year, the City of Garden Grove's governmental funds reported combined fund balances of \$57.2 million, a decrease of \$2.0 million in comparison with the prior year. Non-spendable fund balance is \$13.4 million (23.4%), restricted fund balance is \$24.8 million (43.3%), and assigned fund balance is \$3.1 million (5.4%). The remainder of the fund balance of \$15.9 million (27.9%) represents unassigned governmental fund balance, which is available for spending at the government's discretion.

- **General fund.** The general fund is the chief operating fund of the City of Garden Grove. At the end of the fiscal year, the fund balance had a net decrease of \$2.3 million resulting in a \$32.5 million ending fund balance. The general fund continues to experience a structural fund deficit with expenses exceeding revenues by about \$3.0 million.

Proprietary funds. The City of Garden Grove's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail (see pages 24 - 27).

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. The only significant amendment during the year was the appropriation for capital outlay in community planning and development. The budget increased by \$2.4 million to appropriate funds for land purchases.

Final budget compared to actual results. The \$6.1 million increase in actual revenues over estimated revenues was primarily in taxes. Sales tax was higher than expected due to better than estimated auto sales and total taxable sales. The increase over budget in transient occupancy tax was due to both a 1.5% increase in the tax rate with Measure Y passing in November 2012 and higher than expected occupancy rates. In addition, the City received \$1.6 million in residual tax revenues in the current year.

The final budget appropriations were \$92.4 million and actual expenditures were \$90.0 million resulting in a positive balance of \$2.4 million. The \$2.4 million positive budget variance was due to overall cost reductions.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets The City of Garden Grove’s investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$809.3 million (net of accumulated depreciation). This investment in capital assets includes land, street, sewer, water and storm drain systems, buildings and structures, machinery and equipment and construction in progress. The total increase in capital assets for the current fiscal year was approximately 1.3%. The value of the City’s capital assets as of June 30, 2013 is as follows:

	Government activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 420.9	\$ 416.1	\$ 2.6	\$ 2.6	\$ 423.5	\$ 418.7
Construction in progress	7.9	3.3	19.8	14.2	27.7	17.5
Depreciable Capital Assets	240.4	252.4	117.7	110.1	358.1	362.5
Total capital assets	<u>\$ 669.2</u>	<u>\$ 671.8</u>	<u>\$ 140.1</u>	<u>\$ 126.9</u>	<u>\$ 809.3</u>	<u>\$ 798.7</u>

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

- Land purchases of \$2.3 million for the City’s Site C project
- Improvements to the City water utility system of \$6.1 million
- Improvements to the City sewer system of \$1.5 million

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

Long-term debt The City’s long-term debt was \$73.3 million at the end of the fiscal year. Debt decreased by \$4.1 million from the prior year as a result of principal reduction payments.

California statutes limit the amount of general obligation debt a governmental entity may issue to 3.75 percent of its total assessed valuation. The City of Garden Grove assessed valuation as of June 30, 2013 is \$10.2 billion. The current debt limitation for the City of Garden Grove is \$384.1 million. There are no outstanding general obligation bonds of the City for the fiscal year ended June 30, 2013.

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

	Government activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Certificates of participation	\$ 18.4	\$ 19.0	\$ -	\$ -	\$ 18.4	\$ 19.0
Agreements payable	6.4	7.4	-	-	6.4	7.4
Capital lease purchase	1.4	2.1	-	-	1.4	2.1
Sewer revenue COP	-	-	20.3	20.8	20.3	20.8
Water revenue bonds	-	-	26.8	28.1	26.8	28.1
Total	\$ 26.2	\$ 28.5	\$ 47.1	\$ 48.9	\$ 73.3	\$ 77.4

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

After enduring one of the greatest economic downturns in recent history, the economy continues its slow recovery. Although the recovery is gaining pace, the economy remains fragile due to continued high unemployment and low consumer confidence.

Recent economic forecasts project growth in 2014, with housing and automobiles leading the recovery. Sales tax, the City’s largest source of revenue, is anticipated to finally return to levels before the recession. Sales tax is projected at \$20.1 million, a \$1.9 million increase from last fiscal year budget. Property tax revenue remains steady, with a \$0.7 million increase to \$12.7 million. The most improved and significant revenue source, since the economic downturn, is the transient occupancy tax. In November 2012, voters passed Measure Y, which increased the tax from 13.0% to 14.5%. The passing of Measure Y, as well as improvements in hotel occupancy rates resulted in an appreciable increase in hotel tax revenue and is estimated to provide \$14.8 million in hotel tax revenue in FY 2013-14.

In addition, the State of California recently announced a projected budget surplus for the new fiscal year, which spells relief for cities and other local governmental entities. The State has looked to local governments to help resolve state budget shortfalls. Prior take away actions by the State, including the elimination of the Redevelopment Agencies in February 2012, continues to weigh heavily on the financial outlook of the City; however, the State’s balanced budget and projected surplus will relieve the City of some uncertainty regarding the need to transfer resources to the State in the near future.

The City remains cautiously optimistic for FY 2013-14. Revenues and expenditures will be closely monitored to maintain the City's financial health. Furthermore, decisions regarding the Public Employees Retirement System (PERS) and the implementation of the Affordable Health Care Act will be carefully analyzed to determine the financial impacts that they may have. The City will continue to be aggressive in pursuing new revenue sources and cost recovery. Although the Redevelopment Agency has been eliminated, the City will continue to pursue economic development as a main avenue for the growth and expansion of the City's economic base.

The FY 2013-14 budget is balanced and includes a basic operating budget of \$94.7 million, capital budget of \$6.1 million for basic services, and \$3.0 million for economic development initiatives. The basic operation budget was balanced using \$4.7 million in reserves and transfers. The budget implements the second year of the City's 3-Year Fiscal Plan to address the continuing effects of the economic recession and loss of redevelopment revenue.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Garden Grove's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Garden Grove, Office of the Finance Director, 11222 Acacia Parkway, Garden Grove, CA, 92840.



Basic Financial Statements

**CITY OF GARDEN GROVE
STATEMENT OF NET POSITION
JUNE 30, 2013**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current Assets:			
Cash and investments	\$ 141,233,844	\$ 49,025,701	\$ 190,259,545
Cash and investments with fiscal agents	12,478	4,650,813	4,663,291
Taxes receivable	4,153,301	88,162	4,241,463
Accounts receivable	4,738,669	8,301,413	13,040,082
Interest receivable	412,835	176,109	588,944
Intergovernmental receivable	1,924,940	458	1,925,398
Internal balances	11,628,215	(11,628,215)	-
Inventory	586,282	-	586,282
Prepaid items	11,444	-	11,444
Total current assets	<u>164,702,008</u>	<u>50,614,441</u>	<u>215,316,449</u>
Noncurrent assets:			
Deposits	32,100	15,000	47,100
Notes receivable, net	18,601,021	9,588	18,610,609
Land held for resale	4,852,252	-	4,852,252
Prepaid insurance costs	181,742	116,048	297,790
Capital assets:			
Land	420,893,665	2,564,750	423,458,415
Construction in progress	7,864,941	19,822,527	27,687,468
Depreciable capital assets, net	<u>240,451,894</u>	<u>117,744,533</u>	<u>358,196,427</u>
Total noncurrent assets	<u>692,877,615</u>	<u>140,272,446</u>	<u>833,150,061</u>
Total assets	<u>857,579,623</u>	<u>190,886,887</u>	<u>1,048,466,510</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts from the refunding of debt			
	-	229,642	229,642
Total deferred outflows of resources	<u>-</u>	<u>229,642</u>	<u>229,642</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	3,792,087	5,096,778	8,888,865
Accrued liabilities	1,497,600	853,489	2,351,089
Refundable deposits	2,545,175	763,387	3,308,562
Interest payable	2,164,081	163,586	2,327,667
Long term liabilities due within one year	<u>13,068,610</u>	<u>1,890,000</u>	<u>14,958,610</u>
Total current liabilities	<u>23,067,553</u>	<u>8,767,240</u>	<u>31,834,793</u>
Noncurrent liabilities:			
Due in more than one year	<u>45,799,003</u>	<u>45,235,483</u>	<u>91,034,486</u>
Total liabilities	<u>68,866,556</u>	<u>54,002,723</u>	<u>122,869,279</u>
NET POSITION			
Net investment in capital assets	643,095,457	97,657,140	740,752,597
Restricted for:			
Community planning and development	4,880,775	-	4,880,775
Streets and roads	8,402,887	-	8,402,887
Public safety	2,792,942	-	2,792,942
Developer impact projects	6,037,165	-	6,037,165
Unrestricted	<u>123,503,841</u>	<u>39,456,666</u>	<u>162,960,507</u>
Total net position	<u>\$ 788,713,067</u>	<u>\$ 137,113,806</u>	<u>\$ 925,826,873</u>

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

**CITY OF GARDEN GROVE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenue Operating Grants and Contributions</u>
Governmental activities:			
Fire	\$ 20,273,346	\$ 1,105,917	\$ 89,492
Police	45,466,411	3,485,909	1,459,702
Traffic safety	3,097,270	1,349,360	159,072
Public right of way	16,540,421	249,086	5,024,975
Drainage	1,426,365	-	-
Community buildings	4,596,318	-	-
Community services	4,451,760	850,984	55,922
Parks and greenbelts	1,838,406	1,319,198	332,570
Community planning and development	7,937,511	1,491,550	1,958,672
Municipal support	6,344,376	2,553,000	931,416
Interest on long term debt	1,815,251	-	-
Total governmental activities	<u>113,787,435</u>	<u>12,405,004</u>	<u>10,011,821</u>
Business-type activities:			
Water utility	26,419,284	33,738,275	-
Sewage collection	6,056,345	10,078,866	-
Solid waste disposal	2,584,981	3,125,454	-
Housing authority	31,585,423	-	30,581,888
Total business-type activities	<u>66,646,033</u>	<u>46,942,595</u>	<u>30,581,888</u>
Total	<u>\$ 180,433,468</u>	<u>\$ 59,347,599</u>	<u>\$ 40,593,709</u>

General revenues:

Taxes:

- Sales taxes
- Property taxes, levied for general purposes
- Franchise taxes
- Business operation taxes
- Transient occupancy taxes
- Motor vehicle taxes, levied for general purposes
- Investment income
- Miscellaneous
- Capital asset contribution from Successor Agency

Total general revenues

Change in net position

Net position, beginning of year, as previously reported

Change in accounting principle

Net position, beginning of year, as restated

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Assets			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 2,584	\$ (19,075,353)	\$ -	\$ (19,075,353)
331,917	(40,188,883)	-	(40,188,883)
82,699	(1,506,139)	-	(1,506,139)
2,866,046	(8,400,314)	-	(8,400,314)
1,241,134	(185,231)	-	(185,231)
-	(4,596,318)	-	(4,596,318)
-	(3,544,854)	-	(3,544,854)
1,264,827	1,078,189	-	1,078,189
-	(4,487,289)	-	(4,487,289)
-	(2,859,960)	-	(2,859,960)
-	(1,815,251)	-	(1,815,251)
<u>5,789,207</u>	<u>(85,581,403)</u>	<u>-</u>	<u>(85,581,403)</u>
-	-	7,318,991	7,318,991
-	-	4,022,521	4,022,521
-	-	540,473	540,473
-	-	(1,003,535)	(1,003,535)
-	-	<u>10,878,450</u>	<u>10,878,450</u>
<u>\$ 5,789,207</u>	<u>(85,581,403)</u>	<u>10,878,450</u>	<u>(74,702,953)</u>
	19,804,727	-	19,804,727
	35,145,142	-	35,145,142
	2,506,722	-	2,506,722
	4,809,344	-	4,809,344
	14,447,817	-	14,447,817
	90,025	-	90,025
	1,757,265	437,341	2,194,606
	1,209,350	-	1,209,350
	<u>2,309,233</u>	<u>-</u>	<u>2,309,233</u>
	<u>82,079,625</u>	<u>437,341</u>	<u>82,516,966</u>
	<u>(3,501,778)</u>	<u>11,315,791</u>	<u>7,814,013</u>
	792,471,679	126,467,821	918,939,500
	<u>(256,834)</u>	<u>(669,806)</u>	<u>(926,640)</u>
	<u>792,214,845</u>	<u>125,798,015</u>	<u>918,012,860</u>
<u>\$ 788,713,067</u>	<u>\$ 137,113,806</u>	<u>\$ 925,826,873</u>	

**CITY OF GARDEN GROVE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General Fund	HOME Grant Special Revene Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash investments	\$ 18,130,206	\$ 326,657	\$ 20,292,725	\$ 38,749,588
Cash and cash investments with fiscal agents	12,478	-	-	12,478
Taxes receivable	4,134,135	-	19,166	4,153,301
Accounts receivable	3,530,336	26,876	1,007,373	4,564,585
Interest receivable	197,684	853	63,554	262,091
Intergovernmental receivable		52,492	1,872,448	1,924,940
Intercity loans receivable	37,932,999	-	13,729,748	51,662,747
Notes receivable	2,101,532	12,224,506	4,304,981	18,631,019
Allowance	(24,558,020)	-	(13,759,748)	(38,317,768)
Land held for resale		-	4,852,252	4,852,252
Total assets	<u>\$ 41,481,350</u>	<u>\$ 12,631,384</u>	<u>\$ 32,382,499</u>	<u>\$ 86,495,233</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,270,537	\$ -	\$ 914,624	\$ 2,185,161
Accrued liabilities	1,149,716	-	279,565	1,429,281
Refundable deposits	2,487,787	10,176	45,692	2,543,655
Due to other funds		-	2,090,972	2,090,972
Total liabilities	<u>4,908,040</u>	<u>10,176</u>	<u>3,330,853</u>	<u>8,249,069</u>
Deferred inflows of resources:				
Unavailable revenue	<u>4,111,063</u>	<u>12,224,506</u>	<u>4,743,775</u>	<u>21,079,344</u>
Fund balances:				
Non-Spendable				
Inter city loan	13,374,978	-	-	13,374,978
Restricted				
Police	-	-	2,792,942	2,792,942
Public Right of Way	-	-	8,432,796	8,432,796
Drainage	-	-	453,289	453,289
Community Services	-	-	650,096	650,096
Community Neighborhood	-	396,702	11,803,513	12,200,215
Municipal Support & Services	-	-	241,770	241,770
Assigned				
Post-Employment benefits	1,000,000	-	-	1,000,000
Garden Grove tourism improvement district	138,678	-	-	138,678
Property tax lawsuit	500,000	-	-	500,000
Building improvements	1,300,000	-	-	1,300,000
General Plan	132,509	-	-	132,509
Unassigned	<u>16,016,082</u>	<u>-</u>	<u>(66,535)</u>	<u>15,949,547</u>
Total fund balances	<u>32,462,247</u>	<u>396,702</u>	<u>24,307,871</u>	<u>57,166,820</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 41,481,350</u>	<u>\$ 12,631,384</u>	<u>\$ 32,382,499</u>	<u>\$ 86,495,233</u>

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

This page is intentionally blank

**CITY OF GARDEN GROVE
RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2013**

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

Fund balances - total governmental funds (page 16)	\$	57,166,820
Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet.		663,102,225
Certain notes and grants receivables are not available to pay for current period expenditures, and therefore are offset by deferred inflows of resources in the governmental funds.		21,079,344
Internal service funds are used by management to charge the costs of various city activities to individual governmental and business-like funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service funds net position is:		78,405,406
The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long term debt and related items.		(31,040,728)
Net position of governmental activities	<u>\$</u>	<u>788,713,067</u>

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

This page is intentionally blank

CITY OF GARDEN GROVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	HOME Grant Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 74,316,362	\$ -	\$ 2,914,254	\$ 77,230,616
Licenses and permits	1,095,981	-	32,525	1,128,506
Fines, forfeits and penalties	2,123,064	-	836,833	2,959,897
Investment earnings	1,538,269	1,813	260,214	1,800,296
Charges for current services	5,409,080	-	4,675,355	10,084,435
From other agencies	307,645	52,651	12,963,656	13,323,952
Other revenues	2,279,296	124,191	928,181	3,331,668
Total revenues	<u>87,069,697</u>	<u>178,655</u>	<u>22,611,018</u>	<u>109,859,370</u>
EXPENDITURES:				
Current:				
Fire	19,953,947	-	493,118	20,447,065
Police	44,069,860	-	1,408,574	45,478,434
Traffic safety	654,746	-	1,940,467	2,595,213
Public right of way	3,596,909	-	2,133,701	5,730,610
Community buildings	3,042,643	-	39,745	3,082,388
Community services	2,729,067	-	1,724,375	4,453,442
Parks and greenbelts	1,135,994	-	790,634	1,926,628
Community planning and development	3,434,384	52,651	4,273,793	7,760,828
Municipal support	6,589,998	-	206,838	6,796,836
Capital outlay:				
Police	-	-	69,418	69,418
Traffic safety	-	-	27,801	27,801
Public right of way	75,722	-	7,027,730	7,103,452
Drainage	-	-	114,092	114,092
Community buildings	-	-	38,647	38,647
Community services	-	-	20,998	20,998
Parks and greenbelts	-	-	459,074	459,074
Community planning and development	2,533,013	-	-	2,533,013
Debt service:				
Principal retirement	1,028,580	-	910,000	1,938,580
Interest and other charges	1,181,161	-	202,307	1,383,468
Total expenditures	<u>90,026,024</u>	<u>52,651</u>	<u>21,881,312</u>	<u>111,959,987</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,956,327)</u>	<u>126,004</u>	<u>729,706</u>	<u>(2,100,617)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	808,575	-	430,500	1,239,075
Transfers out	(175,402)	-	(963,673)	(1,139,075)
Total other financing sources (uses)	<u>633,173</u>	<u>-</u>	<u>(533,173)</u>	<u>100,000</u>
Net change in fund balances	(2,323,154)	126,004	196,533	(2,000,617)
Fund balances, beginning of year	<u>34,785,401</u>	<u>270,698</u>	<u>24,111,338</u>	<u>59,167,437</u>
Fund balances, end of year	<u>\$ 32,462,247</u>	<u>\$ 396,702</u>	<u>\$ 24,307,871</u>	<u>\$ 57,166,820</u>

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

This page is intentionally blank

**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, 2013**

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

Net change in fund balances - total governmental funds (page 20)	\$ (2,000,617)
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 capital expenditures exceeded depreciation in the current period.	(1,885,920)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	918,650
Some revenues recognized in governmental funds in current year were already recognized in governmental activities in prior year.	(1,652,337)
Internal service funds are used by management to charge the costs of certain activities, such as workers compensation, fleet management, employee benefits, telephones, information systems, risk management and warehouse operations to individual funds. The net revenues of these internal service funds are reported as governmental activities.	<u>1,118,446</u>
Change in net position of governmental activities	<u><u>\$ (3,501,778)</u></u>

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

This page is intentionally blank.

