

City of Garden Grove, California



GROVE DISTRICT
ANAHEIM RESORT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

July 1, 2014 - June 30, 2015



GARDEN GROVE

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City of Garden Grove, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
June 30, 2015

Department of Finance

Kingsley Okereke
Assistant City Manager / Finance Director

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**CITY OF GARDEN GROVE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Introductory Section

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CITY OF GARDEN GROVE

Bao Nguyen
Mayor

Steven R. Jones
Mayor Pro Tem

Christopher V. Phan
Council Member

Phat Bui
Council Member

Kris Beard
Council Member

December 22, 2015

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, 2015. 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 2014-2015 CAFR
December 22, 2015

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 request to the City Clerk's Office.

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

Profile of the City of Garden Grove

The City of Garden Grove is located in central Orange County approximately twenty-five miles southeast of downtown Los Angeles with a population of approximately 175,000. 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 a 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

Orange County's economy made significant headway this year in terms of economic growth, job creation, and lower unemployment rate. Along with job growth and higher incomes, improvements in the housing market all point to stronger consumer spending in 2015 and 2016. Due to increasing numbers of international visitors and tourists, as well as higher consumer confidence, sales tax revenue is expected to increase. In addition, both occupancy rates and average daily room rates have surpassed pre-recession rates and continue to improve. Local commercial real estate has also improved and vacancy rates are expected to decline. The residential real estate market continues to improve, but it will be some time before it can be considered fully recovered. The median home price has increased and the number of permits issued for new home construction is expected to increase due to stronger economic growth.

However, as revenues are expected to increase, so are expenses. Hence, the continuing structural budget deficit (gap between ongoing revenues and expenditures) challenges for the City. The City remains committed to addressing this structural deficit. The recent opening of Walmart in July 2014, the anticipated opening of the Great Wolf Lodge Water Park Hotel in February 2016, as well as the construction of Brookhurst Triangle residential mixed-use project in December 2015, will provide much needed additional revenue to the City. Furthermore, the City has approached the dissolution of the Redevelopment Agency as an opportunity to reinvent economic development in Garden Grove. The City will be implementing a new Economic Development Strategic Plan designed to increase the City's tax base, increase revenue sources, create and retain jobs within the City, and build local and regional mutually beneficial economic relationships. The continual pursuit of economic development in the City will help to ensure the City's current and future financial health.

Garden Grove, much like other Orange County, California cities, continues to actively manage its budget and finances in the face of the slow and uncertain economic recovery. The City Council adopted the third and final year of the Three-Year Fiscal Plan, which was put in place starting fiscal year 2012-13 to help the city weather the impacts of the tepid economic recovery. The plan contemplates annual budgets that are balanced as legally required and includes all critical front-line services to the public. The plan also utilizes cost reduction initiatives, economic development and revenue generating priorities, and the use of reserves to close budget shortfalls over the short term. The City will continue to closely monitor its revenues and expenditures in order to make appropriate adjustments to maintain the City's financial health.

Long-Term Financial Planning

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

Five-Year Operating Plan

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

Five-Year Capital Plan

The City of Garden Grove is responsible for the planning and operation of capital improvements that lie within the public right-of-way. These improvements include streets, traffic signals and control devices, storm drains, streetlights, parks, sewer, and water systems. In addition, the City must develop and maintain its own buildings and infrastructure. The five-year capital plan outlines the city's capital improvement requirements along with projected funding sources. The plan is updated annually.

Five-Year Financial Plan

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

Major Initiatives

(1) Employee Development

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

(2) Preparing Today for a Better Future

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

The City continued the implementation of the Water Master Plan as evidenced by the completion of the Water Improvement Project from West Street and Daniel Avenue, West Garden Grove Booster Pump Station, and the replacement of Well Pump 29 Engine at Haster Street. Further improvements were performed via the Citywide Water Services Replacement Project Phase I which replaced 377 old and outdated water service lines and meters.