**CITY OF GARDEN GROVE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013**

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
ASSETS		
Current Assets:		
Cash and cash investments	\$ 21,404,800	\$ 24,522,628
Cash and cash investments with fiscal agents	3,145,304	1,505,509
Taxes receivable	-	35,218
Accounts receivable	6,400,624	1,256,556
Interest receivable	73,351	91,016
Intergovernmental receivable	-	-
Intercity loans receivable	750,000	-
Allowance	(750,000)	-
Due from other funds	-	-
Inventory	-	-
Prepaid items	-	-
Total current assets	<u>31,024,079</u>	<u>27,410,927</u>
Noncurrent assets:		
Deposits	15,000	-
Prepaid insurance costs	40,546	75,502
Notes receivable	-	9,588
Capital assets:	-	-
Land	1,471,805	1,092,945
Construction in progress	15,260,647	4,561,880
Depreciable capital assets, net	60,012,615	57,731,368
Total noncurrent assets	<u>76,800,613</u>	<u>63,471,283</u>
Total assets	<u>107,824,692</u>	<u>90,882,210</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts from the refunding of debt	<u>229,642</u>	-
Total deferred outflows of resources	<u>229,642</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	4,722,875	303,913
Accrued liabilities	568,364	272,439
Interest payable	124,063	39,523
Refundable deposits	494,969	8,383
Current portion of long-term obligations		
Capital leases	-	-
Accrued compensated absences	-	-
Claims payable	-	-
Long-term debt	1,375,000	515,000
Total current liabilities	<u>7,285,271</u>	<u>1,139,258</u>
Noncurrent liabilities:		
Intercity loans payable	13,374,977	-
Noncurrent portion of long-term obligations:		
Capital leases	-	-
Accrued compensated absences	-	-
Claims payable	-	-
Long-term debt	25,451,738	19,783,745
Total noncurrent liabilities	<u>38,826,715</u>	<u>19,783,745</u>
Total liabilities	<u>46,111,986</u>	<u>20,923,003</u>
NET POSITION		
Net Investment in capital assets	53,063,633	44,592,957
Unrestricted	8,878,715	25,366,250
Total net position	<u>\$ 61,942,348</u>	<u>\$ 69,959,207</u>

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

The notes to the 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	
\$ 2,788,981	\$ 309,292	\$ 49,025,701	\$ 102,484,256
-	-	4,650,813	-
52,944	-	88,162	-
634,312	9,921	8,301,413	174,084
10,024	1,718	176,109	150,744
-	458	458	-
-	-	750,000	-
-	-	(750,000)	-
-	-	-	2,090,972
-	-	-	586,282
-	-	-	11,444
<u>3,486,261</u>	<u>321,389</u>	<u>62,242,656</u>	<u>105,497,782</u>
-	-	15,000	32,100
-	-	116,048	-
-	-	9,588	-
-	-	-	-
-	-	2,564,750	-
-	-	19,822,527	-
550	-	117,744,533	6,108,275
550	-	140,272,446	6,140,375
<u>3,486,811</u>	<u>321,389</u>	<u>202,515,102</u>	<u>111,638,157</u>
-	-	229,642	-
-	-	229,642	-
68,400	1,590	5,096,778	1,606,926
12,686	-	853,489	68,319
-	-	163,586	-
-	260,035	763,387	1,520
-	-	-	167,572
-	-	-	6,267,392
-	-	-	4,593,473
-	-	1,890,000	-
<u>81,086</u>	<u>261,625</u>	<u>8,767,240</u>	<u>12,705,202</u>
-	-	13,374,977	-
-	-	-	232,412
-	-	-	1,566,848
-	-	-	16,981,527
-	-	45,235,483	-
-	-	58,610,460	18,780,787
<u>81,086</u>	<u>261,625</u>	<u>67,377,700</u>	<u>31,485,989</u>
550	-	97,657,140	5,788,172
3,405,175	59,764	37,709,904	74,363,996
<u>\$ 3,405,725</u>	<u>\$ 59,764</u>	<u>135,367,044</u>	<u>\$ 80,152,168</u>
		1,746,762	
		<u>\$ 137,113,806</u>	

CITY OF GARDEN GROVE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
Operating revenues:		
Charges for services	\$ -	\$ -
Water sales	33,738,275	-
Section 8 grant revenue	-	-
Solid waste disposal fees	-	-
Property assessments	-	2,564,378
Sewer user fees	-	7,332,056
Other	-	182,432
Total operating revenues	<u>33,738,275</u>	<u>10,078,866</u>
Operating expenses:		
Salaries and wages	4,084,459	2,124,434
Contractual services	4,812,702	1,434,163
Liability claims	-	-
Materials and supplies	514,364	87,276
Water production expenses	13,437,100	-
Housing assistance payment	-	-
Depreciation and amortization	2,146,798	1,546,161
Total operating expenses	<u>24,995,423</u>	<u>5,192,034</u>
Operating income (loss)	<u>8,742,852</u>	<u>4,886,832</u>
Nonoperating revenues (expenses):		
Investment income	194,806	224,024
Gain on disposal of assets	-	-
Interest expense	(1,716,899)	(967,516)
Total nonoperating revenues (expenses)	<u>(1,522,093)</u>	<u>(743,492)</u>
Income (loss) before contributions and transfers	7,220,759	4,143,340
Transfers out	-	-
Change in net position	<u>7,220,759</u>	<u>4,143,340</u>
Total net position, beginning of year, as previously reported	55,220,101	65,987,161
Change in accounting principle	<u>(498,512)</u>	<u>(171,294)</u>
Total net position, beginning of year, as restated	<u>54,721,589</u>	<u>65,815,867</u>
Total net position, end of year	<u>\$ 61,942,348</u>	<u>\$ 69,959,207</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 the 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	
\$ -	\$ -	\$ -	\$ 45,278,172
-	-	33,738,275	-
-	30,557,768	30,557,768	-
1,427,445	-	1,427,445	-
349,457	-	2,913,835	-
-	-	7,332,056	-
1,348,552	24,120	1,555,104	-
<u>3,125,454</u>	<u>30,581,888</u>	<u>77,524,483</u>	<u>45,278,172</u>
453,700	2,185,813	8,848,406	33,632,562
2,130,552	63,352	8,440,769	3,176,326
-	-	-	3,680,646
179	79,772	681,591	2,258,493
-	-	13,437,100	-
-	29,249,893	29,249,893	-
550	6,593	3,700,102	1,085,169
<u>2,584,981</u>	<u>31,585,423</u>	<u>64,357,861</u>	<u>43,833,196</u>
540,473	(1,003,535)	13,166,622	1,444,976
17,554	957	437,341	161,176
-	-	-	34,039
-	-	(2,684,415)	(25,502)
<u>17,554</u>	<u>957</u>	<u>(2,247,074)</u>	<u>169,713</u>
558,027	(1,002,578)	10,919,548	1,614,689
-	-	-	(100,000)
<u>558,027</u>	<u>(1,002,578)</u>	<u>10,919,548</u>	<u>1,514,689</u>
2,847,698	1,062,342		78,637,479
-	-		-
<u>2,847,698</u>	<u>1,062,342</u>		<u>78,637,479</u>
<u>\$ 3,405,725</u>	<u>\$ 59,764</u>		<u>\$ 80,152,168</u>
		396,243	
		<u>\$ 11,315,791</u>	

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 33,679,123	\$ 10,068,156
Payments to suppliers	(16,852,315)	(1,584,525)
Payments to employees	(3,672,718)	(1,899,343)
Receipts from user departments	-	-
Net cash provided (used) by operating activities	<u>13,154,090</u>	<u>6,584,288</u>
CASH FLOWS FROM (TO) NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers from other funds	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(11,082,052)	(5,330,739)
Proceeds from disposal of capital assets	-	-
Principal paid on capital debt	(1,320,000)	(495,000)
Interest paid on capital debt	(2,170,867)	(968,233)
Net cash provided (used) by capital and related financing activities	<u>(14,572,919)</u>	<u>(6,793,972)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	<u>194,681</u>	<u>243,894</u>
Net cash provided by investing activities	<u>194,681</u>	<u>243,894</u>
Net increase (decrease) in cash and cash equivalents	(1,224,148)	34,210
Cash and cash equivalents, beginning of year	<u>25,774,252</u>	<u>25,993,927</u>
Cash and cash equivalents, end of year	<u>\$ 24,550,104</u>	<u>\$ 26,028,137</u>

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

Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Solid Waste Disposal	Housing Authority	Total	
\$ 3,136,249	\$ 30,575,096	\$ 77,458,624	\$ -
(2,131,945)	(29,423,251)	(49,992,036)	(7,214,700)
(448,010)	(2,185,813)	(8,205,884)	(33,485,839)
-	-	-	45,342,943
<u>556,294</u>	<u>(1,033,968)</u>	<u>19,260,704</u>	<u>4,642,404</u>
-	-	-	1,357,422
-	-	-	1,357,422
-	-	(16,412,791)	(402,442)
-	-	-	34,039
-	-	(1,815,000)	(419,082)
-	-	(3,139,100)	(25,502)
-	-	<u>(21,366,891)</u>	<u>(812,987)</u>
<u>17,328</u>	<u>6,034</u>	<u>461,937</u>	<u>190,240</u>
<u>17,328</u>	<u>6,034</u>	<u>461,937</u>	<u>190,240</u>
573,622	(1,027,934)	(1,644,250)	5,377,079
<u>2,215,359</u>	<u>1,337,226</u>	<u>55,320,764</u>	<u>97,107,177</u>
<u>\$ 2,788,981</u>	<u>\$ 309,292</u>	<u>\$ 53,676,514</u>	<u>\$ 102,484,256</u>

CONTINUED

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 8,742,852	\$ 4,886,832
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	2,146,798	1,546,161
Decrease (increase) in taxes receivable	-	91,342
Decrease (increase) in accounts receivable	(86,028)	(102,052)
Decrease (increase) in notes receivable	-	(9,588)
Decrease (increase) in inventory	-	-
Decrease (increase) in prepaid expenses	-	-
Increase (decrease) in accounts payable	1,911,851	(53,498)
Increase (decrease) in accrued compensated absences	-	-
Increase (decrease) in accrued liabilities	411,741	225,091
Increase (decrease) in refundable deposits	26,876	-
Increase (decrease) in claims payable	-	-
Total adjustments	<u>4,411,238</u>	<u>1,697,456</u>
Net cash provided (used) by operating activities	<u>\$ 13,154,090</u>	<u>\$ 6,584,288</u>

There were no noncash investing, capital, or financing activities for the year ended June 30, 2013.

The notes to the 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	
<u>\$ 540,473</u>	<u>\$ (1,003,535)</u>	<u>\$ 13,166,622</u>	<u>\$ 1,444,976</u>
550	6,593	3,700,102	1,085,169
14,936	-	106,278	-
(4,141)	(6,792)	(199,013)	64,771
-	-	(9,588)	-
-	-	-	140,440
-	-	-	143,539
(1,214)	(1,241)	1,855,898	858,786
-	-	-	184,282
5,690	-	642,522	(37,559)
-	(28,993)	(2,117)	-
-	-	-	758,000
<u>15,821</u>	<u>(30,433)</u>	<u>6,094,082</u>	<u>3,197,428</u>
<u>\$ 556,294</u>	<u>\$ (1,033,968)</u>	<u>\$ 19,260,704</u>	<u>\$ 4,642,404</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, 2013**

ASSETS

Current Assets:

Cash and cash investments	\$ 14,318,011
Cash and cash investments with fiscal agents	4,772,036
Accounts receivable	93,132
Interest receivable	5,711
Notes receivable	1,435,566
Total current assets	<u>20,624,456</u>

Noncurrent assets:

Prepaid insurance costs	521,049
Capital assets:	
Land	76,016,680
Depreciable capital assets, net	200,000
Total noncurrent assets	<u>76,737,729</u>

Total assets	<u>97,362,185</u>
--------------	-------------------

LIABILITIES

Current Liabilities:

Accounts payable	2,151,670
Accrued liabilities	10,304
Interest payable	620,427
Refundable deposits	724,930
Current portion	
of long-term obligations	6,807,943
Total current liabilities	<u>10,315,274</u>

Noncurrent liabilities:

Noncurrent portion of long-term obligations:	
Long-term debt	68,977,964
Total noncurrent liabilities	<u>68,977,964</u>

Total liabilities	<u>79,293,238</u>
-------------------	-------------------

NET POSITION

Held in trust for other purposes	<u>\$ 18,068,947</u>
----------------------------------	----------------------

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

**CITY OF GARDEN GROVE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CITY OF GARDEN GROVE AS SUCCESSOR AGENCY
TO THE GARDEN GROVE REDEVELOPMENT AGENCY
PRIVATE PURPOSE TRUST FUND
JUNE 30, 2013**

ADDITIONS	
Taxes	\$ 20,003,696
Investment earnings	356,035
Other revenues	167,128
Total additions	20,526,859
 DEDUCTIONS	
Program expenses	92,032
Administrative expenses	7,137,830
Interest and fiscal agency expenses	3,597,888
Remittance to county for disbursement to taxing entities	2,359,932
Total deductions	13,187,682
 CHANGE IN NET POSITION	 7,339,177
 NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	 11,007,859
 CHANGE IN ACCOUNTING PRINCIPLE	 (278,089)
 NET POSITION, BEGINNING OF YEAR, AS RESTATED	 10,729,770
 NET POSITION - ENDING	 \$ 18,068,947

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

This page is intentionally blank.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting entity

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

Blended component units:

- a. The Successor Agency to the Garden Grove Agency for Community Development (Successor Agency) was created on February 1, 2012 to serve as a custodian for the assets and to wind down the affairs of the former Agency. The Successor Agency is a separate public entity from the City, subject to the direction of an Oversight Board and is a blended component unit of the City. The Oversight Board is comprised of seven-member representatives from local government bodies. See footnote D.18 for further detail regarding the dissolution.

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

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

because the City Council, although acting in a different capacity, is the governing board. Council members approve the Sanitary District budget and the City provides staffing.

- d. The Garden Grove Public Financing Authority (the "Authority") was established on June 22, 1993 as a joint powers agency organized under the laws of the State of California. The Authority was formed to assist in the financing of public and capital improvements. It is reported in enterprise funds as if it were part of the primary City government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Authority budget and the City provides staffing.

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

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

2. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

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

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

The City reports the following major governmental funds:

General fund

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

HOME Grant special revenue fund

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

The City reports the following major enterprise funds:

Water Utility fund

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

Sewage Collection fund

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

Solid Waste Disposal fund

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

Housing Authority fund

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

Additionally, the City reports the following fund types:

Internal Service funds

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

Private-Purpose Trust fund

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

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

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

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

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

4. Assets, liabilities, and net position or fund balance

a. Deposits and investments

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

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

b. Receivables and payables

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

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

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

c. Taxes receivable

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

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

The property tax calendar is as follows:

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

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

November 6, 2012	7% - 10%
December 4, 2012	5% - 10%
December 18, 2012	30% - 35%
January 15, 2013	1% - 5%
March 12, 2013	5% - 7%
April 23, 2013	30% - 35%
May 21, 2013	1% - 5%
July 16, 2013	1% - 2% (Collections through June 30)

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013 and is located in the Low and Moderate Income Housing Asset capital project fund.

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

e. Capital assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The net interest cost incurred in the financing of projects during the construction period is not capitalized, except for enterprise funds. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds of tax-exempt debt over the same period. The interest capitalized by the City during the current fiscal year was \$532,247.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

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

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

f. *Deferred outflows/inflows of resources*

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

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

g. *Accrued compensated absences*

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

h. Long term obligations

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

i. Estimates

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

B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Capital assets	\$ 931,986,843
Accumulated depreciation	<u>(268,884,618)</u>
	<u>\$ 663,102,225</u>

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

Note receivables not available to pay for current period expenditures	\$ 19,581,913
Grant receivables not available to pay for current period expenditures	<u>1,497,431</u>
	<u>\$ 21,079,344</u>

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

Internal service funds net position-beginning of year	\$ 78,637,479
Change in net position	<u>1,514,689</u>
Internal service funds net position - end of year	80,152,168
Less allocation to enterprise funds	<u>(1,746,762)</u>
Adjustment to statement of net position - Governmental	<u>\$ 78,405,406</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. The details of this \$31,040,728 adjustment are as follows:

Certificates of participation	\$	18,410,000
Agreements payable		6,345,613
Capital lease		971,924
Interest payable		2,164,081
Postemployment benefit obligation		3,330,852
Prepaid insurance costs		(181,742)
	<u>\$</u>	<u>31,040,728</u>

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

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

Capital outlay capitalization for year	\$	12,675,728
Current year governmental depreciation		(14,561,648)
	<u>\$</u>	<u>(1,885,920)</u>

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

Debt principal repayments:		
Certificates of participation	\$	560,000
Agreements payable		1,034,653
Capital lease payable		343,927
Amortization of issuance costs		(9,939)
Change in interest payable		(396,344)
Change in postemployment benefit obligation		(613,647)
Total long term debt adjustment	<u>\$</u>	<u>918,650</u>

Some revenues recognized in governmental funds in current year were already recognized in governmental activities in prior year.

Revenue from other agencies	<u>\$</u>	<u>(1,652,337)</u>
	<u>\$</u>	<u>(1,652,337)</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

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

Internal service funds change in net position	\$	1,514,689
Less change in net position allocated to enterprise funds		(396,243)
Adjustment to statement of activities - Governmental	\$	<u>1,118,446</u>

C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Excess of expenditures over appropriations

The following individual fund exceeded its expenditures budget:

Fund	Type of Fund	Amount over Budget
Street Lighting	Special revenue fund	\$ 46,849
Garden Grove Tourism Improvement District	Special revenue fund	102,337

The Garden Grove Street Lighting and Garden Grove Tourism Improvement District special revenue funds unbudgeted expenditures will be funded by future revenues and transfers.

2. Deficit fund equity

The following fund had a deficit at June 30, 2013:

Fund	Type of Fund	Deficit Fund Equity
Garden Grove Cable	Special Revenue	\$ 47,845
Street Lighting	Special Revenue	18,690

The deficits in the Garden Grove Cable and Street Lighting special revenue funds are expected to be eliminated with future revenues and transfers.

D. DETAILED NOTES ON ALL FUNDS

1. Cash and investments

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:

City of Garden Grove:

Cash and investments	\$	190,259,545
Cash and investments with fiscal agent		4,663,291
		<u>194,922,836</u>

Successor Agency (Private Purpose Trust Fund):

Cash and investments	14,318,011
Cash and investments with fiscal agent	4,772,036
	<u>19,090,047</u>

Total cash and investments	\$	<u>214,012,883</u>
----------------------------	----	--------------------

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$	43,930
Deposits with financial institutions		1,778,654
Investments		<u>212,190,299</u>
Total cash and investments	<u>\$</u>	<u>214,012,883</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.

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

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

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

Authorized Investment Type	Amount	Weighted Average Maturity (in years)
U.S. Treasury	\$ 49,800,200	2.15
U.S. Agency Securities		
FHLB	39,974,619	1.84
FFCB	39,722,740	1.84
FNMA	29,879,614	1.99
Local Agency Investment Fund (LAIF)	43,377,790	0.50
Held by fiscal agent:		
Investments Contracts	2,770,500	0.50
Money Market Funds	6,664,836	0.50
Total	<u>\$ 212,190,299</u>	

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End	
				AAA	Not Rated
U.S. Treasury	\$ 49,800,200	N/A	\$ 49,800,200	\$ -	\$ -
U.S. Agency Securities					
FHLB	39,974,619	N/A	-	39,974,619	-
FFCB	39,722,740	N/A	-	39,722,740	-
FNMA	29,879,614	N/A	-	29,879,614	-
Local Agency Investment Fund	43,377,790	N/A	-	-	43,377,790
Held by fiscal agent:					
Investment Contracts	2,770,500	N/A	-	-	2,770,500
Money Market Funds	6,664,836	AAA	-	6,664,836	-
Total	<u>\$ 212,190,299</u>		<u>\$ 49,800,200</u>	<u>\$ 116,241,809</u>	<u>\$ 46,148,290</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Investment Type
FHLB	U.S. Agency Securities	\$ 39,974,619
FFCB	U.S. Agency Securities	39,722,740
FNMA	U.S. Agency Securities	29,879,614

Custodial Credit Risk

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013 was \$21.3 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2013 had a balance of \$58.8 billion, of that amount, 1.96% was invested in medium-term and short-term structured notes and asset-backed securities.

2. Intercity loans receivable/payable at June 30, 2013 consisted of the following:

a. Loan from General fund to Water Utility fund

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

\$13,374,979

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

The General fund has loaned to the former redevelopment agency a total of \$2,863,113 to assist in funding the Agency's operating budget since 2004. The loans accrue interest at a rate of 6.5% per annum. On March 8, 2011, City Council authorized a loan amortization schedule. Principal payments ranging from \$699,984 to \$900,505 are due annually. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.