Additional sewer main improvements construction work consistent with the Sewer System Management Plan were completed during the fiscal year including the Sewer Improvement Project from Joyzelle Drive and Hill Road, Cerritos Avenue from Brookhurst Street to Gilbert Street. The construction of the Tiffany Belgrave Lift Station Replacement Project was also completed. Further improvements were performed via the manhole inspection program, and continued replacement of sewer main defects throughout the city.

Various arterial rehabilitation projects, funded through federal grants and local revenues, were completed during the fiscal year. They include the following segments: Harbor Boulevard Landscaping Improvements from Palm Steet to Twintree Lane, Brookhurst Street Reconstruction Project from Chapman Avenue to Katella Avenue, and the Three Arterial Street Rehabilitation Project along the following street segments: Chapman Avenue, from Euclid Street to Nelson Street, Garden Grove Boulevard, from Gilbert Street to Magnolia Street, and Westminster Avenue, from Brookhurst Street to Bowen Street.

The construction of The Great Wolf Lodge of Southern California is now well underway and projected to be completed in February 2016. This development project consists of a 600-room hotel with a 100,000 square foot indoor water park and a 20,000 square foot conference center. The project is estimated to generate new jobs and about \$8 million of annual revenue for the City. In addition, the Brookhurst Triangle development project is planned to consist of about 700 residential units with up to 200,000 square feet of retail/dining/entertainment uses. The developer has started construction on phase one, comprised of a 200-unit apartment and ancillary clubhouse with swimming pool, in December 2015.

Financial Policies

The City maintains financial policies over various programs and activities:

Enterprise Fund Business Principles

The City of Garden Grove maintains a set of business principles and policies for managing its enterprise fund operations. They include the following: (1) to break even and operate efficiently; and (2) to maintain two months cash flow as well as \$500,000 in reserves for contingencies. Additionally, replacement sinking funds should approach 5% of system value, and system and facilities are maintained up to industry standards by adequately funding new Capital Improvement Programs.

Investment Policy

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

Purchasing Policy

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

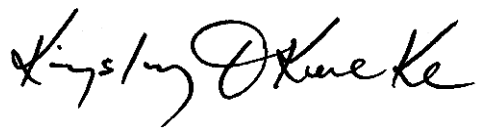
Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Garden Grove for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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



Kingsley Okereke
Assistant City Manager / Finance Director



Government Finance Officers Association

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

Presented to

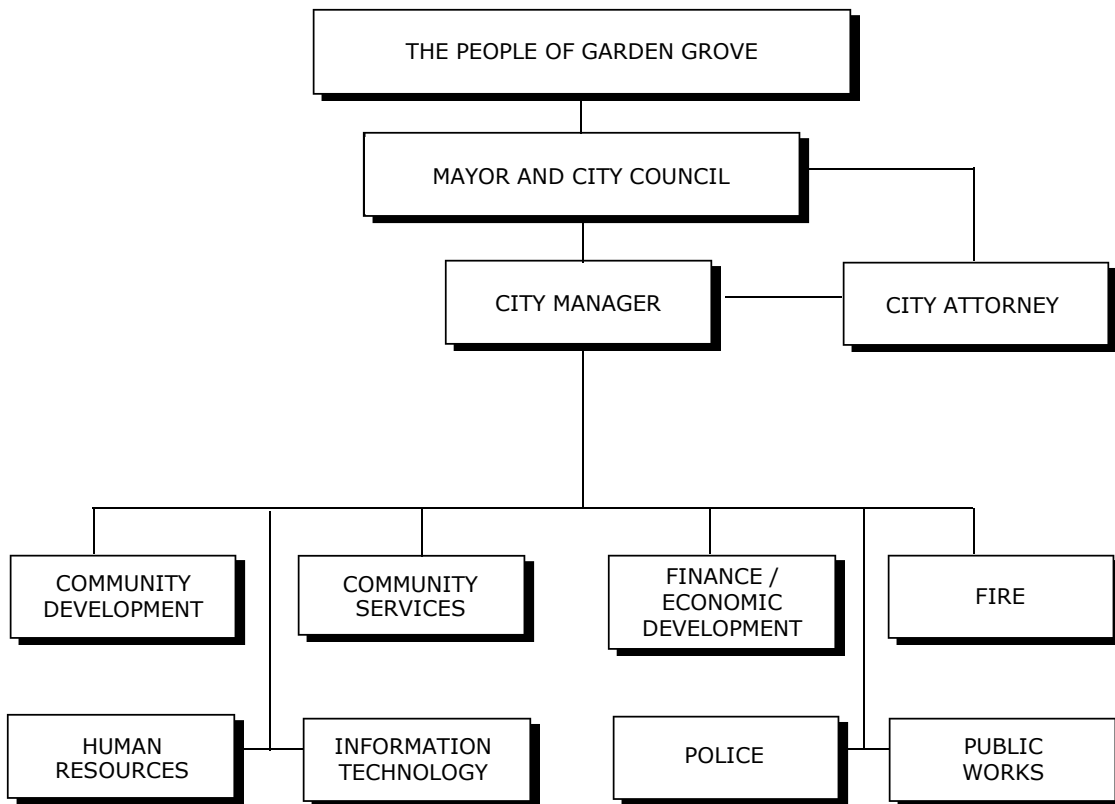
**City of Garden Grove
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

CITY OF GARDEN GROVE



CITY OF GARDEN GROVE

CITY COUNCIL

Bao Nguyen
Mayor

Steven R. Jones
Mayor Pro Tem

Phat Bui
Council Member

Kris Beard
Council Member

Christopher V. Phan
Council Member

CITY OFFICIALS

Scott C. Stiles
City Manager

Omar Sandoval
City Attorney

Charles Kalil
Information Technology Director

Kim Huy
Community Services Director

Laura Stover
Human Resources Director

William Murray
Public Works Director

Todd Elgin
Police Chief

Kingsley Okereke
Assistant City Manager/Finance Director

Tom Schultz
Fire Chief

"Vacant"
Community Development Director



Financial Section

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Independent Auditor's Report

To the City Council
City of Garden Grove, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Garden Grove, California (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 10, 15 and 18 to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinions are 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, pension schedule of changes in net pension liability and related ratios during the measurement period, pension schedule of plan contributions, other post-employment benefits schedules of funding progress and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 accompanying introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, 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 the budgetary comparison 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 the budgetary comparison 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 22, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Newport Beach, California
December 22, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Garden Grove (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. 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, 2015, by \$718.4 million (net position). Of the \$718.4 million of net position, \$754.7 million represents net investment in capital assets and \$17.8 million is restricted for specific purposes. The unrestricted negative balance of \$(54.1) million are resource requirements over the long term to meet city's obligations including unfunded position liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

These discussions and analyses are intended to serve as an introduction to the City'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's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include Fire, Police, Traffic Safety, Public Right of Way, Drainage, Community Buildings, Community Services, Economic Development, 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.

The government-wide financial statements can be found immediately following this discussion and analysis on pages 11-13 of this report.

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, 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 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 the 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 14-17 of this report.

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

The City also uses internal service funds to account for its Workers' Compensation, Fleet Management, Employee Benefits, Information Systems, Warehouse Operations, Telephone System, and Risk Management. All of the internal service funds provide services that predominantly benefit governmental rather than business-type functions. Therefore, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 18-25 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's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

The fiduciary fund financial statements can be found on pages 26-27 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 29-72 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’s progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 73-79 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 82-111 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 \$718.4 million at the close of the current fiscal year.