2,539,990

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

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

3,048,030

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

d. Loan from the General fund to the former redevelopment agency:

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

18,970,000

e. Loan from Water Utility fund to the former redevelopment agency:

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

750,000

f. Loan from Low Income Housing Assets capital project fund to the former redevelopment agency:

The former redevelopment agency has five loans from the Low Income Housing Assets capital project fund, that were used to make the fiscal year 2003-04 (\$999,032), 2004-05 (\$1,680,565), and 2005-06 (\$1,517,267) mandated Educational Revenue Augmentation Fund payments and "Supplemental" Education Revenue Augmentation Fund payments for the fiscal year 2009-10 (\$7,906,610) and 2010-11 (\$1,626,274). Interest is accrued annually for the respective loans based upon the City's investment rate of return of the prior year. The rate accrued on the loans for fiscal year 2003-04 was 2.30%, 2004-05 was 1.60%, and 2005-06 was 2.28%. No interest was accrued on the 2009-10 and 2010-11. The loans are due in 10 years from the loan establishment except for 2009-10 and 2010-11 loans which are due on May 10, 2015 and June 30, 2016, respectively. The former redevelopment agency has one additional loan of \$100,000 from the Low Income Housing Assets capital project fund that was used to acquire a property held for resale. This loan is interest free and due in the fiscal year 2011-12. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.

13,729,748

TOTAL INTERCITY LOANS RECEIVABLE

52,412,747

Less: Allowance

(39,037,768)

TOTAL INTERCITY LOANS RECEIVABLE, NET

\$13,374,979

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

3. Interfund receivables , payables, and transfers

a. The composition of interfund receivable/payable balances as of June 30, 2013 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Nonmajor governmental funds	\$ -	\$ 2,090,972
Internal service funds	2,090,972	-
Total	<u>\$ 2,090,972</u>	<u>\$ 2,090,972</u>

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

b. The composition of interfund transfer balances for the year ended June 30, 2013 is as follows:

	<u>Transfers In</u>		
<u>Transfers out:</u>	<u>General Fund</u>	<u>Nonmajor governmental funds</u>	<u>Total</u>
General Fund	\$ -	\$ 175,402	\$ 175,402
Nonmajor governmental funds	708,575	255,098	963,673
Internal service funds	100,000	-	100,000
Total	<u>\$ 808,575</u>	<u>\$ 430,500</u>	<u>\$ 1,239,075</u>

- \$ 600,000 of \$708,575 transfer from Golf Course special revenue fund (Nonmajor governmental fund) to the General fund was to pay for administrative costs.

4. Notes receivable at June 30, 2013, consisted of the following:

a. *Neighborhood Stabilization Program (NSP) Loan:*

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

1,028,638

b. *Rental rehabilitation:*

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

2,480,947

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

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

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

13,019,902

d. Affordable housing agreement – General fund:

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

2,101,532

e. Private Sewer Lateral Loan Agreement – Sewer fund:

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

9,588

TOTAL NOTES RECEIVABLE

18,640,607

Less: Allowance

(30,000)

TOTAL NOTES RECEIVABLE, NET

\$18,610,606

5. Land held for resale

The Low and Moderate Income Housing Asset capital projects fund's land held for resale is an inventory of land intended to be sold to developers. The land is carried at the lower of cost or estimated net realizable value, as determined upon execution of a disposition and development agreement. Land held for resale at June 30, 2013 is \$4,852,252.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

6. Capital assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 416,116,410	\$ 4,777,255	\$ -	\$ 420,893,665
Construction in progress	3,291,271	7,736,655	(3,162,985)	7,864,941
Total capital assets, not being depreciated	419,407,681	12,513,910	(3,162,985)	428,758,606
Capital assets, being depreciated:				
Infrastructure				
Street system	366,838,079	2,226,428	-	369,064,507
Storm drain assets	71,658,418	1,377	-	71,659,795
Buildings and park assets	49,491,883	1,051,001	-	50,542,884
Furniture and equipment	31,034,040	460,547	(476,462)	31,018,125
Total capital assets, being depreciated	519,022,420	3,739,353	(476,462)	522,285,311
Less accumulated depreciated for:				
Infrastructure				
Street system	(183,907,413)	(11,110,801)	-	(195,018,214)
Storm drain assets	(39,489,557)	(1,425,614)	-	(40,915,171)
Buildings and park assets	(21,248,424)	(1,541,989)	-	(22,790,413)
Furniture and equipment	(22,005,560)	(1,568,414)	464,355	(23,109,619)
Total accumulated depreciation	(266,650,954)	(15,646,818)	464,355	(281,833,417)
Total capital assets, being depreciated, net	252,371,466	(11,907,465)	(12,107)	240,451,894
Governmental activities capital assets, net	\$ 671,779,147	\$ 606,445	\$ (3,175,092)	\$ 669,210,500
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 2,564,750	\$ -	\$ -	\$ 2,564,750
Construction in progress	14,252,199	16,915,251	(11,344,923)	19,822,527
Total capital assets, not being depreciated	16,816,949	16,915,251	(11,344,923)	22,387,277
Capital assets, being depreciated:				
Buildings and structures	15,000	-	-	15,000
Water system	97,882,795	8,243,362	(52,518)	106,073,639
Sewer system	98,515,967	3,101,562	(129,648)	101,487,881
Machinery and equipment	383,173	29,788	-	412,961
Total capital assets, being depreciated:	196,796,935	11,374,712	(182,166)	207,989,481
Less accumulated depreciated for:				
Buildings and structures				
Water system	(43,995,641)	(2,175,649)	52,518	(46,118,772)
Sewer system	(42,355,791)	(1,553,495)	129,648	(43,779,638)
Machinery and equipment	(329,725)	(16,813)	-	(346,538)
Total accumulated depreciation	(86,681,157)	(3,745,957)	182,166	(90,244,948)
Total capital assets, being depreciated, net	110,115,778	7,628,755	-	117,744,533
Business-type activities capital assets, net	\$ 126,932,727	\$ 24,544,006	\$ (11,344,923)	\$ 140,131,810
Private-purpose trust fund				
Land	\$ 77,882,295	\$ 443,618	\$ (2,309,233)	\$ 76,016,680
Capital assets, being depreciated:				
Buildings and structures	400,000	-	-	400,000
Machinery and equipment	6,609	-	-	6,609
Total capital assets, being depreciated:	406,609	-	-	406,609
Less accumulated depreciated for:				
Buildings and structures				
Buildings and structures	(180,000)	(20,000)	-	(200,000)
Machinery and equipment	(6,609)	-	-	(6,609)
Total accumulated depreciation	(186,609)	(20,000)	-	(206,609)
Total capital assets, being depreciated, net	220,000	(20,000)	-	200,000
Private-purpose trust fund capital assets, net	\$ 78,102,295	\$ 423,618	\$ (2,309,233)	\$ 76,216,680

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

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

	Governmental Activities	Business-type Activities
Traffic safety	\$ 483,245	\$ -
Right of way	11,110,801	-
Drainage	1,425,614	-
Community buildings	1,541,989	-
Water	-	2,179,026
Sewage collection	-	1,559,788
Solid waste disposal	-	550
Housing Authority	-	6,593
Internal service fund	1,085,169	-
Total	<u>\$ 15,646,818</u>	<u>\$ 3,745,957</u>

7. Long-Term Debt

a. Following is a summary of long-term debt transactions for the City for the year ended June 30, 2013.

	Beginning Balance	Adjustment Per GASB 65	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities						
Certificates of participation	\$ 18,970,000	\$ -	\$ -	\$ (560,000)	\$ 18,410,000	\$ 580,000
Agreements payable	7,380,266	-	-	(1,034,653)	6,345,613	1,073,352
Capital lease payable	2,134,919	-	-	(763,009)	1,371,910	554,393
Governmental activities						
long-term debt	28,485,185	-	-	(2,357,662)	26,127,523	2,207,745
Other non-current liabilities:						
Claims payable	20,817,000	-	3,680,646	(2,922,646)	21,575,000	4,593,473
Compensated absences	7,649,958	-	8,706,063	(8,521,781)	7,834,240	6,267,392
OPEB liabilities	2,717,204	-	941,164	(327,517)	3,330,851	-
Governmental activities						
long-term liabilities	<u>\$ 59,669,347</u>	<u>\$ -</u>	<u>\$ 13,327,873</u>	<u>\$ (14,129,606)</u>	<u>\$ 58,867,614</u>	<u>\$ 13,068,610</u>
Business-type activities						
Water revenue COP	11,635,000	-	-	(765,000)	10,870,000	800,000
Add: premium	126,767	-	-	(10,564)	116,203	-
Less: deferred refunding	(431,420)	395,468	-	35,952	-	-
Water revenue bonds	15,755,000	-	-	(555,000)	15,200,000	575,000
Add: premium/discount	636,922	58,352	-	(54,739)	640,535	-
Sewer revenue COP	20,470,000	-	-	(495,000)	19,975,000	515,000
Add: premium	337,924	-	-	(14,179)	323,745	-
Business-type						
activities long-term liabilities	<u>\$ 48,530,193</u>	<u>\$ 453,820</u>	<u>\$ -</u>	<u>\$ (1,858,530)</u>	<u>\$ 47,125,483</u>	<u>\$ 1,890,000</u>
Private-purpose trust fund						
Tax allocation bonds	46,470,000	-	-	(2,020,000)	44,450,000	2,105,000
Unamortized premium	887,625	-	-	(49,313)	838,312	-
2008 Subordinate Note	1,825,000	-	-	(70,000)	1,755,000	75,000
Agreements payable	35,866,644	-	-	(7,124,049)	28,742,595	4,627,943
Private-purpose trust fund						
long-term liabilities	<u>\$ 85,049,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,263,362)</u>	<u>\$ 75,785,907</u>	<u>\$ 6,807,943</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

b. Governmental long-term debt at June 30, 2013 consisted of the following:

Certificates of participation:

\$22,735,000 City of Garden Grove Certificates of Participation, Series A of 2002, were executed to provide funds for the acquisition of land to assist certain redevelopment activity of the Garden Grove Agency for Community development and for other improvement projects of the Agency or the City. The Certificates represent fractional interests of the owners in the lease payments, for certain real property and improvements thereon, to be made by the City, as lessee, to the Garden Grove Public Financing Authority, as lessor, under a Lease/Purchase Agreement. The leased properties consist of Garden Grove Park, Willowick Golf Course, a municipal amphitheater, a community meeting center, fire station, and related land. Lease payments are structured to be sufficient to pay, when due, the principal and interest on the Certificates. Principal payments ranging from \$410,000 to \$1,150,000 are due annually on March 1, beginning March 1, 2005, and continuing until March 1, 2032. Interest is payable semiannually, beginning on September 1, 2002, with an interest rate ranging from 3.500% to 5.125% over the life of the bond. Such bonds are subject to Federal arbitrage regulations, however, no liability is reported at June 30, 2013.

18,410,000

Agreements payable:

\$7,660,000 Federal Housing and Community Development Section 108 Loan was issued for the purpose of refinancing the \$13,380,000 Section 108 Loan that was issued for the purpose of acquisition and development of property located in the section of the City identified as the Harbor Corridor. The City has pledged future Community Development Block Grant funds including program income to satisfy the City's obligations under this loan agreement until fiscal year 2016. The remaining principal and interest requirements on the loan is \$4,744,205. Pledged revenue recognized during the year was \$1.2 million against the total debt service payment of \$1.2 million. Principal payments ranging from \$750,000 to \$1,200,000 are due annually on August 1 through the year 2016. Interest is due semi-annually on February 1 and August 1.

4,350,000

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

237,173

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

1,758,440

Total agreements payable

\$6,345,613

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

Capital leases payable:

\$2,449,937 Lease purchase of retrofit heating and air conditioning systems for City government buildings. Quarterly payments range from \$32,768 to \$80,927 including interest at 5.35% through September 2014. 381,396

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. 577,430

In October 2008, the City entered into a capital lease arrangements in the amount of \$1,598,140 for 3 fire pumper trucks. The interest rate is 3.99% with a monthly payment of \$29,425 through October 2013. 87,692

In February 2011, the City entered into a capital lease arrangement in the amount of \$15,529 for copy machines. The interest rate is 13.83% with a monthly payment of \$360 through May 2016. 9,588

In September 2011, the City entered into a capital lease arrangement in the amount of \$18,627 for mail machines. The interest rate is 6.41% with a monthly payment of \$349 through December 2016. 13,099

In June 2012, the City entered into a capital lease arrangement in the amount of \$398,332 for office equipment. The interest rate is 3.69% with a quarterly payment of \$21,701 through March 2017. 302,705

Total capital leases payable \$1,371,910

TOTAL GOVERNMENTAL LONG TERM DEBT \$26,127,523

c. Proprietary long-term debt at June 30, 2013 consisted of the following items:

2004 Revenue certificates of participation - Water Utility enterprise fund:

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

The City's previously issued \$20,495,000 Water Revenue Bonds, Series 1993, was originally issued to finance the construction of water storage and transmission facilities, and certain other city water systems. Principal payments for the Series 2004 certificates of participation range from \$435,000 to \$1,165,000 are due annually on December 15, 2004 through 2023. Interest is due semi-annually on June 15 and December 15, at rates ranging from 2.0% to 5.0% over the life of the certificate. Such certificates are

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

subject to Federal arbitrage regulations, however, no liability is reported at June 30, 2013. \$10,870,000

Unamortized bond premium 116,203

Total 2004 Revenue certificates of participation **\$10,986,203**

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

The Refunding Revenue Certificates of Participation were issued on April 20, 2004 for current refunding of the Water Revenue Bonds, Series 1993. These certificates of participation are to be secured and to be serviced from revenues derived by the ownership and operations of the water system including all connection charges and fees collected by the City through the fiscal year 2024. At June 30, 2013 total interest and principal remaining on the certificates is \$13,949,143. Revenue recognized during the year was \$33.74 million against debt service payments of \$1,280,762. The Utility covenants that rates and charges for the water service will be sufficient to yield net revenues equal to 125% of the debt service coming due and payable during the next succeeding bond year. The following analysis shows the test result for compliance with this covenant:

Operating revenues	\$ 33,738,275
Non-operating revenues	<u>194,806</u>
Gross revenue	33,933,081
Less: Expenses (excluding depreciation, amortization, interest and fiscal charges)	<u>(22,848,625)</u>
Net revenues	<u><u>\$ 11,084,456</u></u>
Debt service requirement for next year: \$1,284,462 x 125%	<u><u>\$ 1,605,578</u></u>

2010 Revenue Bonds – Water utility enterprise fund:

\$16,625,000 Revenue Bonds, Series 2010, were issued on April 30, 2010 to finance the acquisition, expansion, construction and improvement of certain additional water facilities of the water system of the City. The bonds are secured and to be serviced from net revenues derived from the ownership or operation of the water system excluding proceeds from customers' deposits and any proceeds assessments restricted by law to be used by the City to pay parity obligations or other obligations. Revenue recognized during the year was \$33.74 million against debt service payments of \$1,379,965. The remaining principal and interest requirements on the debt is \$24,129,352. The Bonds are due in annual principal installments of \$320,000 to \$1,165,000 beginning December 15, 2010 and is payable semiannually on June 15 and December 15 through December 2030.

\$15,200,000

Unamortized bond premium 640,535

Total 2010 Revenue bonds **\$15,840,535**

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

2006 Revenue certificates of participation – Sewage collection enterprise fund:

Garden Grove Sanitary District Revenue Certificates of Participation in the amount of \$21,845,000 were issued on April 12, 2006. The certificates are secured and to be serviced from the total revenues for the fiscal year excluding any proceeds of taxes or assessments restricted by law and less the operations and maintenance costs excluding depreciation through the fiscal year 2036. At June 30, 2013 total interest and principal remaining on the certificates is \$33,694,093. Net revenue recognized during the year was \$6.66 million against debt service payments of \$1,463,341. The Certificates were issued to (1) finance the rehabilitation, replacement and improvement of the wastewater collection system of the Garden Grove Sanitation District; (2) fund a reserve fund for the certificates; and (3) pay certain costs of issuance. The Certificates are due in annual principal installments of \$440,000 to \$1,395,000 beginning June 15, 2010 through 2036. Interest rates range from 4.0% to 4.5% and is payable semiannually on June 15 and December 15. Such certificates are subject to federal arbitrage regulations. No arbitrage liability is reported at June 30, 2013.

\$19,975,000

Unamortized bond premium

323,745

Total 2006 revenue certificates of participation

\$20,298,745

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

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

Operating revenues	\$ 10,078,866
Non-operating revenues	<u>224,024</u>
Gross revenue	10,302,890
Less: Expenses (excluding depreciation, amortization, interest and fiscal charges)	<u>(3,645,873)</u>
Net revenues	<u>\$ 6,657,017</u>
Debt service requirement for next year:	
\$1,463,541x 115%	<u>\$ 1,683,072</u>

TOTAL PROPRIETARY LONG TERM DEBT

\$47,125,483

TOTAL LONG TERM DEBT

\$73,253,006

- d. *Private-purpose trust activity long-term debt at June 30, 2013 consisted of the following items:*

Tax allocation refunding bonds issue of 2003:

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

the former redevelopment agency. The tax allocation refunding bonds were secured and to be serviced from tax increment revenues excluding dedicated housing tax increment, through the fiscal year 2029. The remaining principal and interest requirements on the debt is \$63,729,900.

Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the bonds was transferred to the Successor Agency. Upon dissolution, former tax increment revenues are deposited into the Orange County Redevelopment Property Tax Trust Fund (RPTTF) and are distributed to Successor Agencies based on approved enforceable obligations. The City does not believe the dissolution bill changes the pledged nature of the former tax increment and considers all deposits related to 2003 tax allocation refunding bonds to the RPTTF pledge for debt service until the full debt service obligation for the fiscal year is reached. Pledged revenue recognized during the year was \$4.3 million against the total debt service payment of \$4.3 million. Principal payments ranging from \$1,625,000 to \$3,320,000 are due annually starting October 1, 2006 through the year 2022, and two lump sum payments of \$9,465,000 and \$8,375,000 due on October 1, 2024 and October 1, 2028 respectively. Interest is due semi-annually on October 1 and April 1, at rates ranging from 2.250% to 5.250%. Such bonds are subject to Federal arbitrage regulations; however, no liability is reported at June 30, 2013.

\$44,450,000

Unamortized bond premium

838,312

Total Tax allocation refunding bonds issue of 2003

\$45,288,312

Subordinate Note:

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

\$1,755,000

Agreements payable:

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

\$495,928

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

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.

27,666,667

On August 24, 2009, the former redevelopment agency for Community Development entered into an agreement with M. David Paul & Associates in the loan amount of \$2,320,000, in accordance with a purchase and sale agreement secured by deed of trust for the purchase of real property located on 12900 Euclid Street in Garden Grove. The loan has annual interest rate of 5% with interest payments of \$580,000 due annually until August 25, 2013. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the loan was transferred to the Successor Agency.

580,000

Total Agreements payable

\$28,742,595

- e. ***The scheduled annual requirements to amortize all governmental long-term debt outstanding as of June 30, 2013, including interest payments, are as follows.***

Year Ending June 30	2002 Certificates of Participation		
	Principal	Interest	Total
2014	\$ 580,000	\$ 970,627	\$ 1,550,627
2015	620,000	944,527	1,564,527
2016	645,000	915,387	1,560,387
2017	675,000	880,719	1,555,719
2018	715,000	844,438	1,559,438
2019-2023	4,195,000	3,588,863	7,783,863
2024-2028	5,475,000	2,306,175	7,781,175
2029-2032	5,505,000	722,881	6,227,881
Total	<u>\$ 18,410,000</u>	<u>\$ 11,173,617</u>	<u>\$ 29,583,617</u>

Year Ending June 30	Agreements Payable		
	Principal	Interest	Total
2014	\$ 1,073,352	\$ 278,350	\$ 1,351,702
2015	1,148,251	232,116	1,380,367
2016	1,223,404	180,980	1,404,384
2017	2,830,780	62,528	2,893,308
2018	46,094	2,309	48,403
2019	23,732	470	24,202
Total	<u>\$ 6,345,613</u>	<u>\$ 756,753</u>	<u>\$ 7,102,366</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

Year Ending June 30	Capital leases payable		
	Principal	Interest	Total
2014	\$ 554,393	\$ 51,383	\$ 605,776
2015	252,409	30,368	282,777
2016	178,739	21,670	200,409
2017	159,633	14,102	173,735
2018	97,953	8,584	106,537
2019-2020	128,783	4,389	133,172
Total	<u>\$ 1,371,910</u>	<u>\$ 130,496</u>	<u>\$ 1,502,406</u>

f. The scheduled annual requirements to amortize all proprietary long-term debt outstanding as of June 30, 2013, including interest payments, are as follows.