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

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 184.7	\$ 190.0	\$ 55.3	\$ 55.7	\$ 240.0	\$ 245.7
Capital assets	664.9	668.1	151.5	149.0	816.4	817.1
Total assets	<u>849.6</u>	<u>858.1</u>	<u>206.8</u>	<u>204.7</u>	<u>1,056.4</u>	<u>1,062.8</u>
Deferred outflow of resources	15.1	-	1.6	0.2	16.7	0.2
Long-term liabilities	244.4	61.9	59.0	45.2	303.4	107.1
Other liabilities	11.5	12.2	4.6	8.1	16.1	20.3
Total liabilities	<u>255.9</u>	<u>74.1</u>	<u>63.6</u>	<u>53.3</u>	<u>319.5</u>	<u>127.4</u>
Deferred inflow of resources	32.0	-	3.2	-	35.2	-
Net position	<u>\$ 576.8</u>	<u>\$ 784.0</u>	<u>\$ 141.6</u>	<u>\$ 151.6</u>	<u>\$ 718.4</u>	<u>\$ 935.6</u>
Net investment in capital assets	642.8	644.2	111.9	107.3	754.7	751.5
Restricted	17.8	22.2	-	-	17.8	22.2
Unrestricted	(83.8)	117.6	29.7	44.3	(54.1)	161.9
Total net position	<u>\$ 576.8</u>	<u>\$ 784.0</u>	<u>\$ 141.6</u>	<u>\$ 151.6</u>	<u>\$ 718.4</u>	<u>\$ 935.6</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 is the net investment in capital assets (e.g. land, street, water, sewer and storm drain systems, buildings and park assets, machinery, and equipment), less any related debt, still outstanding, used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City’s net position, \$17.8 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, if any, are resources that may be used to meet the government’s ongoing obligations to citizens and creditors. For FY 14-15, the City has a negative unrestricted net position of \$54.1 million.

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

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 12.4	\$ 13.3	\$ 45.2	\$ 47.2	\$ 57.6	\$ 60.5
Operating grants and contributions	13.3	13.3	30.7	30.7	44.0	44.0
Capital grants and contributions	6.0	5.4	-	-	6.0	5.4
General revenues:						
Sales taxes	19.3	20.3	-	-	19.3	20.3
Property taxes	37.0	35.3	-	-	37.0	35.3
Other taxes	25.0	23.9	-	-	25.0	23.9
Earnings on investments	2.0	1.9	0.5	0.7	2.5	2.6
Other	0.5	0.3	0.2	0.2	0.7	0.5
Gain (loss) on sale of capital assets	-	(1.0)	-	-	-	(1.0)
Capital contributions from Successor Agency	-	-	-	-	-	-
Total revenues	<u>115.5</u>	<u>112.7</u>	<u>76.6</u>	<u>78.8</u>	<u>192.1</u>	<u>191.5</u>
Expenses:						
Fire	21.9	20.9	-	-	21.9	20.9
Police	50.8	49.3	-	-	50.8	49.3
Traffic safety	3.5	3.9	-	-	3.5	3.9
Public right of way	16.9	14.1	-	-	16.9	14.1
Drainage	1.5	1.3	-	-	1.5	1.3
Community buildings	5.0	4.5	-	-	5.0	4.5
Community services	4.8	4.6	-	-	4.8	4.6
Economic development	1.9	-	-	-	1.9	-
Parks and greenbelts	2.1	1.9	-	-	2.1	1.9
Community planning and development	7.9	8.5	-	-	7.9	8.5
Municipal support	7.6	7.1	-	-	7.6	7.1
Interest on Long-term debt	0.9	1.3	-	-	0.9	1.3
Water utility	-	-	30.0	26.7	30.0	26.7
Sewage collection	-	-	6.6	5.6	6.6	5.6
Solid waste disposal	-	-	1.5	1.5	1.5	1.5
Housing authority	-	-	30.7	30.5	30.7	30.5
Total expenses	<u>124.8</u>	<u>117.4</u>	<u>68.8</u>	<u>64.3</u>	<u>193.6</u>	<u>181.7</u>
Change in net position	(9.3)	(4.7)	7.8	14.5	(1.5)	9.8
Net position, beginning of year, as previously reported	784.0	788.7	151.6	137.1	935.6	925.8
Change in accounting principle (GASB68) *	<u>(197.9)</u>	-	<u>(17.8)</u>	-	<u>(215.7)</u>	-
Net position, beginning of year, as restated	586.1	788.7	133.8	137.1	719.9	925.8
Net position, June 30	<u>\$ 576.8</u>	<u>\$ 784.0</u>	<u>\$ 141.6</u>	<u>\$ 151.6</u>	<u>\$ 718.4</u>	<u>\$ 935.6</u>

* The City of Garden Grove implemented GASB 68, Accounting and Financial Reporting for Pensions - An Amendment of GASB 27 for the year ended June 30, 2015.

Governmental activities. The City's governmental activities net position decreased by \$207.2 million from the prior fiscal year to an ending balance of \$576.8 million. The decrease is largely due to implementing GASB 68 which required retroactive recognition of the City's employee pension liability on the City's financial statements.

Business-type activities. Business-type activities excess of revenues over expenditures in the current fiscal year is \$7.8 million, which is \$6.7 million lower than the prior fiscal year increase of \$14.5 million. The reported operating expenses increased by \$4.5 million primarily due to auditor recommended adjustments to the water utility fund. Adjustments were comprised of increased recognition of depreciation expense and a reclassification of previously capitalized expenditures to operating expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City 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 14 and 16.

At the end of the current fiscal year, the City’s governmental funds reported combined fund balances of \$50.6 million, a decrease of \$1.7 million in comparison with the prior year. Non-spendable fund balance is \$13.4 million (26.5%), restricted fund balance is \$18.3 million (36.2%), and assigned fund balance is \$3.3 million (6.5%). The remainder of the fund balance of \$15.6 million (30.8%) represents unassigned governmental fund balance of the City.

- **General fund.** The general fund is the chief operating fund of the City. At the end of the fiscal year, the fund balance had a net increase of \$0.2 million resulting in a \$33.0 million ending fund balance. The general fund continues to experience a structural deficit with expenses exceeding revenue by about \$7.3 million.
- **Proprietary funds.** The City proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail (see pages 18-25).

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. There was no significant budget amendment during the year (see page 76).

Final budget compared to actual results. The \$1.1 million net increase in actual revenues over estimated revenues was primarily a result of \$0.8 million increase in revenue from other agencies. The reimbursement from the state for the state mandated cost of SB90 accounted for \$0.8 million in revenue from other agencies.

The final budget appropriations were \$101.1 million and actual expenditures were \$98.1 million, resulting in cost savings of \$3.0 million due to concerted staff effort to contain costs.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets. The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$816.4 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 decrease in capital assets for the current fiscal year was approximately \$0.7 million. The value of the City’s capital assets as of June 30, 2015 is as follows:

	Government activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 419.8	\$ 419.8	\$ 2.6	\$ 2.6	\$ 422.4	\$ 422.4
Construction in progress	6.4	5.0	6.4	31.9	12.8	36.9
Depreciable Capital Assets	238.7	243.3	142.5	114.5	381.2	357.8
Total capital assets	<u>\$ 664.9</u>	<u>\$ 668.1</u>	<u>\$ 151.5</u>	<u>\$ 149.0</u>	<u>\$ 816.4</u>	<u>\$ 817.1</u>

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

- Improvements to the City’s water utility system of \$22.9 million
- Improvements to the City’s sewer system of \$10.9 million

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

Long-term debt. The City’s long-term debt was \$65.2 million at the end of the fiscal year. Debt decreased by \$3.9 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's assessed valuation as of June 30, 2015 is \$10.9 billion. The current debt limitation for the City is \$364.1 billion. There are no outstanding general obligation bonds of the City for the fiscal year ended June 30, 2015.

Additional information on the City's long-term debt can be found in the financial statements Note D.7 of this report.

	Government activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Certificates of participation	\$ 17.2	\$ 17.8	\$ -	\$ -	\$ 17.2	\$ 17.8
Agreements payable	4.1	5.3	-	-	4.1	5.3
Capital lease purchase	0.8	0.8	-	-	0.8	0.8
Sewer revenue COP	-	-	19.2	19.8	19.2	19.8
Water revenue bonds	-	-	23.9	25.4	23.9	25.4
Total	<u>\$ 22.1</u>	<u>\$ 23.9</u>	<u>\$ 43.1</u>	<u>\$ 45.2</u>	<u>\$ 65.2</u>	<u>\$ 69.1</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Orange County's economy made significant headway this year in terms of economic growth, job creation, and lower unemployment rate. Along with job growth and higher incomes, improvements in the housing market all point to stronger consumer spending in 2015 and 2016. Due to increasing numbers of international visitors and tourists, as well as higher consumer confidence, sales tax revenue is expected to increase. In addition, both occupancy rates and average daily room rates have surpassed pre-recession rates and continue to improve. Local commercial real estate has also improved and vacancy rates are expected to decline. The residential real estate market continues to improve, but it will be some time before it can be considered fully recovered. The median home price has increased and the number of permits issued for new home construction is expected to increase due to stronger economic growth.