Year Ending June 30	2004 Water Utility Revenue Certificates of Participation		
	Principal	Interest	Total
2014	\$ 800,000	\$ 484,462	\$ 1,284,462
2015	830,000	449,787	1,279,787
2016	865,000	413,812	1,278,812
2017	900,000	377,950	1,277,950
2018	940,000	339,413	1,279,413
2019-2023	5,370,000	984,594	6,354,594
2024	1,165,000	29,125	1,194,125
Total	<u>\$ 10,870,000</u>	<u>\$ 3,079,143</u>	<u>\$ 13,949,143</u>

Year Ending June 30	2006 Sewage Collection Revenue Certificates of Participation		
	Principal	Interest	Total
2014	\$ 515,000	\$ 948,541	\$ 1,463,541
2015	535,000	927,941	1,462,941
2016	560,000	906,541	1,466,541
2017	580,000	884,141	1,464,141
2018	605,000	860,216	1,465,216
2019-2023	3,430,000	3,892,200	7,322,200
2024-2028	4,280,000	3,043,675	7,323,675
2029-2033	5,480,000	1,850,338	7,330,338
2034-2036	3,990,000	405,500	4,395,500
Total	<u>\$ 19,975,000</u>	<u>\$ 13,719,093</u>	<u>\$ 33,694,093</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

Year Ending June 30	2010 Water Revenue Bonds		
	Principal	Interest	Total
2014	\$ 575,000	\$ 802,263	\$ 1,377,263
2015	600,000	775,890	1,375,890
2016	625,000	751,390	1,376,390
2017	650,000	722,640	1,372,640
2018	685,000	696,115	1,381,115
2019-2023	3,860,000	2,999,518	6,859,518
2024-2028	4,825,000	1,852,938	6,677,938
2029-2031	3,380,000	328,598	3,708,598
Total	<u>\$ 15,200,000</u>	<u>\$ 8,929,352</u>	<u>\$ 24,129,352</u>

g. The scheduled annual requirements to amortize all the Successor Agency long-term debt outstanding as of June 30, 2013, including interest payments, are as follows.

Year Ending June 30	Tax Allocation Refunding Bonds Issue of 2003		
	Principal	Interest	Total
2014	\$ 2,105,000	\$ 2,232,756	\$ 4,337,756
2015	2,195,000	2,130,406	4,325,406
2016	2,310,000	2,012,150	4,322,150
2017	2,430,000	1,887,725	4,317,725
2018	2,560,000	1,755,138	4,315,138
2019-2023	15,010,000	6,504,525	21,514,525
2024-2028	9,465,000	2,552,950	12,017,950
2029	8,375,000	204,250	8,579,250
Total	<u>\$ 44,450,000</u>	<u>\$ 19,279,900</u>	<u>\$ 63,729,900</u>

Year Ending June 30	2008 Subordinate Note		
	Principal	Interest	Total
2014	\$ 75,000	\$ 103,050	\$ 178,050
2015	80,000	98,400	178,400
2016	85,000	93,450	178,450
2017	90,000	88,200	178,200
2018	95,000	82,650	177,650
2019-2023	570,000	318,000	888,000
2024-2028	760,000	119,100	879,100
Total	<u>\$ 1,755,000</u>	<u>\$ 902,850</u>	<u>\$ 2,657,850</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

Year Ending June 30	Agreements Payable		
	Principal	Interest	Total
2014	\$ 4,627,944	\$ 760,981	\$ 5,388,925
2015	4,052,180	627,744	4,679,924
2016	4,395,804	513,180	4,908,984
2017	4,000,000	391,667	4,391,667
2018	4,000,000	291,667	4,291,667
2019-2020	7,666,667	283,333	7,950,000
Total	<u>\$ 28,742,595</u>	<u>\$ 2,868,572</u>	<u>\$ 31,611,167</u>

8. Compensated absences

The City accounts for compensated absences (unpaid vacation, annual leave, administrative leave, compensated time off, and sick leave) in the Employee Benefit internal service fund. The balance for accrued compensated absences at June 30, 2013 is \$7,834,240.

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

Annual leave accrues for all fireman at 18 hours per month from date of hire through 1 year, 22 hours per month after 1 year, 24 hours per month after 4 years, 26 hours per month after 9 years, 28 hours per month after 14 years, 30 hours per month after 19 years, and 33 hours per month after 24 years. The maximum a fireman may accumulate is an amount equivalent to 2 full calendar years of service plus 72 hours. Accumulated vacation, annual leave benefits and comp time, payable in future years when used by City employees, totaled \$4,939,456 at June 30, 2013.

Sick leave is accumulated on the basis of 8 hours for each month of service beginning from the date of hire for all employee groups other than police and fire. The City has adopted a policy for payment of unused sick leave benefits at time of retirement. Employees can be paid 50% for all unused hours up to 1000, police employees 75% of up to 1,000 unused hours, and management employees 50% of all unused hours. Fire employees do not accumulate sick leave benefits since converting to the annual leave benefit. Studies have indicated that only 28 percent of all accumulated sick leave is actually used by employees, therefore, the sick leave liability is estimated at 28 percent of the total accumulated benefit, or \$2,894,784 at June 30, 2013.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Vacation, annual leave, benefits, and comp time	\$ 5,069,059	\$ 5,158,000	\$ (5,287,604)	\$ 4,939,455	\$ 3,951,564
Sick leave	2,580,899	3,548,063	(3,234,177)	2,894,785	2,315,828
	<u>\$ 7,649,958</u>	<u>\$ 8,706,063</u>	<u>\$ (8,521,781)</u>	<u>\$ 7,834,240</u>	<u>\$ 6,267,392</u>

9. Risk management

The City utilizes a program to self-insure for workers' compensation liability for the first \$1 million, per occurrence, for injury or occupational illness to City employees pursuant to Workers' Compensation Laws of the State of California. The City contracts with a third party who administers the program and acts as the representative of the City in claim hearings or

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013

litigation. Excess coverage is placed with a joint powers authority for losses from \$1 million up to \$150 million per occurrence. This self-insurance program is accounted for in the Workers' Compensation internal service fund. There is an estimated liability of \$15,908,000 for claims outstanding including claims incurred but not reported on June 30, 2013, which has been included as liabilities in the Workers' Compensation internal service fund.

The City also has a self-insured program for its tort and civil liabilities. The City is self-funded for the first \$2 million of each occurrence. Excess liability insurance is carried thereafter to \$10 million per occurrence with commercial insurers. Claims administration 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, 2013, in the amount of \$5,667,000 which has been included as liabilities in the Risk Management internal service fund.

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

Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there were no reductions in the City's insurance coverage during the year ended June 30, 2013. Nonincremental claims adjustment expenses have been included as part of the liability for claims and judgments. Changes in the aggregate liability for claims for fiscal year ended June 30, 2013 and June 30, 2012 are as follows:

<u>Workers' Compensation</u>	<u>2013</u>	<u>2012</u>
Liability, July 1	\$ 15,031,000	\$ 13,992,999
Costs and claims incurred	3,448,744	4,080,074
Claim payments	(2,571,744)	(3,042,073)
Liability, June 30	<u>\$ 15,908,000</u>	<u>\$ 15,031,000</u>
Due within one year	\$ 3,451,982	\$ 3,349,312
Due in more than one year	<u>12,456,018</u>	<u>11,681,688</u>
	<u>\$ 15,908,000</u>	<u>\$ 15,031,000</u>
 <u>Risk Management</u>		
Liability, July 1	\$ 5,786,000	\$ 6,715,617
Costs and claims incurred	231,902	767,795
Claim payments	(350,902)	(1,697,412)
Liability, June 30	<u>\$ 5,667,000</u>	<u>\$ 5,786,000</u>
Due within one year	\$ 1,141,491	\$ 1,444,422
Due in more than one year	<u>4,525,509</u>	<u>4,341,578</u>
	<u>\$ 5,667,000</u>	<u>\$ 5,786,000</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

10. Public Employees Retirement System

a. Plan description

The City of Garden Grove’s defined benefit pension plans, the Miscellaneous Plan of the City of Garden Grove and the Safety Plan of the City of Garden Grove, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan of the City of Garden Grove and the Safety Plan of the City of Garden Grove are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees’ Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS’ annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

b. Funding policy

Active plan members in the Miscellaneous Plan of the City are required to contribute 8% of their annual covered salary for a 2.5% at 55 retirement plan. Active plan members in the Safety Plan of the City are required to contribute 9% of their annual covered salary for a 3% at 50 retirement plan. To be eligible for CalPERS retirement, employees must be at least age 55 for the Miscellaneous Plan and age 50 for Safety Plan and have five years of service credit. Upon retirement, retirement benefits are calculated using a formula that includes using years of service credit at retirement age and final compensation. Final compensation is calculated from the highest average full-time monthly pay rate for a 1-year period. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members based on the Entry Age Normal Actuarial Cost Method. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administrations. The required employer contribution rate for fiscal year ended June 30, 2013 was 18.15% for miscellaneous employees and 33.87% for public safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

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

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability % of Payroll
<u>Miscellaneous Plan</u>						
2012	\$ 231,098,351	\$ 186,575,813	\$ 44,522,538	80.7%	\$ 26,848,493	165.8%
<u>Safety Plan</u>						
2012	\$ 387,791,595	\$ 301,757,326	\$ 86,034,269	77.8%	\$ 25,780,951	333.7%

The actuarial valuation for 6/30/2012 is the most recent valuation available.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

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

c. Annual pension cost

For the fiscal year ended June 30, 2013, the City of Garden Grove’s annual pension cost of \$13,289,182 for CalPERS was equal to the City’s required and actual contributions. The required contribution for fiscal year ended June 30, 2013 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.55% to 14.45% for miscellaneous members and from 3.55% to 13.15% for safety members. Both (a) and (b) include an inflation component of 3.00%. The actuarial assumptions used for the funded status are different from those used to determine the annual required contribution. The actuarial assumptions used for the funded status included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.30% to 14.20% for miscellaneous members and from 3.30% to 12.90% for safety members; and (c) 3.00% cost of living adjustment. Both (a) and (b) include an inflation component of 2.75%.

FYE	Annual Pension Cost		% of Annual Pension Cost Contribution	Net Pension Obligation
	Miscellaneous	Safety		
6/30/2011	\$ 3,723,192	\$ 7,037,328	100%	\$ -
6/30/2012	4,773,578	8,869,317	100%	-
6/30/2013	4,485,458	8,803,724	100%	-

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

11. Postemployment benefits

a. Plan Description

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

b. Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of 618 eligible active employees and 245 enrolled eligible retirees at June 30, 2013. These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

c. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected pay-as-you-go financing requirements effective January 1, 2007. The City's contribution rate was \$115.00 per month for each retiree. For the year ended June 30, 2013, the City contributed \$327,517 to the plan. Plan members receiving benefits contributed \$1,795,529 (approximately 85% of total premiums) through their required contribution.

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

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

	<u>June 30, 2013</u>
Annual required contribution	\$ 925,657
Interest on net OPEB obligation	135,860
Adjustment to annual required contribution	<u>(120,353)</u>
Annual OPEB cost (expense)	941,164
Contributions made	<u>(327,517)</u>
Increase in net OPEB obligation	613,647
Net OPEB Obligation, Beginning of Year	<u>2,717,204</u>
Net OPEB Obligation, End of Year	<u><u>\$ 3,330,851</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/11	\$ 883,991	35.6%	\$ 2,141,533
6/30/12	883,991	34.9%	2,717,204
6/30/13	941,164	34.8%	3,330,851

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

d. Funding Status and Progress

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability % of Payroll
3/1/2013	\$ 10,633,859	-	\$ 10,633,859	0.0%	\$ 6,528,958	162.9%

The actuarial valuation as of 3/1/2013 is the most recent actuarial valuation available.

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

e. Actuarial Methods and Assumptions

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

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

12. Non-committal debt:

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

Authority. These bonds are not reflected in the City's financial statements since the use and disposition of the bond proceeds are controlled by an outside trustee, rather than the City, and since neither the Housing Authority, nor the City, is, in any event, liable for the payment of the principal or interest on the bonds. The bonds were issued to provide funds for the cost of developing the Valley View Senior Village, a multifamily rental housing project in the City.

13. Commitments and contingencies

a. Grants

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

b. Claims

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

14. 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, 2013, fund balance for governmental funds are made up of the followings:

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

15. New Accounting Standards Implemented

Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, addresses service concession arrangements (SCAs), which are a type of public- private or public-public partnership. This statement requires disclosures about SCAs including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments.

GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34,*" modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. As of July 1, 2012, the City adopted this statement which did not have a significant impact to its financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and renames the resulting measure as net position rather than net assets. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. As of July 1, 2012, the City adopted the above GASB standards, which did not have a significant impact on its financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The statement also recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. As of July 1, 2012, the City adopted the provisions of GASB Statement No. 65 and restated the beginning net position of the governmental activities, business-type activities, and private-purpose trust fund in the amounts of \$256,834, \$669,806, and \$278,089 respectively, to write off unamortized bond issuance costs previously reported as an asset and bond issuance costs included in the unamortized loss on refunding previously reported as a contra liability. In addition, the remaining unamortized prepaid insurance costs and loss on refunding were reclassified to deferred outflows of resources.

16. Low Income Housing Loan Programs

The former Garden Grove Agency for Community Development and CDBG HOME other governmental fund provide down payment assistance to first time low or moderate income homebuyers and rental and home rehabilitation assistance to eligible low and moderate income persons. This financial assistance is provided in the form of deferred second mortgages, secured by promissory notes and deeds of trust on the property. These second mortgage loans become due upon the sale of the property or if the property no longer qualifies as the applicant's principal residence. These loans are interest-free for up to thirty years. There is an equity participation interest on some of the loans. The balance of these loans at June 30, 2013 totaled \$8,785 in HOME Grant special revenue fund, \$635,115 in the Low and Moderate Income Housing Assets capital projects fund and \$1,544,408 in the Other Grants and Contributions special revenue fund. Since the loans do not bear interest for at least thirty years, the present value of the loans is significantly less than the principal amounts. For this reason and because collection may be dependent on equity in the home when sold, the loans are not included as an asset. These loans are expensed when made and repayments are recorded as revenues in the year received.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

17. Joint Venture

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

18. Successor Agency Trust For Assets of Former Redevelopment Agency

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

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

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

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

The Bill directed the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. The State Controller review of asset transfers has been completed with no findings.

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

On August 3, 2012, the Successor Agency submitted their enforceable obligations in the ROPS covering enforceable obligations payable January 1, 2013 through June 30, 2013. Subsequently, the State has reviewed the ROPS and has approved the ROPS with the exception of certain items the State determined do not meet the definition of an enforceable obligation as noted in the Health and Safety Code. The DOF denied the site C Development and Disposition Agreement (DDA) in the amount of \$48.4 million.

On February 13, 2013, the Successor Agency submitted its Oversight Board approved Recognized Obligation Payment Schedule to the State Department of Finance for the period July 1, 2013 through December 31, 2013. Upon review, the State indicated that Low and Moderate Income Housing Monitoring did not qualify as an Enforceable Obligation. Additionally, the obligation to Coast Community College District for the lease of space was reclassified to be paid using the revenue generated from the Agency's sublease of the space rather than from the Redevelopment Property Tax Trust Fund. The City will continue to pay for

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013**

the low moderate income housing monitoring for revenue received from rental property and outstanding loans to developers.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. On May 15, 2013 the City received notice that the Department of Finance (DOF) issued the Finding of Completion for the City of Garden Grove Successor Agency. The Finding of Completion allows the Agency to place the loan agreements between the former Garden Grove Redevelopment Agency and the City of Garden Grove on the Recognized Obligation Payments Schedule (ROPS), as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes. The City plans to present these loan agreements to the oversight board in January 2014.

19. Subsequent Event

The City has evaluated subsequent events and transactions for potential recognition of disclosure through December 4, 2013, the date of the Comprehensive Annual Financial Report was issued.

This page is intentionally blank



Required Supplemental Information

**CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
June 30, 2013**

Actuarial Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability % of Payroll
<u>Miscellaneous Plan</u>						
2010	\$ 206,013,680	\$ 171,251,973	\$ 34,761,707	83.1%	\$ 27,751,566	125.3%
2011	220,262,133	179,342,749	40,919,384	81.4%	25,999,452	157.4%
2012	231,098,351	186,575,813	44,522,538	80.7%	26,848,493	165.8%
<u>Safety Plan</u>						
2010	350,374,623	278,146,251	72,228,372	79.4%	25,883,106	279.1%
2011	372,523,372	290,213,239	82,310,133	77.9%	25,796,337	319.1%
2012	387,791,595	301,757,326	86,034,269	77.8%	25,780,951	333.7%

**CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
POSTEMPLOYMENT BENEFITS
June 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
March 1, 2009	\$ -	\$ 8,860,567	\$ 8,860,567	0.0%	\$ 5,943,594	149.1%
March 1, 2011	-	10,272,641	10,272,641	0.0%	6,127,376	167.7%
March 1, 2013	-	10,633,859	10,633,859	0.0%	6,528,958	162.9%

**CITY OF GARDEN GROVE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ 67,503,000	\$ 67,503,000	\$ 74,316,362	\$ 6,813,362
Licenses and permits	809,000	809,000	1,095,981	286,981
Fines, forfeits and penalties	2,028,000	2,028,000	2,123,064	95,064
Investment earnings	1,555,000	1,555,000	1,538,269	(16,731)
Charges for current services	5,114,980	5,114,980	5,409,080	294,100
From other agencies	265,000	265,000	307,645	42,645
Other revenues	<u>3,684,000</u>	<u>3,684,000</u>	<u>2,279,296</u>	<u>(1,404,704)</u>
Total revenues	<u>80,958,980</u>	<u>80,958,980</u>	<u>87,069,697</u>	<u>6,110,717</u>
EXPENDITURES:				
Current:				
Fire	19,492,664	19,492,664	19,953,947	(461,283)
Police	43,760,348	43,760,348	44,069,860	(309,512)
Traffic safety	1,044,790	1,044,790	654,746	390,044
Public right of way	4,399,928	4,179,428	3,596,909	582,519
Community buildings	3,569,217	3,569,217	3,042,643	526,574
Community services	2,659,484	2,659,484	2,729,067	(69,583)
Parks and greenbelts	1,151,765	1,151,765	1,135,994	15,771
Community planning and development	4,912,647	4,912,647	3,434,384	1,478,263
Municipal support	6,711,389	6,711,389	6,589,998	121,391
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	234,206	454,706	75,722	378,984
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	2,408,379	2,533,013	(124,634)
Municipal support	-	-	-	-
Debt service:				
Principal retirement	899,868	950,416	1,028,580	(78,164)
Interest and other charges	<u>1,053,287</u>	<u>1,160,712</u>	<u>1,181,161</u>	<u>(20,449)</u>
Total expenditures	<u>89,889,593</u>	<u>92,455,945</u>	<u>90,026,024</u>	<u>2,429,921</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,930,613)</u>	<u>(11,496,965)</u>	<u>(2,956,327)</u>	<u>8,540,638</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	808,575	808,575
Transfers out	-	-	(175,402)	175,402
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>633,173</u>	<u>983,977</u>
Net change in fund balance	(8,930,613)	(11,496,965)	(2,323,154)	9,524,615
Fund balance, beginning of year	<u>34,785,401</u>	<u>34,785,401</u>	<u>34,785,401</u>	<u>-</u>
Fund balance, end of year	<u>\$ 25,854,788</u>	<u>\$ 23,288,436</u>	<u>\$ 32,462,247</u>	<u>\$ 9,524,615</u>

See accompanying note to required supplementary information.