Likewise, the City has seen some positive signs of recovery and growth. However, expenses are expected to increase and the continuing structural budget deficit remains for the City. The City remains committed to addressing this structural deficit. The City's transient occupancy tax revenue continues to be a significant source of revenue. The opening of Walmart in July 2014, the anticipated opening of the Great Wolf Lodge Water Park Hotel in February 2016, the construction of Brookhurst Triangle residential mixed-use project in December 2015, and other properties along Harbor Boulevard will provide much needed additional revenue to the City. Furthermore, the City will be implementing a new Economic Development Strategic Plan designed to expand the City's tax base, increase revenue sources, create and retain jobs within the City, and build local and regional relationships. The Strategic Plan will be especially important as the City adjusts to the anticipated increases in retirement contributions and the loss of OfficeMax, Inc. in FY 2014-15, which generated over \$1 million in annual sales tax revenue to the City. The continued pursuit of economic development in the City will help to ensure the City's current and future financial health.

The City remains cautiously optimistic for FY 2015-16. Revenues and expenditures will be closely monitored to maintain the City's financial health. The FY 2015-16 budget is balanced and includes a basic operating budget of \$105.2 million and capital budget of \$4.4 million. The basic operation budget was balanced using \$4.5 million in reserves and transfers.

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

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CITY OF GARDEN GROVE
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 136,421,964	\$ 55,024,105	\$ 191,446,069
Cash and investments with fiscal agents	-	3,540,230	3,540,230
Taxes receivable	1,896,363	65,964	1,962,327
Accounts receivable	6,499,083	7,367,944	13,867,027
Interest receivable	368,642	183,345	551,987
Intergovernmental receivable	2,897,280	111,817	3,009,097
Internal balances	11,115,425	(11,115,425)	-
Inventory	668,869	-	668,869
Prepaid items	85,149	22,746	107,895
Total current assets	159,952,775	55,200,726	215,153,501
Noncurrent assets:			
Deposits	32,100	15,000	47,100
Notes receivable, net	19,686,209	7,832	19,694,041
Land held for resale	4,852,252	-	4,852,252
Prepaid bond insurance costs	162,612	102,614	265,226
Capital assets:			
Land	419,769,534	2,564,750	422,334,284
Construction in progress	6,437,270	6,425,362	12,862,632
Depreciable capital assets, net	238,730,727	142,521,007	381,251,734
Total noncurrent assets	689,670,704	151,636,565	841,307,269
Total assets	849,623,479	206,837,291	1,056,460,770
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions and differences in experience	15,148,992	1,435,824	16,584,816
Unamortized loss on refunding of debt	-	187,890	187,890
Total deferred outflows	15,148,992	1,623,714	16,772,706
LIABILITIES			
Current Liabilities:			
Accounts payable	5,863,759	3,633,453	9,497,212
Accrued liabilities	2,155,122	292,412	2,447,534
Refundable deposits	3,451,974	656,555	4,108,529
Interest payable	21,437	87,565	109,002
Current portion of long-term obligations	14,242,832	2,050,000	16,292,832
Total current liabilities	25,735,124	6,719,985	32,455,109
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	52,486,240	41,054,537	93,540,777
Net pension liability	177,685,621	15,870,105	193,555,726
Total noncurrent liabilities	230,171,861	56,924,642	287,096,503
Total liabilities	255,906,985	63,644,627	319,551,612
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual earnings on pension plan investments	32,088,296	3,166,198	35,254,494
Total deferred inflows	32,088,296	3,166,198	35,254,494
NET POSITION			
Net investment in capital assets	642,786,442	111,946,812	754,733,254
Restricted for:			
Public safety	1,754,508	-	1,754,508
Public right of way	5,216,831	-	5,216,831
Community planning and development	5,756,180	-	5,756,180
Developer impact projects	5,119,946	-	5,119,946
Unrestricted	(83,856,717)	29,703,368	(54,153,349)
Total net position	\$ 576,777,190	\$ 141,650,180	\$ 718,427,370