**CITY OF GARDEN GROVE
HOME GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	1,813	1,813
Charges for current services	-	-	-	-
From other agencies	546,942	546,942	52,651	(494,291)
Other revenues	-	-	124,191	124,191
Total revenues	<u>546,942</u>	<u>546,942</u>	<u>178,655</u>	<u>(368,287)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	2,557,503	2,612,079	52,651	2,559,428
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>2,557,503</u>	<u>2,612,079</u>	<u>52,651</u>	<u>2,559,428</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,010,561)</u>	<u>(2,065,137)</u>	<u>126,004</u>	<u>2,191,141</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,010,561)	(2,065,137)	126,004	2,191,141
Fund balances, beginning of year	<u>270,698</u>	<u>270,698</u>	<u>270,698</u>	<u>-</u>
Fund balances, end of year	<u>\$ (1,739,863)</u>	<u>\$ (1,794,439)</u>	<u>\$ 396,702</u>	<u>\$ 2,191,141</u>

CITY OF GARDEN GROVE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

The City budget report is prepared under the direction of the City Manager in accordance with generally accepted accounting principles (GAAP) and the requirements of Municipal Code Section 2.08.150. Annual budgets are legally adopted for the general fund, debt service funds, special revenue funds, and capital projects funds. These funds are budgeted based on the modified accrual basis of accounting and include proposed expenditures and an amendments to total appropriations which may be required during the year. Revenues are budgeted by source, and expenditures are budgeted based by program.

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions which alter the total appropriations of any fund must be approved by City Council.

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

This page is intentionally blank

SPECIAL REVENUE FUNDS

Public Safety Fund

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

State Gas Tax Fund

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

Golf Course Fund

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

Self Supporting Revenue Fund

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

Developer Fees Fund

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

Garden Grove Cable Fund

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

Street Lighting Fund

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

Park Maintenance

The purpose of this fund is to provide an accounting for the maintenance of parks within the City. Revenues for this fund are received from property taxes collected by the County of Orange.

Main Street District Fund

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

Air Quality Improvement Fund

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

Garden Grove Tourism Improvement District

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

SPECIAL REVENUE FUNDS (continued)

Other Grants and Contributions Fund

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

Street Rehabilitation Fund

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

CAPITAL PROJECTS FUND

Low and Moderate Income Housing Assets Fund

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

Housing Authority Assets Fund

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



Other Supplemental Information

This page is intentionally blank

**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Special Revenue Funds			
	Public Safety	State Gas Tax	Golf Course	Self Supporting Revenue
ASSETS				
Cash and investments	\$ 2,675,811	\$ 5,656,083	\$ 743,626	\$ 62,094
Taxes receivable	-	-	-	-
Accounts receivable	78,539	340,114	1,774	1,574
Interest receivable	7,211	18,945	-	-
Intergovernmental receivable	183,172	-	-	-
Interfund receivable	-	-	-	-
Notes receivable	-	-	-	-
Allowance	-	-	-	-
Land held for resale	-	-	-	-
Total assets	<u>\$ 2,944,733</u>	<u>6,015,142</u>	<u>745,400</u>	<u>63,668</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 150,050	\$ 58,373	\$ -	\$ 7,650
Other accrued liabilities	1,741	197,628	858	11,705
Refundable deposits	-	-	-	44,313
Due to other funds	-	100,459	-	-
Total liabilities	<u>151,791</u>	<u>356,460</u>	<u>858</u>	<u>63,668</u>
Deferred inflows of resources:				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted				
Police	2,792,942	-	-	-
Public Right of Way	-	5,658,682	-	-
Drainage	-	-	-	-
Community Services	-	-	-	-
Community Neighborhood	-	-	744,542	-
Municipal Support & Services	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>2,792,942</u>	<u>5,658,682</u>	<u>744,542</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,944,733</u>	<u>\$ 6,015,142</u>	<u>\$ 745,400</u>	<u>\$ 63,668</u>

Special Revenue Funds

<u>Developer Fees</u>	<u>Garden Grove Cable</u>	<u>Street Lighting</u>	<u>Park Maintenance</u>	<u>Main Street District</u>	<u>Air Quality Improvement</u>
\$ 6,057,773	\$ -	\$ -	\$ -	\$ 168,208	\$ 183,154
-	-	12,676	6,241	249	-
-	23,000	2,988	-	-	4,797
22,055	-	-	-	598	471
-	-	-	-	-	53,600
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,079,828</u>	<u>23,000</u>	<u>15,664</u>	<u>6,241</u>	<u>169,055</u>	<u>242,022</u>
\$ 39,504	\$ 16	\$ 10,223	\$ 3,730	\$ 1,050	\$ 252
3,314	2,028	1,731	327	-	-
-	-	-	-	-	-
-	68,801	22,400	2,029	-	-
<u>42,818</u>	<u>70,845</u>	<u>34,354</u>	<u>6,086</u>	<u>1,050</u>	<u>252</u>
-	-	-	-	-	-
-	-	-	-	-	-
179,224	-	-	-	-	-
453,289	-	-	-	-	-
-	-	-	-	-	-
5,404,497	-	-	155	168,005	-
-	-	-	-	-	241,770
-	(47,845)	(18,690)	-	-	-
<u>6,037,010</u>	<u>(47,845)</u>	<u>(18,690)</u>	<u>155</u>	<u>168,005</u>	<u>241,770</u>
<u>\$ 6,079,828</u>	<u>\$ 23,000</u>	<u>\$ 15,664</u>	<u>\$ 6,241</u>	<u>\$ 169,055</u>	<u>\$ 242,022</u>

Continued

**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2013**

	Special Revenue Funds		
	GG Tourism Improvement District	Other Grants and Contributions	Street Rehabilitation
ASSETS			
Cash and investments	\$ 655,044	\$ 1,346,851	\$ 2,505,328
Taxes receivable	-	-	-
Accounts receivable	196,139	338,850	-
Interest receivable	2,882	881	9,684
Intergovernmental receivable	-	460,443	1,174,257
Interfund receivable	-	-	-
Notes receivable	-	1,824,034	-
Allowance for note receivable	-	-	-
Land held for resale	-	-	-
Total assets	854,065	3,971,059	3,689,269
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 471,089	\$ 132,404	\$ 33,733
Other accrued liabilities	-	3,406	54,309
Refundable deposits	-	1,379	-
Due to other funds	-	1,101,448	795,835
Total liabilities	471,089	1,238,637	883,877
Deferred inflows of resources:			
Unavailable revenue	-	2,082,326	210,502
Fund balances:			
Restricted			
Police	-	-	-
Public Right of Way	-	-	2,594,890
Drainage	-	-	-
Community Services	-	650,096	-
Community Neighborhood	382,976	-	-
Municipal Support & Services	-	-	-
Unassigned	-	-	-
Total fund balances	382,976	650,096	2,594,890
Total liabilities, deferred inflows of resources, and fund balances	\$ 854,065	\$ 3,971,059	\$ 3,689,269

Capital Projects Funds			Total Nonmajor Governmental Funds
Low and Moderate Income Housing Assets	Housing Authority Assets		
\$ 191,355	\$ 47,398	\$ 20,292,725	
-	-	19,166	
-	19,598	1,007,373	
700	127	63,554	
976	-	1,872,448	
13,729,748	-	13,729,748	
2,480,947	-	4,304,981	
(13,759,748)	-	(13,759,748)	
4,852,252	-	4,852,252	
<u>7,496,230</u>	<u>67,123</u>	<u>32,382,499</u>	
\$ 80	\$ 6,470	\$ 914,624	
2,518	-	279,565	
-	-	45,692	
-	-	2,090,972	
<u>2,598</u>	<u>6,470</u>	<u>3,330,853</u>	
<u>2,450,947</u>	<u>-</u>	<u>4,743,775</u>	
-	-	2,792,942	
-	-	8,432,796	
-	-	453,289	
-	-	650,096	
5,042,685	60,653	11,803,513	
-	-	241,770	
-	-	(66,535)	
<u>5,042,685</u>	<u>60,653</u>	<u>24,307,871</u>	
<u>\$ 7,496,230</u>	<u>\$ 67,123</u>	<u>\$ 32,382,499</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, 2013**

	Special Revenue Funds			
	Public Safety	State Gas Tax	Golf Course	Self Supporting Revenue
REVENUES:				
Taxes	\$ 607,915	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	73,786	-	-	-
Investment earnings	15,046	22,632	33,910	-
Charges for current services	94,050	-	494,606	634,716
From other agencies	396,264	3,937,138	-	-
Other revenues	-	5,302	-	4,353
Total revenues	<u>1,187,061</u>	<u>3,965,072</u>	<u>528,516</u>	<u>639,069</u>
EXPENDITURES:				
Current:				
Fire	255,257	-	-	-
Police	695,766	-	-	-
Traffic safety	-	226,546	-	-
Public right of way	-	1,841,795	-	-
Community buildings	-	-	-	-
Community services	-	-	-	814,471
Parks and greenbelts	-	-	51,338	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	2,979,499	-	-
Drainage	-	3,176	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>951,023</u>	<u>5,051,016</u>	<u>51,338</u>	<u>814,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>236,038</u>	<u>(1,085,944)</u>	<u>477,178</u>	<u>(175,402)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	255,098	-	175,402
Transfers out	-	-	(600,000)	-
Total other financing sources (uses)	<u>-</u>	<u>255,098</u>	<u>(600,000)</u>	<u>175,402</u>
Net change in fund balances	236,038	(830,846)	(122,822)	-
Fund balances, beginning of year	<u>2,556,904</u>	<u>6,489,528</u>	<u>867,364</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 2,792,942</u></u>	<u><u>\$ 5,658,682</u></u>	<u><u>\$ 744,542</u></u>	<u><u>\$ -</u></u>

Special Revenue Funds

<u>Developer Fees</u>	<u>Garden Grove Cable</u>	<u>Street Lighting</u>	<u>Park Maintenance</u>	<u>Main Street District</u>	<u>Air Quality Improvement</u>
\$ -	\$ 11,272	\$ 13	\$ -	\$ -	\$ -
32,525	-	-	-	-	-
-	-	-	-	-	-
31,265	-	147	15	873	1,207
1,370,327	-	1,349,360	705,620	26,676	-
-	-	-	-	-	207,335
-	87,491	-	7,500	8,000	4,541
<u>1,434,117</u>	<u>98,763</u>	<u>1,349,520</u>	<u>713,135</u>	<u>35,549</u>	<u>213,083</u>
-	-	-	-	-	-
-	-	1,309,170	-	-	-
-	-	40,564	-	43,205	-
-	-	-	-	-	-
76,885	84,003	-	-	-	-
22,250	-	-	717,046	-	-
25,458	-	-	-	-	11,826
-	-	18,530	-	-	188,087
-	-	-	-	-	-
-	-	-	-	-	-
54,283	-	-	-	-	-
-	-	-	-	-	-
38,647	-	-	-	-	-
-	20,998	-	-	-	-
459,074	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>676,597</u>	<u>105,001</u>	<u>1,368,264</u>	<u>717,046</u>	<u>43,205</u>	<u>199,913</u>
<u>757,520</u>	<u>(6,238)</u>	<u>(18,744)</u>	<u>(3,911)</u>	<u>(7,656)</u>	<u>13,170</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
757,520	(6,238)	(18,744)	(3,911)	(7,656)	13,170
<u>5,279,490</u>	<u>(41,607)</u>	<u>54</u>	<u>4,066</u>	<u>175,661</u>	<u>228,600</u>
<u>\$ 6,037,010</u>	<u>\$ (47,845)</u>	<u>\$ (18,690)</u>	<u>\$ 155</u>	<u>\$ 168,005</u>	<u>\$ 241,770</u>

Continued

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Special Revenue Funds		
	GG Tourism Improvement District	Other Grants and Contributions	Street Rehabilitation
REVENUES:			
Taxes	\$ 2,295,054	\$ -	\$ -
Licenses and permits	-	-	-
Fines, forfeits and penalties	-	763,047	-
Investment earnings	5,047	2,120	14,565
Charges for current services	-	-	-
From other agencies	-	5,587,036	2,835,883
Other revenues	-	141,134	-
Total revenues	<u>2,300,101</u>	<u>6,493,337</u>	<u>2,850,448</u>
EXPENDITURES:			
Current:			
Fire	-	237,861	-
Police	-	712,808	-
Traffic safety	-	398,501	-
Public right of way	-	122,876	85,261
Community buildings	-	30,163	-
Community services	-	571,065	177,951
Parks and greenbelts	-	-	-
Community planning and development	2,602,337	1,305,801	-
Municipal support	-	-	-
Capital outlay:			
Police	-	69,418	-
Traffic safety	-	-	27,801
Public right of way	-	-	3,993,948
Drainage	-	-	110,916
Community buildings	-	-	-
Community services	-	-	-
Parks and greenbelts	-	-	-
Debt service:			
Principal retirement	-	910,000	-
Interest and other charges	-	202,307	-
Total expenditures	<u>2,602,337</u>	<u>4,560,800</u>	<u>4,395,877</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(302,236)</u>	<u>1,932,537</u>	<u>(1,545,429)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	<u>(90,000)</u>	<u>(18,575)</u>	<u>(255,098)</u>
Total other financing sources (uses)	<u>(90,000)</u>	<u>(18,575)</u>	<u>(255,098)</u>
Net change in fund balances	(392,236)	1,913,962	(1,800,527)
Fund balances, beginning of year	<u>775,212</u>	<u>(1,263,866)</u>	<u>4,395,417</u>
Fund balances, end of year	<u>\$ 382,976</u>	<u>\$ 650,096</u>	<u>\$ 2,594,890</u>

Capital Projects Funds		Total Nonmajor Governmental Funds
Low and Moderate Income Housing Assets	Housing Authority Assets	
\$ -	\$ -	\$ 2,914,254
-	-	32,525
-	-	836,833
122,831	10,556	260,214
-	-	4,675,355
-	-	12,963,656
<u>613,051</u>	<u>56,809</u>	<u>928,181</u>
<u>735,882</u>	<u>67,365</u>	<u>22,611,018</u>
-	-	493,118
-	-	1,408,574
-	6,250	1,940,467
-	-	2,133,701
9,582	-	39,745
-	-	1,724,375
-	-	790,634
136,970	191,401	4,273,793
221	-	206,838
-	-	69,418
-	-	27,801
-	-	7,027,730
-	-	114,092
-	-	38,647
-	-	20,998
-	-	459,074
-	-	910,000
-	-	202,307
<u>146,773</u>	<u>197,651</u>	<u>21,881,312</u>
<u>589,109</u>	<u>(130,286)</u>	<u>729,706</u>
-	-	430,500
-	-	(963,673)
-	-	(533,173)
589,109	(130,286)	196,533
<u>4,453,576</u>	<u>190,939</u>	<u>24,111,338</u>
<u>\$ 5,042,685</u>	<u>\$ 60,653</u>	<u>\$ 24,307,871</u>

**CITY OF GARDEN GROVE
PUBLIC SAFETY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ 490,000	\$ 490,000	\$ 607,915	\$ 117,915
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	20,000	20,000	73,786	53,786
Investment earnings	-	-	15,046	15,046
Charges for current services	50,000	50,000	94,050	44,050
From other agencies	596,627	596,627	396,264	(200,363)
Other revenues	-	-	-	-
Total revenues	<u>1,156,627</u>	<u>1,156,627</u>	<u>1,187,061</u>	<u>30,434</u>
EXPENDITURES:				
Current:				
Fire	257,097	470,752	255,257	215,495
Police	1,833,416	1,753,416	695,766	1,057,650
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	132,200	(1,455)	-	(1,455)
Police	199,571	199,571	-	199,571
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>2,422,285</u>	<u>2,422,284</u>	<u>951,023</u>	<u>1,471,261</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,265,657)</u>	<u>(1,265,657)</u>	<u>236,038</u>	<u>1,501,695</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,265,657)	(1,265,657)	236,038	1,501,695
Fund balance, beginning of year	<u>2,556,904</u>	<u>2,556,904</u>	<u>2,556,904</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,291,247</u>	<u>\$ 1,291,247</u>	<u>\$ 2,792,942</u>	<u>\$ 1,501,695</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, 2013**

	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	-	-	22,632	22,632
Charges for current services	-	-	-	-
From other agencies	2,400,000	4,900,000	3,937,138	(962,862)
Other revenues	-	-	5,302	5,302
Total revenues	<u>2,400,000</u>	<u>4,900,000</u>	<u>3,965,072</u>	<u>(934,928)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	300,460	327,888	226,546	101,342
Public right of way	1,507,198	1,832,505	1,841,795	(9,290)
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	3,427	1,595	-	1,595
Public right of way	2,877,088	7,715,809	2,979,499	4,736,310
Drainage	3,029,125	139,502	3,176	136,326
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>7,717,298</u>	<u>10,017,299</u>	<u>5,051,016</u>	<u>4,966,283</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,317,298)</u>	<u>(5,117,299)</u>	<u>(1,085,944)</u>	<u>4,031,355</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	255,098	255,098
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>255,098</u>	<u>255,098</u>
Net change in fund balance	(5,317,298)	(5,117,299)	(830,846)	4,286,453
Fund balance, beginning of year	<u>6,489,528</u>	<u>6,489,528</u>	<u>6,489,528</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,172,230</u>	<u>\$ 1,372,229</u>	<u>\$ 5,658,682</u>	<u>\$ 4,286,453</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, 2013**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	33,910	33,910
Charges for current services	550,000	550,000	494,606	(55,394)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>550,000</u>	<u>550,000</u>	<u>528,516</u>	<u>(21,484)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	69,297	69,297	51,338	17,959
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>69,297</u>	<u>69,297</u>	<u>51,338</u>	<u>17,959</u>
Excess (deficiency) of revenues over (under) expenditures	<u>480,703</u>	<u>480,703</u>	<u>477,178</u>	<u>(3,525)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(600,000)	600,000
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(600,000)</u>	<u>600,000</u>
Net change in fund balance	480,703	480,703	(122,822)	596,475
Fund balance, beginning of year	<u>867,364</u>	<u>867,364</u>	<u>867,364</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,348,067</u>	<u>\$ 1,348,067</u>	<u>\$ 744,542</u>	<u>\$ 596,475</u>

**CITY OF GARDEN GROVE
 SELF SUPPORTING REVENUE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	593,000	593,000	634,716	41,716
From other agencies	-	-	-	-
Other revenues	7,000	7,000	4,353	(2,647)
Total revenues	<u>600,000</u>	<u>600,000</u>	<u>639,069</u>	<u>39,069</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	879,762	879,762	814,471	65,291
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>879,762</u>	<u>879,762</u>	<u>814,471</u>	<u>65,291</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(279,762)</u>	<u>(279,762)</u>	<u>(175,402)</u>	<u>104,360</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	175,402	175,402
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>175,402</u>	<u>175,402</u>
Net change in fund balance	(279,762)	(279,762)	-	279,762
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ (279,762)</u>	<u>\$ (279,762)</u>	<u>\$ -</u>	<u>\$ 279,762</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, 2013**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	32,000	32,525	525
Fines, forfeits and penalties	32,000	-	-	-
Investment earnings	-	13,000	31,265	18,265
Charges for current services	13,000	430,000	1,370,327	940,327
From other agencies	430,000	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>475,000</u>	<u>475,000</u>	<u>1,434,117</u>	<u>959,117</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	91,195	91,195	76,885	14,310
Parks and greenbelts	56,633	56,633	22,250	34,383
Community planning and development	156,144.69	156,145	25,458	130,687
Municipal support	25,000.00	25,000	-	25,000
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	133,316	133,316.00	54,283.00	79,033
Drainage	100,000	100,000.00	-	100,000
Community buildings	-	-	38,647.00	(38,647)
Community services	20,500	20,500.00	-	20,500
Parks and greenbelts	1,051,962	1,051,962.00	459,074.00	592,888
Community planning and development	48,000	48,000.00	-	48,000
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>1,682,751</u>	<u>1,682,751</u>	<u>676,597</u>	<u>1,006,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,207,751)</u>	<u>(1,207,751)</u>	<u>757,520</u>	<u>1,965,271</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,207,751)	(1,207,751)	757,520	1,965,271
Fund balances, beginning of year	<u>5,279,490</u>	<u>5,279,490</u>	<u>5,279,490</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,071,739</u>	<u>\$ 4,071,739</u>	<u>\$ 6,037,010</u>	<u>\$ 1,965,271</u>