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

**CITY OF GARDEN GROVE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Functions/programs	Expenses	Charges for Services	Program Revenue Operating Grants and Contributions
Governmental activities:			
Fire	\$ 21,938,624	\$ 1,011,169	\$ 155,839
Police	50,836,583	3,018,973	1,446,513
Traffic safety	3,517,058	1,350,664	90,000
Public right of way	16,903,318	271,785	6,159,905
Drainage	1,444,793	-	-
Community buildings	4,973,443	-	-
Community services	4,796,808	985,831	-
Economic Development	1,944,337	-	-
Parks and greenbelts	2,146,149	1,263,720	366,390
Community planning and development	7,837,009	1,839,352	3,895,678
Municipal support	7,608,708	2,656,300	1,180,223
Interest on long term debt	861,768	-	-
Total governmental activities	124,808,598	12,397,794	13,294,548
Business-type activities:			
Water utility	30,003,144	33,145,422	-
Sewage collection	6,642,272	9,979,874	-
Solid waste disposal	1,485,994	2,114,849	-
Housing authority	30,706,656	-	30,725,867
Total business-type activities	68,838,066	45,240,145	30,725,867
Total	\$ 193,646,664	\$ 57,637,939	\$ 44,020,415

General revenues:

Taxes:

- Sales taxes
- Property taxes, levied for general purposes
- Franchise taxes
- Business operation taxes
- Transient occupancy taxes
- Motor vehicle taxes, levied for general purposes
- Investment income
- Miscellaneous
- Gain (loss) on sale of capital assets

Total general revenues

Transfers

Change in net position

Net position, beginning of year, as restated

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 27,493	\$ (20,744,123)	\$ -	\$ (20,744,123)
148,508	(46,222,589)	-	(46,222,589)
23,416	(2,052,978)	-	(2,052,978)
4,394,252	(6,077,376)	-	(6,077,376)
487,359	(957,434)	-	(957,434)
-	(4,973,443)	-	(4,973,443)
179,367	(3,631,610)	-	(3,631,610)
-	(1,944,337)	-	(1,944,337)
624,053	108,014	-	108,014
-	-	-	-
147,952	(1,954,027)	-	(1,954,027)
-	(3,772,185)	-	(3,772,185)
-	(861,768)	-	(861,768)
<u>6,032,400</u>	<u>(93,083,856)</u>	<u>-</u>	<u>(93,083,856)</u>
-	-	3,142,278	3,142,278
-	-	3,337,602	3,337,602
-	-	628,855	628,855
-	-	19,211	19,211
-	-	<u>7,127,946</u>	<u>7,127,946</u>
<u>\$ 6,032,400</u>	<u>(93,083,856)</u>	<u>7,127,946</u>	<u>(85,955,910)</u>
	19,251,431	-	19,251,431
	36,972,309	-	36,972,309
	2,532,706	-	2,532,706
	5,228,239	-	5,228,239
	17,216,510	-	17,216,510
	71,970	-	71,970
	2,005,293	523,318	2,528,611
	533,556	168,972	702,528
	2,599	29,932	32,531
	<u>83,814,613</u>	<u>722,222</u>	<u>84,536,835</u>
	(6,715)	6,715	-
	(9,275,958)	7,856,883	(1,419,075)
	<u>586,053,148</u>	<u>133,793,297</u>	<u>719,846,445</u>
<u>\$</u>	<u>\$ 576,777,190</u>	<u>\$ 141,650,180</u>	<u>\$ 718,427,370</u>