**CITY OF GARDEN GROVE
GARDEN GROVE CABLE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ 11,272	\$ 11,272
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	105,001	105,001	87,491	(17,510)
Total revenues	<u>105,001</u>	<u>105,001</u>	<u>98,763</u>	<u>(6,238)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	105,001	105,001	84,003	20,998
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	20,998	(20,998)
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>105,001</u>	<u>105,001</u>	<u>105,001</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(6,238)</u>	<u>(6,238)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(6,238)	(6,238)
Fund deficit, beginning of year	<u>(41,607)</u>	<u>(41,607)</u>	<u>(41,607)</u>	<u>-</u>
Fund deficit, end of year	<u>\$ (41,607)</u>	<u>\$ (41,607)</u>	<u>\$ (47,845)</u>	<u>\$ (6,238)</u>

**CITY OF GARDEN GROVE
STREET LIGHTING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ 13	\$ 13
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	147	147
Charges for current services	1,321,361	1,321,361	1,349,360	27,999
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>1,321,361</u>	<u>1,321,361</u>	<u>1,349,520</u>	<u>28,159</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	1,277,111	1,277,111	1,309,170	(32,059)
Public right of way	28,060	28,060	40,564	(12,504)
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	16,244	16,244	18,530	(2,286)
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>1,321,415</u>	<u>1,321,415</u>	<u>1,368,264</u>	<u>(46,849)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(54)</u>	<u>(54)</u>	<u>(18,744)</u>	<u>(18,690)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(54)	(54)	(18,744)	(18,690)
Fund balance, beginning of year	<u>54</u>	<u>54</u>	<u>54</u>	<u>-</u>
Fund deficit, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,690)</u>	<u>\$ (18,690)</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, 2013**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	15	15
Charges for current services	700,000	712,979	705,620	(7,359)
From other agencies	-	-	-	-
Other revenues	-	-	7,500	7,500
Total revenues	<u>700,000</u>	<u>712,979</u>	<u>713,135</u>	<u>156</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	700,000	717,046	717,046	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>700,000</u>	<u>717,046</u>	<u>717,046</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(4,067)</u>	<u>(3,911)</u>	<u>156</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(4,067)	(3,911)	156
Fund balance, beginning of year	<u>4,066</u>	<u>4,066</u>	<u>4,066</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,066</u>	<u>\$ (1)</u>	<u>\$ 155</u>	<u>\$ 156</u>

**CITY OF GARDEN GROVE
MAIN STREET DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	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	-	-	873	873
Charges for current services	27,200	27,200	26,676	(524)
From other agencies	-	-	-	-
Other revenues	-	-	8,000	8,000
Total revenues	<u>27,200</u>	<u>27,200</u>	<u>35,549</u>	<u>8,349</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	136,450	136,450	43,205	93,245
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	10,000	10,000	-	10,000
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>146,450</u>	<u>146,450</u>	<u>43,205</u>	<u>103,245</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(119,250)</u>	<u>(119,250)</u>	<u>(7,656)</u>	<u>111,594</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(119,250)	(119,250)	(7,656)	111,594
Fund balance, beginning of year	<u>175,661</u>	<u>175,661</u>	<u>175,661</u>	<u>-</u>
Fund balance, end of year	<u>\$ 56,411</u>	<u>\$ 56,411</u>	<u>\$ 168,005</u>	<u>\$ 111,594</u>

**CITY OF GARDEN GROVE
AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	1,207	1,207
Charges for current services	-	-	-	-
From other agencies	364,972	364,972	207,335	(157,637)
Other revenues	-	-	4,541	4,541
Total revenues	<u>364,972</u>	<u>364,972</u>	<u>213,083</u>	<u>(151,889)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	73,357	73,357	11,826	61,531
Municipal support	291,628	291,628	188,087	103,541
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>364,985</u>	<u>364,985</u>	<u>199,913</u>	<u>165,072</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13)</u>	<u>(13)</u>	<u>13,170</u>	<u>13,183</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(13)	(13)	13,170	13,183
Fund balance, beginning of year	<u>228,600</u>	<u>228,600</u>	<u>228,600</u>	<u>-</u>
Fund balance, end of year	<u>\$ 228,587</u>	<u>\$ 228,587</u>	<u>\$ 241,770</u>	<u>\$ 13,183</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, 2013

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ 2,190,000	\$ 2,190,000	\$ 2,295,054	\$ 105,054
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	5,047	5,047
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>2,190,000</u>	<u>2,190,000</u>	<u>2,300,101</u>	<u>110,101</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	2,500,000	2,500,000	2,602,337	(102,337)
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,602,337</u>	<u>(102,337)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(310,000)</u>	<u>(310,000)</u>	<u>(302,236)</u>	<u>7,764</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(90,000)	90,000
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>90,000</u>
Net change in fund balance	(310,000)	(310,000)	(392,236)	97,764
Fund balance, beginning of year	<u>775,212</u>	<u>775,212</u>	<u>775,212</u>	<u>-</u>
Fund balance, end of year	<u>\$ 465,212</u>	<u>\$ 465,212</u>	<u>\$ 382,976</u>	<u>\$ 97,764</u>

**CITY OF GARDEN GROVE
OTHER GRANTS AND CONTRIBUTIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	750,000	750,000	763,047	13,047
Investment earnings	-	-	2,120	2,120
Charges for current services	-	-	-	-
From other agencies	11,938,200	9,525,225	5,587,036	(3,938,189)
Other revenues	<u>2,392</u>	<u>2,392</u>	<u>141,134</u>	<u>138,742</u>
Total revenues	<u>12,690,593</u>	<u>10,277,617</u>	<u>6,493,337</u>	<u>(3,784,280)</u>
EXPENDITURES:				
Current:				
Fire	8,041	137,017	237,861	(100,844)
Police	1,355,881	1,935,942	712,808	1,223,134
Traffic safety	895,244	867,816	398,501	469,315
Public right of way	486,970	164,500	122,876	41,624
Drainage	-	-	-	-
Community buildings	-	20,328	30,163	(9,835)
Community services	20,328	978,028	571,065	406,963
Parks and greenbelts	891,003	-	-	-
Community planning and development	-	2,855,350	1,305,801	1,549,549
Municipal support	2,947,824	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	69,418	(69,418)
Traffic safety	-	-	-	-
Public right of way	3,242,343.00	1,342,343	-	1,342,343
Drainage	3,032,265	2,985,000	-	2,985,000
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	425,449	390,111	-	390,111
Community planning and development	96,714	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	910,000	(910,000)
Interest and other charges	-	-	202,307	(202,307)
Total expenditures	<u>13,402,062</u>	<u>11,676,435</u>	<u>4,560,800</u>	<u>7,115,635</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(711,470)</u>	<u>(1,398,818)</u>	<u>1,932,537</u>	<u>3,331,355</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(18,575)	18,575
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(18,575)</u>	<u>18,575</u>
Net change in fund balances	(711,470)	(1,398,818)	1,913,962	3,349,930
Fund deficit, beginning of year	<u>(1,263,866)</u>	<u>(1,263,866)</u>	<u>(1,263,866)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (1,975,336)</u>	<u>\$ (2,662,684)</u>	<u>\$ 650,096</u>	<u>\$ 3,349,930</u>

**CITY OF GARDEN GROVE
STREET REHABILITATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	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	-	-	14,565	14,565
Charges for current services	-	-	-	-
From other agencies	10,390,461	10,390,461	2,835,883	(7,554,578)
Other revenues	-	-	-	-
Total revenues	<u>10,390,461</u>	<u>10,390,461</u>	<u>2,850,448</u>	<u>(7,540,013)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	17,633	17,633	85,261	(67,628)
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	177,951	(177,951)
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	717,127	213,173	27,801	185,372
Public right of way	12,836,650	12,959,968	3,993,948	8,966,020
Drainage	-	110,916	110,916	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>13,571,410</u>	<u>13,301,690</u>	<u>4,395,877</u>	<u>8,905,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,180,949)</u>	<u>(2,911,229)</u>	<u>(1,545,429)</u>	<u>1,365,800</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(255,098)	255,098
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(255,098)</u>	<u>255,098</u>
Net change in fund balance	(3,180,949)	(2,911,229)	(1,800,527)	1,620,898
Fund balance, beginning of year	<u>4,395,417</u>	<u>4,395,417</u>	<u>4,395,417</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,214,468</u>	<u>\$ 1,484,188</u>	<u>\$ 2,594,890</u>	<u>\$ 1,620,898</u>

CITY OF GARDEN GROVE
LOW AND MODERATE INCOME HOUSING ASSETS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	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	-	-	122,831	122,831
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	<u>200,000</u>	<u>200,000</u>	<u>613,051</u>	<u>413,051</u>
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>735,882</u>	<u>535,882</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	9,582	(9,582)
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	200,000	200,000	136,970	63,030
Municipal support	-	-	221	(221)
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>146,773</u>	<u>53,227</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>589,109</u>	<u>589,109</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	589,109	(589,109)
Fund balance, beginning of year	<u>4,453,576</u>	<u>4,453,576</u>	<u>4,453,576</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,453,576</u>	<u>\$ 4,453,576</u>	<u>\$ 5,042,685</u>	<u>\$ (589,109)</u>

**CITY OF GARDEN GROVE
HOUSING AUTHORITY ASSET CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	50,000	50,000	10,556	(39,444)
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	56,809	56,809
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>67,365</u>	<u>17,365</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	6,250	(6,250)
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	405,521	405,521	191,401	214,120
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>405,521</u>	<u>405,521</u>	<u>197,651</u>	<u>207,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(355,521)</u>	<u>(355,521)</u>	<u>(130,286)</u>	<u>225,235</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(355,521)	(355,521)	(130,286)	(225,235)
Fund balance, beginning of year	<u>190,939</u>	<u>190,939</u>	<u>190,939</u>	<u>-</u>
Fund balance, end of year	<u>\$ (164,582)</u>	<u>\$ (164,582)</u>	<u>\$ 60,653</u>	<u>\$ (225,235)</u>

INTERNAL SERVICE FUNDS

Workers' Compensation Fund

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

Fleet Management Fund

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

Employee Benefits Fund

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

Information Systems Fund

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

Warehouse Operations Fund

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

Telephone System Fund

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

Risk Management Fund

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

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013**

	Workers' Compensation	Fleet Management	Employee Benefits
ASSETS			
Current Assets:			
Cash and cash investments	\$ 36,931,671	\$ 19,609,037	\$ 14,927,735
Accounts receivable	-	39,183	130,833
Interest receivable	48,238	-	-
Due from other funds	2,090,972	-	-
Inventory	-	80,165	-
Prepaid Items	-	-	-
Total current assets	<u>39,070,881</u>	<u>19,728,385</u>	<u>15,058,568</u>
Noncurrent Assets:			
Deposits	-	-	32,100
Capital assets			
Depreciable buildings, property, and equipment, net	-	5,697,210	-
Total assets	<u>39,070,881</u>	<u>25,425,595</u>	<u>15,090,668</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	239,103	75,069	1,111,333
Accrued liabilities	16,729	16,249	-
Refundable deposits	-	1,520	-
Current portion of long term liabilities			
Capital leases	-	87,691	-
Accrued compensated absences	-	-	6,267,392
Claims payable	3,451,982	-	-
Total current liabilities	<u>3,707,814</u>	<u>180,529</u>	<u>7,378,725</u>
Noncurrent liabilities:			
Capital leases	-	-	-
Accrued compensated absences	-	-	1,566,848
Claims payable - actuarially determined	12,456,018	-	-
Total noncurrent liabilities	<u>12,456,018</u>	<u>-</u>	<u>1,566,848</u>
Total liabilities	<u>16,163,832</u>	<u>180,529</u>	<u>8,945,573</u>
NET POSITION			
Net investment in capital assets	-	5,609,519	-
Unrestricted	22,907,049	19,635,547	6,145,095
Total net position	<u>\$ 22,907,049</u>	<u>\$ 25,245,066</u>	<u>\$ 6,145,095</u>

Information Systems	Warehouse Operations	Telephone System	Risk Management	Total
\$ 2,893,183	\$ 304,674	\$ 1,847,446	\$ 25,970,510	\$ 102,484,256
1,568	-	2,500	-	174,084
10,113	-	-	92,393	150,744
-	-	-	-	2,090,972
-	506,117	-	-	586,282
-	-	-	11,444	11,444
<u>2,904,864</u>	<u>810,791</u>	<u>1,849,946</u>	<u>26,074,347</u>	<u>105,497,782</u>
-	-	-	-	32,100
<u>411,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,108,275</u>
<u>3,315,929</u>	<u>810,791</u>	<u>1,849,946</u>	<u>26,074,347</u>	<u>111,638,157</u>
16,874	89,681	-	74,866	1,606,926
24,352	2,496	1,915	6,578	68,319
-	-	-	-	1,520
79,881	-	-	-	167,572
-	-	-	-	6,267,392
-	-	-	1,141,491	4,593,473
<u>121,107</u>	<u>92,177</u>	<u>1,915</u>	<u>1,222,935</u>	<u>12,705,202</u>
232,412	-	-	-	232,412
-	-	-	-	1,566,848
-	-	-	4,525,509	16,981,527
<u>232,412</u>	<u>-</u>	<u>-</u>	<u>4,525,509</u>	<u>18,780,787</u>
<u>353,519</u>	<u>92,177</u>	<u>1,915</u>	<u>5,748,444</u>	<u>31,485,989</u>
178,653	-	-	-	5,788,172
<u>2,783,757</u>	<u>718,614</u>	<u>1,848,031</u>	<u>20,325,903</u>	<u>74,363,996</u>
<u>\$ 2,962,410</u>	<u>\$ 718,614</u>	<u>\$ 1,848,031</u>	<u>\$ 20,325,903</u>	<u>\$ 80,152,168</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Workers' Compensation</u>	<u>Fleet Management</u>	<u>Employee Benefits</u>
Operating revenues:			
Charges for services	\$ 4,607,414	\$ 7,087,208	\$ 28,916,194
Operating expenses:			
Salaries and wages	1,016,164	880,905	29,921,177
Contractual services	533,448	680,600	17,606
Liability claims	3,448,744	-	-
Materials and supplies	-	1,803,585	197,147
Depreciation	-	980,385	-
Total operating expenses	<u>4,998,356</u>	<u>4,345,475</u>	<u>30,135,930</u>
Operating income (loss)	<u>(390,942)</u>	<u>2,741,733</u>	<u>(1,219,736)</u>
Nonoperating revenues (expenses):			
Investment income	-	-	-
Gain (loss) on disposal of assets	-	34,039	-
Interest expense	-	(10,939)	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>23,100</u>	<u>-</u>
Income (loss) before transfers	(390,942)	2,764,833	(1,219,736)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(390,942)	2,764,833	(1,219,736)
Total net position, beginning of year	<u>23,297,991</u>	<u>22,480,233</u>	<u>7,364,831</u>
Total net position, end of year	<u>\$ 22,907,049</u>	<u>\$ 25,245,066</u>	<u>\$ 6,145,095</u>

Information Systems	Warehouse Operations	Telephone System	Risk Management	Total
\$ 2,125,957	\$ 234,926	\$ 600,913	\$ 1,705,560	\$ 45,278,172
1,270,375	116,418	72,387	355,136	33,632,562
161,703	36,865	420,024	1,326,080	3,176,326
-	-	-	231,902	3,680,646
254,600	336	-	2,825	2,258,493
104,784	-	-	-	1,085,169
<u>1,791,462</u>	<u>153,619</u>	<u>492,411</u>	<u>1,915,943</u>	<u>43,833,196</u>
334,495	81,307	108,502	(210,383)	1,444,976
16,170	-	-	145,006	161,176
-	-	-	-	34,039
<u>(14,563)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,502)</u>
1,607	-	-	145,006	169,713
336,102	81,307	108,502	(65,377)	1,614,689
-	-	-	(100,000)	(100,000)
336,102	81,307	108,502	(165,377)	1,514,689
<u>2,626,308</u>	<u>637,307</u>	<u>1,739,529</u>	<u>20,491,280</u>	<u>78,637,479</u>
<u>\$ 2,962,410</u>	<u>\$ 718,614</u>	<u>\$ 1,848,031</u>	<u>\$ 20,325,903</u>	<u>\$ 80,152,168</u>

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Workers'</u> <u>Compensation</u>	<u>Fleet</u> <u>Management</u>	<u>Employee</u> <u>Benefits</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from user departments	\$ 4,607,414	\$ 7,087,208	\$ 28,867,900
Payments to suppliers	(2,756,717)	(2,463,067)	481,764
Payments to employees	(1,047,590)	(880,728)	(29,736,895)
Net cash provided (used) by operating activities	<u>803,107</u>	<u>3,743,413</u>	<u>(387,231)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers to/ from other funds	<u>1,457,422</u>	-	-
Net cash provided (used) by non capital financing activities	<u>1,457,422</u>	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(402,442)	-
Payments on lease purchase agreement	-	(342,161)	-
Interest paid	-	(10,939)	-
Proceeds from disposal of capital assets	-	34,039	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(721,503)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	2,260,529	3,021,910	(387,231)
Cash and cash equivalents, July 1	<u>34,671,142</u>	<u>16,587,127</u>	<u>15,314,966</u>
Cash and cash equivalents, June 30	<u>\$ 36,931,671</u>	<u>\$ 19,609,037</u>	<u>\$ 14,927,735</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (390,942)	\$ 2,741,733	\$ (1,219,736)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	-	980,385	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	-	(48,294)
(Increase) decrease in inventory	50,555	(12,749)	-
(Increase) decrease in prepaid expense	147,026	-	-
Increase (decrease) in accounts payable	150,894	33,867	696,517
Increase (decrease) in compensated absences	-	-	184,282
Increase (decrease) in other accrued liabilities	(31,426)	177	-
Increase (decrease) in claims payable	877,000	-	-
Total adjustments	<u>1,194,049</u>	<u>1,001,680</u>	<u>832,505</u>
Net cash provided (used) by operating activities	<u>\$ 803,107</u>	<u>\$ 3,743,413</u>	<u>\$ (387,231)</u>

There were no noncash investing, capital, or financing activities for the year ended June 30, 2013.

Information Systems	Warehouse Operations	Telephone System	Risk Management	Total
\$ 2,125,957	\$ 234,926	\$ 600,913	\$ 1,818,625	\$ 45,342,943
(399,429)	(3,223)	(420,024)	(1,654,004)	(7,214,700)
<u>(1,276,696)</u>	<u>(116,831)</u>	<u>(72,082)</u>	<u>(355,017)</u>	<u>(33,485,839)</u>
449,832	114,872	108,807	(190,396)	4,642,404
-	-	-	(100,000)	1,357,422
-	-	-	(100,000)	1,357,422
-	-	-	-	(402,442)
(76,921)	-	-	-	(419,082)
(14,563)	-	-	-	(25,502)
-	-	-	-	34,039
<u>(91,484)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(812,987)</u>
17,571	-	-	172,669	190,240
<u>17,571</u>	<u>-</u>	<u>-</u>	<u>172,669</u>	<u>190,240</u>
375,919	114,872	108,807	(117,727)	5,377,079
<u>2,517,264</u>	<u>189,802</u>	<u>1,738,639</u>	<u>26,088,237</u>	<u>97,107,177</u>
<u>\$ 2,893,183</u>	<u>\$ 304,674</u>	<u>\$ 1,847,446</u>	<u>\$ 25,970,510</u>	<u>\$ 102,484,256</u>
\$ 334,495	\$ 81,307	\$ 108,502	\$ (210,383)	\$ 1,444,976
104,784	-	-	-	1,085,169
-	-	-	113,065	64,771
-	102,634	-	-	140,440
-	-	-	(3,487)	143,539
16,874	(68,656)	-	29,290	858,786
-	-	-	-	184,282
(6,321)	(413)	305	119	(37,559)
-	-	-	(119,000)	758,000
<u>115,337</u>	<u>33,565</u>	<u>305</u>	<u>19,987</u>	<u>3,197,428</u>
<u>\$ 449,832</u>	<u>\$ 114,872</u>	<u>\$ 108,807</u>	<u>\$ (190,396)</u>	<u>\$ 4,642,404</u>

This page is intentionally blank



Statistical Section

This page is intentionally blank

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

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	\$ 669,375	\$ 668,448	\$ 667,547	\$ 666,751
Restricted	40,237	42,863	48,109	52,214
Unrestricted	2,604	15,484	23,592	35,623
Total governmental activities net position	<u>712,216</u>	<u>726,795</u>	<u>739,248</u>	<u>754,588</u>
Business-type activities:				
Net investment in capital assets	\$ 59,287	\$ 60,506	\$ 66,085	\$ 64,996
Restricted	-	-	-	-
Unrestricted	3,872	2,603	4,256	14,855
Total business-type activities net position	<u>\$ 63,159</u>	<u>\$ 63,109</u>	<u>\$ 70,341</u>	<u>\$ 79,851</u>
Primary government:				
Net investment in capital assets	\$ 728,662	\$ 728,954	\$ 733,632	\$ 731,747
Restricted	40,237	42,863	48,109	52,214
Unrestricted	6,476	18,087	27,848	50,478
Total primary government net position	<u>\$ 775,375</u>	<u>\$ 789,904</u>	<u>\$ 809,589</u>	<u>\$ 834,439</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 662,476	\$ 661,323	\$ 553,141	\$ 560,993	\$ 643,306	\$ 643,095
79,980	68,985	94,568	97,634	29,976	22,114
13,004	22,510	129,445	129,866	119,190	123,504
<u>755,460</u>	<u>752,818</u>	<u>777,154</u>	<u>788,493</u>	<u>792,472</u>	<u>788,713</u>
\$ 65,581	\$ 75,932	\$ 85,079	\$ 88,713	\$ 89,607	\$ 97,657
-	-	-	-	-	-
26,444	25,543	28,226	45,395	36,861	39,457
<u>\$ 92,025</u>	<u>\$ 101,475</u>	<u>\$ 113,305</u>	<u>\$ 134,108</u>	<u>\$ 126,468</u>	<u>\$ 137,114</u>
\$ 728,057	\$ 737,255	\$ 638,220	\$ 649,706	\$ 732,913	\$ 740,752
79,980	68,985	94,568	97,634	29,976	22,114
39,448	48,053	157,671	175,261	156,051	162,961
<u>\$ 847,485</u>	<u>\$ 854,293</u>	<u>\$ 890,459</u>	<u>\$ 922,601</u>	<u>\$ 918,940</u>	<u>\$ 925,827</u>

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

Source: Finance Office, City of Garden Grove

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses:					
Governmental activities:					
Municipal support	\$ 5,224	\$ 6,967	\$ 7,700	\$ 6,678	\$ 8,405
Fire	14,048	16,288	18,152	17,465	19,778
Police	29,078	33,519	36,207	38,013	45,333
Traffic safety	2,500	2,309	2,956	3,264	3,273
Public right of way	12,419	13,910	14,677	15,073	13,989
Drainage	1,411	871	1,479	1,538	1,372
Community buildings	2,580	1,818	(288)	97	4,442
Community services	3,319	3,377	3,132	3,629	4,383
Parks and greenbelts	1,338	1,526	3,648	1,787	2,016
Community planning and development	36,715	40,820	47,611	42,847	46,061
Interest on long-term debt	8,018	5,585	6,730	6,854	7,768
Total governmental activities expenses	<u>116,650</u>	<u>126,990</u>	<u>142,004</u>	<u>137,245</u>	<u>156,820</u>
Business-type activities:					
Water	19,141	20,066	19,673	20,398	20,557
Housing authority	-	-	-	-	-
Sanitary District	9,576	10,010	11,482	11,188	13,295
Mobile home parks/RV park	1,483	1,498	1,965	2,079	2,339
Total business-type activities expenses	<u>30,200</u>	<u>31,574</u>	<u>33,120</u>	<u>33,665</u>	<u>36,191</u>
Total primary government expenses	<u>146,850</u>	<u>158,564</u>	<u>175,124</u>	<u>170,910</u>	<u>193,011</u>
Program revenues:					
Governmental activities:					
Charges for services:					
Municipal support	1,912	1,974	2,375	2,464	2,223
Fire	793	663	712	705	884
Police	2,958	3,144	3,509	3,100	3,564
Traffic safety	1,326	1,324	1,318	1,306	1,314
Public right of way	229	413	314	350	291
Drainage	-	-	-	-	90
Community services	884	923	841	855	849
Parks and greenbelts	1,406	1,372	1,424	1,457	1,394
Community planning and development	1,887	1,879	3,324	2,449	1,403
Operating grants and contributions	38,267	38,343	41,590	43,709	42,980
Capital grants and contributions	3,099	7,442	10,931	2,534	4,890
Total governmental activities program revenues	<u>52,761</u>	<u>57,477</u>	<u>66,338</u>	<u>58,929</u>	<u>59,882</u>
Business-type activities:					
Charges for services:					
Water	18,828	17,899	18,413	20,786	25,573
Sanitary District	10,238	10,311	12,563	16,941	16,445
Mobile home parks	1,975	2,063	2,761	2,699	3,033
Operating grants and contributions	526	595	732	538	804
Capital grants and contributions	356	300	5,317	754	-
Total business-type activities program revenues	<u>31,923</u>	<u>31,168</u>	<u>39,786</u>	<u>41,718</u>	<u>45,855</u>
Total primary government program revenues	<u>84,684</u>	<u>88,645</u>	<u>106,124</u>	<u>100,647</u>	<u>105,737</u>
Net revenues (expenses):					
Governmental activities	(63,889)	(69,513)	(75,666)	(78,316)	(96,938)
Business-type activities	1,723	(406)	6,666	8,053	9,664
Total net revenues (expenses)	<u>(62,166)</u>	<u>(69,919)</u>	<u>(69,000)</u>	<u>(70,263)</u>	<u>(87,274)</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
General revenue					
\$ 8,405	\$ 8,543	\$ 5,157	\$ 3,154	\$ 6,443	\$ 6,344
19,778	21,279	18,756	18,710	19,497	20,273
45,333	47,004	42,554	44,898	44,751	45,467
3,273	4,135	3,570	2,905	3,197	3,097
13,989	14,859	16,143	13,013	14,768	16,541
1,372	1,482	1,352	1,374	1,417	1,426
4,442	4,268	4,519	4,319	4,961	4,596
4,383	4,702	4,388	4,088	4,430	4,452
2,016	1,628	2,098	1,584	1,785	1,838
46,061	44,429	44,682	49,088	10,945	7,938
7,768	8,161	5,795	5,132	3,783	1,815
<u>156,820</u>	<u>160,490</u>	<u>149,016</u>	<u>148,265</u>	<u>115,977</u>	<u>113,787</u>
20,557	24,339	25,251	26,152	24,213	26,419
-	-	-	-	30,894	31,586
13,295	13,418	13,088	8,709	7,672	8,641
2,339	2,172	2,205	1,497	565	-
<u>36,191</u>	<u>39,929</u>	<u>40,544</u>	<u>36,358</u>	<u>63,344</u>	<u>66,646</u>
<u>193,011</u>	<u>200,419</u>	<u>189,560</u>	<u>184,623</u>	<u>179,321</u>	<u>180,433</u>
2,223	2,384	5,729	2,636	2,540	2,553
884	1,377	1,115	3,400	1,051	1,106
3,564	3,431	3,592	3,607	3,321	3,486
1,314	1,341	1,350	1,342	1,343	1,349
291	157	117	146	137	249
90	-	-	-	-	-
849	849	878	915	856	851
1,394	1,382	1,368	1,368	1,346	1,319
1,403	1,179	1,114	1,384	1,303	1,491
42,980	36,053	42,980	46,464	19,574	10,012
4,890	9,599	14,462	6,361	4,847	5,789
<u>59,882</u>	<u>57,752</u>	<u>72,705</u>	<u>67,623</u>	<u>36,318</u>	<u>28,206</u>
25,573	27,846	28,878	30,261	34,318	33,738
16,445	16,208	16,848	12,187	12,294	13,204
3,033	2,910	3,027	318	1	-
804	785	-	-	30,662	30,582
-	-	2,038	-	-	-
<u>45,855</u>	<u>47,749</u>	<u>50,791</u>	<u>42,766</u>	<u>77,275</u>	<u>77,524</u>
<u>105,737</u>	<u>105,501</u>	<u>123,496</u>	<u>110,389</u>	<u>113,593</u>	<u>105,730</u>
(96,938)	(102,738)	(76,310)	(80,642)	(79,659)	(85,581)
9,664	7,820	10,247	6,408	13,931	10,878
<u>(87,274)</u>	<u>(94,918)</u>	<u>(66,063)</u>	<u>(74,234)</u>	<u>(65,728)</u>	<u>(74,703)</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			
	2004	2005	2006	2007
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 27,468	\$ 31,070	\$ 34,439	\$ 36,251
Sales taxes	18,556	19,492	19,453	19,696
Transient occupancy taxes	8,628	9,820	11,411	12,180
Other taxes	4,361	4,438	4,729	4,952
Motor vehicle in lieu, unrestricted	7,598	14,494	13,129	13,603
Investment income	2,460	3,963	3,248	4,747
Other general revenues	1,271	746	1,642	3,095
Gain on disposal of assets	-	-	-	-
Transfers	70	70	70	70
Capital Contribution from Successor Agency	-	-	-	-
Total governmental activities	<u>70,412</u>	<u>84,093</u>	<u>88,121</u>	<u>94,594</u>
Business-type activities:				
Investment income	274	424	637	1,527
Gain on disposal of assets	-	-	-	-
Other general revenues	-	-	-	-
Discontinued operations	-	-	-	-
Transfers	(70)	(70)	(70)	(70)
Total business-type activities	<u>204</u>	<u>354</u>	<u>567</u>	<u>1,457</u>
Total primary government	<u>70,616</u>	<u>84,447</u>	<u>88,688</u>	<u>96,051</u>
Changes in net position				
Governmental activities	70,412	84,093	88,121	94,594
Business-type activities	<u>204</u>	<u>354</u>	<u>567</u>	<u>1,457</u>
Total primary government	<u>\$ 70,616</u>	<u>\$ 84,447</u>	<u>\$ 88,688</u>	<u>\$ 96,051</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 39,144	\$ 43,786	\$ 42,212	\$ 52,268	\$ 43,920	\$ 35,145
19,780	16,236	14,076	16,776	18,461	19,805
12,673	11,257	10,196	11,697	12,320	14,448
4,934	4,825	4,863	5,775	7,297	7,316
14,011	14,088	513	801	87	90
5,687	6,257	8,830	4,240	760	1,757
1,511	3,579	2,153	425	651	1,210
-	-	-	-	(18,941)	-
70	70	-	-	20,373	-
-	-	-	-	-	2,309
<u>97,810</u>	<u>100,098</u>	<u>82,844</u>	<u>91,982</u>	<u>84,928</u>	<u>82,080</u>
2,579	1,701	1,583	1,510	334	437
-	-	-	12,886	-	-
-	-	-	-	95	-
-	-	-	-	(2,918)	-
(70)	(70)	-	-	(20,373)	-
<u>2,509</u>	<u>1,631</u>	<u>1,583</u>	<u>14,396</u>	<u>(22,862)</u>	<u>437</u>
<u>100,319</u>	<u>101,729</u>	<u>84,427</u>	<u>106,378</u>	<u>62,066</u>	<u>82,517</u>
97,810	100,098	82,844	11,340	5,269	(3,501)
<u>2,509</u>	<u>1,631</u>	<u>1,583</u>	<u>20,804</u>	<u>(8,930)</u>	<u>11,316</u>
<u>\$100,319</u>	<u>\$101,729</u>	<u>\$ 84,427</u>	<u>\$ 32,144</u>	<u>\$ (3,662)</u>	<u>\$ 7,814</u>

Source: Finance Office, City of Garden Grove

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

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

	Fiscal Year			
	2004	2005	2006	2007
General fund:				
Reserved	\$ 42,290	\$ 41,624	\$ 43,299	\$ 46,878
Non-Spendable:				
Agency reimbursement agreement	-	-	-	-
COP reimbursement agreement	-	-	-	-
Intercity loan	-	-	-	-
Land held for resale	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Committed:				
Post-Employment Benefits	-	-	-	-
Community planning and development	-	-	-	-
Assigned:				
Post-Employment Benefits	-	-	-	-
Garden Grove tourism improvement	-	-	-	-
Property tax lawsuit	-	-	-	-
Building improvements	-	-	-	-
General Plan	-	-	-	-
Other purposes	-	-	-	-
Unreserved	6,693	19,122	27,006	25,482
Unassigned	-	-	-	-
Total general fund	<u>\$ 48,983</u>	<u>\$ 60,746</u>	<u>\$ 70,305</u>	<u>\$ 72,360</u>
All other governmental funds:				
Reserved	\$ 55,528	\$ 58,881	\$ 49,018	\$ 57,165
Non-Spendable:				
Intercity loan	-	-	-	-
Land held for resale	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Restricted:				
Fire	-	-	-	-
Police	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Committed:				
Community planning and development	-	-	-	-
Assigned:				
Post-Employment Benefits	-	-	-	-
Property tax lawsuit	-	-	-	-
Building improvements	-	-	-	-
Other purposes	-	-	-	-
Unreserved, reported in:				
Special revenue funds	5,685	720	10,071	10,724
Debt service funds	2	5	2	(8)
Capital projects funds	(16,031)	(18,025)	(21,607)	(26,409)
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 45,184</u>	<u>\$ 41,581</u>	<u>\$ 37,484</u>	<u>\$ 41,472</u>

Source: Finance Office, City of Garden Grove

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 50,999	\$ 48,176	\$ 47,951	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	40,056	13,375	13,375
-	-	-	135	-	-
-	-	-	-	-	-
-	-	-	1,000	-	-
-	-	-	-	-	-
-	-	-	-	1,000	1,000
-	-	-	-	53	139
-	-	-	500	500	500
-	-	-	1,300	1,300	1,300
-	-	-	-	113	132
-	-	-	384	-	-
14,721	6,479	71	-	-	-
-	-	-	4,566	18,444	16,016
<u>\$ 65,720</u>	<u>\$ 54,655</u>	<u>\$ 48,022</u>	<u>\$ 47,941</u>	<u>\$ 34,785</u>	<u>\$ 32,462</u>
\$ 136,252	\$ 158,393	\$ 142,099	\$ -	\$ -	\$ -
-	-	-	13,829	-	-
-	-	-	73,994	-	-
-	-	-	4	-	-
-	-	-	815	-	-
-	-	-	1	-	-
-	-	-	2,457	2,680	2,793
-	-	-	13,080	11,734	8,433
-	-	-	287	354	453
-	-	-	1,450	207	650
-	-	-	23,115	12,185	12,200
-	-	-	199	229	242
-	-	-	994	-	-
-	-	-	1,000	-	-
-	-	-	500	-	-
-	-	-	1,300	-	-
-	-	-	384	-	-
(27,845)	(41,485)	(11,371)	-	-	-
(576)	4,463	1,399	-	-	-
(26,691)	(33,563)	(39,251)	-	-	-
-	-	-	(31,170)	(3,006)	(67)
<u>\$ 81,140</u>	<u>\$ 87,808</u>	<u>\$ 92,876</u>	<u>\$ 102,239</u>	<u>\$ 24,382</u>	<u>\$ 24,705</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			
	2004	2005	2006	2007
Revenues:				
Taxes	\$ 67,876	\$ 79,808	\$ 83,684	\$ 87,437
Licenses and permits	1,303	1,380	1,672	1,859
Fines and forfeitures	2,094	2,323	2,939	2,567
Investment earnings	3,223	4,409	3,803	5,148
Charges for services	11,027	10,839	12,614	11,401
From other agencies	36,574	39,016	40,825	42,230
Other	2,760	2,788	3,477	3,597
Total revenues	<u>124,857</u>	<u>140,563</u>	<u>149,014</u>	<u>154,239</u>
Expenditures				
Current:				
Municipal support	5,321	6,628	7,198	6,367
Fire	14,551	15,874	17,189	17,946
Police	30,297	32,537	34,803	38,600
Traffic safety	2,295	2,680	2,818	3,274
Public right of way	4,368	4,233	5,380	6,881
Drainage				
Community buildings	2,033	2,088	2,738	3,529
Community services	3,574	3,347	3,409	3,846
Parks and greenbelts	1,285	1,460	5,558	1,653
Community planning and development	28,227	28,929	31,057	29,537
Capital outlay	19,756	28,040	28,138	19,233
Debt service:				
Principal retirement	5,609	4,850	4,909	4,621
Interest and other charges	9,058	5,907	6,738	6,873
Total expenditures	<u>126,374</u>	<u>136,573</u>	<u>149,935</u>	<u>142,360</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,517)</u>	<u>3,990</u>	<u>(921)</u>	<u>11,879</u>
Other financing sources (uses):				
Transfers in	28,766	22,836	29,549	26,474
Transfers out	(27,517)	(22,666)	(29,379)	(26,251)
Issuance of debt	58,356	4,001	1,500	-
Proceeds of debt	-	-	-	-
Gain(Loss) on sale of capital assets	-	-	612	(1,322)
Contribution to Housing Authority	-	-	-	(3,796)
Extraordinary Gain/Loss	-	-	-	-
Payment to bond escrow agent	(52,325)	-	-	-
Total other financing sources (uses)	<u>7,280</u>	<u>4,171</u>	<u>2,282</u>	<u>(4,895)</u>
Net change in fund balances	<u>\$ 5,763</u>	<u>\$ 8,161</u>	<u>\$ 1,361</u>	<u>\$ 6,984</u>
Debt service as a percentage of noncapital expenditures	13.8%	9.9%	9.6%	9.3%

Source: Finance Office, City of Garden Grove

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 91,292	\$ 90,692	\$ 85,353	\$ 91,330	\$ 82,531	\$ 77,231	
1,068	818	1,553	962	946	1,128	
2,870	2,761	3,103	2,911	2,673	2,960	
6,576	7,219	7,689	4,859	1,560	1,800	
10,083	11,065	11,413	12,002	10,401	10,084	
42,295	39,707	55,879	50,336	15,617	13,324	
2,516	3,053	2,100	6,393	1,612	3,332	
<u>156,700</u>	<u>155,315</u>	<u>167,090</u>	<u>168,793</u>	<u>115,340</u>	<u>109,859</u>	
7,163	7,079	7,639	7,359	8,805	6,797	
19,724	20,769	19,331	18,862	19,996	20,447	
43,048	44,787	43,863	44,727	45,558	45,478	
3,026	2,896	2,967	2,733	2,894	2,595	
5,973	8,130	7,373	5,865	5,880	5,730	
	148	13	-	-	-	
3,581	3,935	3,366	3,188	3,519	3,082	
4,208	4,433	4,428	4,037	4,449	4,453	
1,925	1,804	1,649	1,664	1,883	1,927	
30,076	31,145	59,813	51,950	10,871	7,761	
26,290	23,162	16,671	15,754	15,569	10,366	
3,971	3,519	4,956	4,214	4,434	1,939	
7,783	8,076	7,726	4,938	3,226	1,383	
<u>156,768</u>	<u>159,883</u>	<u>179,795</u>	<u>165,291</u>	<u>127,084</u>	<u>111,960</u>	
(68)	(4,568)	(12,705)	3,502	(11,745)	(2,101)	
48,225	32,608	52,785	41,588	39,808	1,239	
(48,394)	(32,438)	(47,597)	(41,492)	(18,335)	(1,139)	
41,675	-	-	2500	-	-	
-	-	-	0	1856	-	
-	-	2,320	-	-	-	
-	-	-	-	-	-	
-	-	-	-	(98,139)	-	
(8,410)	-	-	-	-	-	
33,096	170	7,508	2,596	(74,810)	100	
<u>\$ 33,028</u>	<u>\$ (4,398)</u>	<u>\$ (5,197)</u>	<u>\$ 6,098</u>	<u>\$ (86,555)</u>	<u>\$ (2,001)</u>	
9.0%	8.5%	7.8%	6.1%	6.9%	3.3%	

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

Fiscal Year	Sales Tax	Property Tax	Franchise Tax	Business Operation Tax	Transient Occupancy Tax	Motor Vehicle Tax	Total
2004	18,555,795	10,275,238	2,045,711	2,315,429	8,628,343	7,598,457	49,418,973
2005	19,492,358	11,421,673	2,088,276	2,349,706	9,820,457	14,494,383	59,666,853
2006	19,452,971	13,262,684	2,234,667	2,494,139	11,410,684	13,128,604	61,983,749
2007	19,695,520	14,177,626	2,413,279	2,538,442	12,179,453	13,603,437	64,607,757
2008	19,780,085	14,892,274	2,337,053	2,596,833	12,672,985	14,011,002	66,290,232
2009	16,235,658	15,661,734	2,293,500	2,530,725	11,257,402	14,087,771	62,066,790
2010	14,075,879	14,400,002	2,482,292	2,381,098	10,195,885	513,106	44,048,262
2011	16,776,350	17,254,068	2,349,125	3,425,691	11,696,706	800,742	52,302,682
2012	18,461,031	19,519,146	2,540,297	4,756,384	12,319,744	86,882	57,683,484
2013	19,804,727	35,145,142	2,506,722	4,809,344	14,447,817	90,025	76,803,777

Source: Finance Office, City of Garden Grove

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

Fiscal Year Ended June 30	City			Successor Agency (1)			Total Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2004	6,690,748,967	299,913,148	6,990,662,115	1,864,235,792	238,481,088	2,102,716,880	1.031%
2005	7,256,567,260	300,044,644	7,556,611,904	1,958,660,897	242,816,738	2,201,477,635	1.031%
2006	8,044,198,853	282,323,725	8,326,522,578	2,154,902,094	258,917,408	2,413,819,502	1.030%
2007	8,876,151,469	321,202,996	9,197,354,465	2,312,965,202	277,545,166	2,590,510,368	1.030%
2008	9,569,536,594	324,403,747	9,893,940,341	2,513,875,820	275,426,527	2,789,302,347	1.030%
2009	9,729,883,933	346,877,295	10,076,761,228	2,770,894,375	309,968,838	3,080,863,213	1.029%
2010	9,306,476,987	370,449,626	9,676,926,613	2,813,238,670	327,815,104	3,141,053,774	1.029%
2011	9,304,082,238	321,496,548	9,625,578,786	2,707,065,764	302,619,033	3,009,684,797	1.064%
2012	9,492,745,733	303,025,114	9,795,770,847	2,689,600,119	299,937,044	2,989,537,163	1.064%
2013	9,933,103,063	308,943,730	10,242,046,793	2,778,119,021	295,258,690	3,073,377,711	1.074%

NOTE:

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

- (1) *The Redevelopment Agency no longer exist since its dissolution in February 2012. The Successor Agency was created to close out the Redevelopment Agency.*

Source: Orange County Assessor's Office

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

Fiscal Year	Basic Levy	City Paramedic	Metropolitan Water District	Orange County	Sanitation and Water	School Services	Other	Total
2004	1.0000	0.02500	0.00610	-	-	-	-	1.03110
2005	1.0000	0.02500	0.00580	-	-	-	-	1.03080
2006	1.0000	0.02500	0.00470	-	-	-	-	1.02970
2007	1.0000	0.02500	0.00470	-	-	-	-	1.02970
2008	1.0000	0.02500	0.00450	-	-	-	-	1.02950
2009	1.0000	0.02500	0.00430	-	-	-	-	1.02930
2010	1.0000	0.02500	0.00430	-	-	-	-	1.02930
2011	1.0000	0.06000	0.00430	-	-	-	-	1.06430
2012	1.0000	0.06000	0.00370	-	-	-	-	1.06370
2013	1.0000	0.07000	0.00350	-	-	-	-	1.07350

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

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

Source: Orange County Tax Rates Book

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

Taxpayer	2013		2004	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Landmark Marriott Suites	\$ 99,542,060	0.97%	87,878,576	1.26%
American Lodging	56,316,887	0.55%		
Chatham Rigg	42,624,653	0.42%		
Newage Garden Grove	42,590,097	0.42%		
HGGA Promenade	42,022,116	0.41%	25,666,525	0.37%
Ohi Resort Hotels	40,579,806	0.40%	36,768,933	0.53%
Walton CWCA Garden Grove	29,546,615	0.29%		
Swedlow Inc.	25,786,166	0.25%	19,237,153	0.28%
Car Noa GGT	25,194,000	0.25%		
CRP-2 Monarch	25,097,993	0.25%		
Atrium Plaza			65,436,948	0.94%
Kilroy Realty			37,322,594	0.53%
American Medical			24,408,806	0.35%
AIC Investment Co, Inc.			18,883,470	0.27%
7300 Chapman Ave			18,593,787	0.27%
Graphic packaging Corp			17,713,621	0.25%
	<u>\$ 429,300,393</u>	<u>4.19%</u>	<u>\$ 351,910,413</u>	<u>5.05%</u>

Source: Coren & Cone's 2012/13 Preliminary Property Tax Reports

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

Fiscal Year	City Tax Rate (Per \$100)	Total Tax Levied	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2004	0.0025	10,585,265	10,090,195	95.3	185,043	10,275,238	97.1	26,158	0.2%
2005	0.0025	11,751,160	11,303,045	96.2	118,628	11,421,673	97.2	46,308	0.4%
2006	0.0025	12,913,558	12,338,230	95.5	156,891	12,495,121	96.8	114,095	0.9%
2007	0.0025	13,989,410	13,080,248	93.5	197,376	13,277,624	94.9	286,295	2.0%
2008	0.003	14,804,471	13,934,785	94.1	366,321	14,301,107	96.6	196,069	1.3%
2009	0.003	14,783,375	13,920,288	94.2	640,136	14,560,424	98.5	139,682	0.9%
2010	0.003	14,063,297	13,732,288	97.6	719,481	14,451,770	102.8	422,664	3.0%
2011	0.003	17,407,275	16,491,089	94.7	520,209	17,011,298	97.7	302,494	1.7%
2012	0.003	17,792,829	16,539,285	93.0	277,560	16,816,846	94.5	333,343	1.9%
2013	0.003	19,080,983	18,555,697	97.2	339,959	18,895,656	99.0	264,446	1.4%

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

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

This page is intentionally blank

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

Fiscal Year Ended June 30	Governmental Activities						Total Governmental Activities
	Certificates of Participation	Revenue Bonds	RDA 2008 Bonds	Tax Allocation Bonds ¹	Loans ^{2 3}	Capital Leases ⁴	
2004	22,735,000	-	-	57,025,000	19,032,833	3,416,890	102,209,723
2005	22,325,000	-	-	57,025,000	17,371,380	4,639,399	101,360,779
2006	21,895,000	-	-	57,025,000	15,159,293	3,872,578	97,951,871
2007	21,455,000	-	-	55,400,000	13,414,185	3,061,446	93,330,631
2008	20,995,000	-	2,015,000	53,740,000	43,225,054	2,993,427	122,968,481
2009	20,525,000	-	2,015,000	52,030,000	42,331,431	2,498,371	119,399,802
2010	20,025,000	-	1,955,000	50,265,000	42,304,693	3,221,506	117,771,199
2011	19,510,000	-	1,890,000	48,415,000	44,157,481	2,850,033	116,822,514
2012	18,970,000	-	-	-	7,380,266	2,134,919	28,485,185
2013	18,410,000	-	-	-	6,345,613	1,371,910	26,127,523

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

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

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

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

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

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

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

Source: Finance Office, City of Garden Grove

Business-type Activities						
Water Revenue Bonds ⁷	Sewer Revenue COP ⁵	Certificates of Participation	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ⁶	Debt Per Capita ⁶
16,845,000	-	13,010,000	29,855,000	132,064,723	0.43%	777
16,410,000	-	12,640,000	29,050,000	130,410,779	0.40%	758
15,775,000	21,845,000	12,250,000	49,870,000	147,821,871	0.42%	861
15,130,000	21,845,000	11,840,000	48,815,000	142,145,631	0.40%	823
14,465,000	21,845,000	11,405,000	47,715,000	170,683,481	0.46%	986
13,790,000	21,845,000	10,950,000	46,585,000	165,984,802	0.42%	950
29,720,000	21,405,000	10,465,000	61,590,000	179,361,199	0.42%	1021
28,670,000	20,945,000	-	49,615,000	166,437,514	0.36%	974
27,390,000	20,470,000	-	47,860,000	76,345,185	0.17%	442
26,826,738	20,298,745	-	47,125,483	73,253,006	0.16%	423

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value ¹	Per Capita
	Certificates of Participation	Tax Allocation Bonds	Total		
2004	22,735	57,025	79,760	0.88%	469
2005	22,325	57,025	79,350	0.81%	461
2006	21,895	57,025	78,920	0.73%	459
2007	21,455	55,400	76,855	0.65%	445
2008	20,995	53,740	74,735	0.59%	432
2009	20,525	52,030	72,555	0.55%	415
2010	20,025	50,265	70,290	0.55%	400
2011	19,510	48,415	67,925	0.54%	397
2012	18,970	-	18,970	0.15%	110
2013	18,410	-	18,410	0.14%	106

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

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

Source: Finance Office, City of Garden Grove

**SCHEDULE XII
CITY OF GARDEN GROVE
DIRECT AND OVERLAPPING BONDS AND DEBT
JUNE 30, 2013**

2012-13 Assessed Valuation:	\$12,404,554,406			
		%		
		<u>Applicable</u>	Total Debt	City's Share of
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		(1)	6/30/2013	Debt 6/30/13
Metropolitan Water District		0.590 %	\$ 165,085,000	\$ 974,002
Coast Community College District		6.397	648,598,698	41,490,859
North Orange County Joint Community College District		2.330	213,394,001	4,972,080
Rancho Santiago Community College District		6.058	293,246,944	17,764,900
Garden Grove Unified School District		57.911	127,000,160	73,547,063
Anaheim Union High School District		0.069	105,183,955	72,577
Huntington Beach Union High School District		1.310	210,579,998	2,758,598
Anaheim School District		0.088	152,710,805	134,386
Magnolia School District		0.196	18,003,305	35,286
Westminster School District		7.197	72,734,435	5,234,697
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT				\$ 146,984,448
 <u>Ratios to 2012-13 Assessed Valuation:</u>				
Total Overlapping Tax and Assessment Debt		1.18%		
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>				
Orange County General Fund Obligations		2.899 %	\$ 190,546,000	\$ 5,523,929
Orange County Pension Obligations		2.899	306,287,244	8,879,267
Orange County Board of Education Certificates of Participation		2.899	15,770,000	457,172
Municipal Water District of Orange County Water Facilities Corporation		3.475	10,035,000	348,716
North Orange Regional Occupation Program Certificates of Participation		0.025	10,920,000	2,730
Orange Unified School District Certificates of Participation		0.970	35,573,644	345,064
Orange Unified School District Benefit Obligations		0.970	88,265,000	856,171
Anaheim Union High School District Certificates of Participation		0.069	36,848,095	25,425
Huntington Beach Union High School District Certificates of Participation		1.310	60,101,090	787,324
Westminster School District Certificates of Participation		7.197	23,315,000	1,677,981
City of Garden Direct Debt		100.000	26,127,522	26,127,522
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT				\$ 45,031,301
Less: MWDOC Water Facilities Corporation (100% self-supporting)				348,716
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT				\$ 44,682,585
 <u>OVERLAPPING TAX INCREMENT DEBT:</u>		 2.281-100%	 \$ 61,075,000	 \$ 44,829,216
 TOTAL DIRECT DEBT				 \$ 26,127,522
TOTAL GROSS OVERLAPPING DEBT				\$ 210,717,443
TOTAL NET OVERLAPPING DEBT				\$ 210,368,727
 GROSS COMBINED TOTAL DEBT				 (2) \$ 236,844,965
NET COMBINED TOTAL DEBT				\$ 236,496,249

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

<u>Ratios to Adjusted Assessed Valuation:</u>	
Total Direct Debt (\$26,127,522)	0.21%
Gross Combined Total Debt	1.91%
Net Combined Total Debt	1.91%

<u>Ratios to Redevelopment Incremental Valuation (\$2,563,159,889):</u>	
Total Overlapping Tax Increment Debt	1.75%

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Assessed valuation	\$ 6,990,662,115	\$ 7,556,611,904	\$ 8,326,522,578	\$ 9,197,354,465
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,747,665,529	1,889,152,976	2,081,630,645	2,299,338,616
Debt limit percentage	15%	15%	15%	15%
Debt limit	262,149,829	283,372,946	312,244,597	344,900,792
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 262,149,829</u>	<u>\$ 283,372,946</u>	<u>\$ 312,244,597</u>	<u>\$ 344,900,792</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

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

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 9,893,940,341	\$ 10,076,761,228	\$ 9,676,926,613	\$ 9,625,578,786	\$ 9,795,770,847	\$ 10,242,046,793
25%	25%	25%	25%	25%	25%
2,473,485,085	2,519,190,307	2,419,231,653	2,406,394,697	2,448,942,712	2,560,511,698
15%	15%	15%	15%	15%	15%
371,022,763	377,878,546	362,884,748	360,959,204	367,341,407	384,076,755
-	-	-	-	-	-
<u>\$ 371,022,763</u>	<u>\$ 377,878,546</u>	<u>\$ 362,884,748</u>	<u>\$ 360,959,204</u>	<u>\$ 367,341,407</u>	<u>\$ 384,076,755</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

Water Revenue Bonds							
Fiscal Year	Gross Revenue	Expenses (1)	Resources	Debt Service Requirement			Coverage
			Available for Debt Service	Principal	Interest	Total	
2004	18,484,674	15,604,390	2,880,284	435,000	727,982	1,162,982	2.48
2005	18,145,714	16,809,774	1,335,940	635,000	657,500	1,292,500	1.03
2006	18,651,805	17,225,625	1,426,180	645,000	644,700	1,289,700	1.11
2007	20,516,447	17,921,191	2,595,256	665,000	629,938	1,294,938	2.00
2008	26,049,669	18,065,826	7,983,843	675,000	612,344	1,287,344	6.20
2009	29,025,085	19,581,536	9,443,549	695,000	592,638	1,287,638	7.33
2010	29,312,717	20,713,227	8,599,490	1,040,000	1,299,320	2,339,320	3.68
2011	30,651,300	21,520,593	9,130,707	1,280,000	1,386,327	2,666,327	3.42
2012	34,492,870	21,413,634	13,079,236	1,320,000	1,495,448	2,815,448	4.65
2013	33,933,081	22,848,625	11,084,456	1,320,000	1,340,727	2,660,727	4.17

Source: Finance Office, City of Garden Grove

- (1) *Total operating expenses less depreciation and amortization*
- (2) *Due to the dissolution of the Redevelopment Agency in February 2012, the Tax Increment is now deposited in the City of Garden Grove RPTTF by project area.*

Tax Allocation Bonds				
Debt Service Requirement				
Tax Increment (2)	Principal	Interest	Total	Coverage
13,403,657	-	3,004,843	3,004,843	4.46
14,607,268	-	2,759,550	2,759,550	5.29
16,339,702	1,625,000	2,741,269	4,366,269	3.74
17,250,293	1,660,000	2,698,088	4,358,088	3.96
18,915,215	1,710,000	2,647,537	4,357,537	4.34
21,808,918	1,765,000	2,577,763	4,342,763	5.02
21,107,303	1,850,000	2,533,638	4,383,638	4.82
19,632,456	1,945,000	2,402,238	4,347,238	4.52
7,194,875	2,020,000	2,320,413	4,340,413	1.66
4,340,413	2,020,000	2,320,413	4,340,413	1.00

**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
2004	169,911	3,039,717	17,890	4.2%
2005	172,042	3,243,812	19,091	5.2%
2006	171,765	3,479,894	20,227	4.8%
2007	172,781	3,595,557	20,933	4.3%
2008	173,067	3,735,525	21,620	5.0%
2009	174,715	3,979,307	22,993	11.7%
2010	175,618	4,272,291	24,453	12.2%
2011	170,883	4,567,065	26,006	11.2%
2012	172,648	4,371,270	25,580	9.6%
2013	173,075	4,696,862	27,205	7.8%

Source: State Employment Development Department
California Department of Finance

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

Employer	2013	
	Number of Employees	Percent of Total Employment
Prime Healthcare Services	516	0.65%
American Apparel Knit & Dye	500	0.63%
Air Industries Co.	465	0.58%
Diessen Aircraft Interior Systems, Inc.	370	0.46%
Saint Gobain Performance Plastics	363	0.46%
Office Max, Inc.	360	0.45%
Hyatt Regency Orange County	350	0.44%
GKN Aerospace Transparency Systems, Inc.	331	0.42%
NBTY Acquisition, LLC	298	0.37%
C & D Zodiac	286	0.36%

2004 data was not available

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

Source: City of Garden Grove Business Tax Dept.

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

Department	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administrative Services	-	31	34	-	-	-	-	-	-	-
City Manager	39	13	14	9	13	12	10	10	9	9
Community Development	48	45	44	56	58	59	59	59	65	58
Community Services	143	149	155	146	149	148	145	143	159	156
Economic Development	-	-	-	12	13	13	13	13	13	-
Finance	32	32	32	34	35	37	37	37	37	39
Fire	111	109	110	112	112	112	111	110	110	107
Information Technology	-	-	-	20	20	20	20	20	20	20
Personnel	13	13	13	9	10	10	9	9	10	9
Police	316	316	314	328	334	334	334	333	302	275
Public Works	<u>177</u>	<u>179</u>	<u>192</u>	<u>192</u>	<u>197</u>	<u>197</u>	<u>196</u>	<u>196</u>	<u>199</u>	<u>194</u>
Total	<u>879</u>	<u>887</u>	<u>908</u>	<u>918</u>	<u>941</u>	<u>942</u>	<u>934</u>	<u>930</u>	<u>924</u>	<u>867</u>
Full Time employees	633	637	647	661	676	685	682	681	676	621
Part time employees	246	250	261	257	265	257	252	249	248	246

Source: City Budget/Department Budgets

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police:							
Arrests	7,767	6,951	7,316	7,195	6,920	6,651	6,774
Traffic citations issued	11,574	13,627	12,787	15,490	14,945	11,393	13,815
Fire:							
Number of emergency calls	15,534	16,279	16,548	16,306	23,381	25,586	26,739
Public Right-of-Way:							
Parking citations issued	30,052	32,718	30,464	26,660	24,800	24,590	24,571
Permits issued	3,175	1,525	276	269	201	314	406
Community Services:							
Number of recreation classes	1,525	1,534	1,544	1,398	1,817	1,540	1,987
Housing vouchers	2,337	2,337	2,337	2,337	2,337	2,337	2,337
Community Planning and Development							
Building permits issued	2,213	2,879	3,878	3,514	3,881	2,036	2,427
Water:							
Number of accounts	34,090	34,152	34,217	34,239	33,689	33,751	34,206
Average daily consumption (thousands of gallons)	49,864	24,851	23,345	21,843	20,528	21,480	21,324
Solid Waste Disposal:							
Number of accounts	30,928	30,938	30,895	30,723	33,308	33,424	33,886
Drainage:							
Channels cleaned (miles)	5	5	5	5	5	5	5
Municipal Support:							
Passports issued	723	569	500	463	292	624	673

Note: *The City has elected to show only seven years of data for this schedule, a coincide with the implementation of GASB 44.*

Source: City of Garden Grove

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

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

Note: *The City has elected to show only seven years of data for this schedule, a coincide with the implementation of GASB 44.*

Source: City of Garden Grove



GARDEN GROVE