**CITY OF GARDEN GROVE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	HOME Grant Special Revenue Fund	Other Grants and Contributions	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash investments	\$ 20,771,890	\$ 190,359	\$ 2,066,519	\$ 12,906,288	\$ 35,935,056
Cash and cash investments with fiscal agents	-	-	-	-	-
Taxes receivable	1,877,148	-	-	19,215	1,896,363
Accounts receivable	5,710,844	44,157	425,767	143,040	6,323,808
Interest receivable	200,520	755	510	56,354	258,139
Intergovernmental receivable	-	-	2,308,739	588,541	2,897,280
Intercity loans receivable	37,932,999	-	-	13,729,748	51,662,747
Prepaid items	85,149	-	-	-	85,149
Notes receivable	2,670,463	13,295,599	1,743,970	2,801,957	20,511,989
Allowance	(24,558,020)	(582,949)	-	(13,972,580)	(39,113,549)
Due from other funds	-	-	-	-	-
Land held for resale	-	-	-	4,852,252	4,852,252
Total assets	<u>\$ 44,690,993</u>	<u>\$ 12,947,921</u>	<u>\$ 6,545,505</u>	<u>\$ 21,124,815</u>	<u>\$ 85,309,234</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,579,201	\$ -	\$ 491,189	\$ 884,975	\$ 2,955,365
Accrued liabilities	1,749,010	-	5,588	70,302	1,824,900
Refundable deposits	3,403,969	10,176	-	36,309	3,450,454
Due to other funds	-	-	2,610,960	84,524	2,695,484
Total liabilities	<u>6,732,180</u>	<u>10,176</u>	<u>3,107,737</u>	<u>1,076,110</u>	<u>10,926,203</u>
Deferred inflows of resources:					
Unavailable revenue	4,950,170	12,712,652	3,571,591	2,570,713	23,805,126
Total Deferred inflows	<u>4,950,170</u>	<u>12,712,652</u>	<u>3,571,591</u>	<u>2,570,713</u>	<u>23,805,126</u>
Fund balances:					
Non-Spendable:					
Intercity loan	13,374,979	-	-	-	13,374,979
Restricted:					
Police	-	-	67,283	1,687,225	1,754,508
Public right of way	-	-	-	5,357,976	5,357,976
Drainage	-	-	-	647,490	647,490
Community planning and development	-	436,836	172,694	9,775,092	10,384,622
Community services	-	-	169,571	10,209	179,780
Assigned:					
Post-employment benefits	1,000,000	-	-	-	1,000,000
Garden Grove tourism improvement district	231,011	-	-	-	231,011
Property tax lawsuit	500,000	-	-	-	500,000
Building improvements	1,300,000	-	-	-	1,300,000
General plan	272,449	-	-	-	272,449
Unassigned	16,330,204	(211,743)	(543,371)	-	15,575,090
Total fund balances	<u>33,008,643</u>	<u>225,093</u>	<u>(133,823)</u>	<u>17,477,992</u>	<u>50,577,905</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 44,690,993</u>	<u>\$ 12,947,921</u>	<u>\$ 6,545,505</u>	<u>\$ 21,124,815</u>	<u>\$ 85,309,234</u>

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

CITY OF GARDEN GROVE
RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2015

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

Fund balances - total governmental funds (page 14)	\$ 50,577,905
Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet.	657,834,056
Certain notes, grants, and accounts receivables are not available to pay for current period expenditures, and therefore are offset by deferred inflows of resources in the governmental funds.	23,805,126
Internal service funds are used by management to charge the costs of various city activities to individual governmental and business-like funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	65,448,583
The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long term debt and related items.	(26,569,620)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the balance sheet of the governmental funds. Also, deferred inflows and outflows of resources related to pension costs are deferred and amortized in the statement of activities. This amount is the net effect of the treatment of net pension liability, deferred outflows of resources from pension contributions and deferred inflows of resources for the net difference between projected and actual earnings on pension plan investments:	<u>(194,318,860)</u>
Net position of governmental activities	<u>\$ 576,777,190</u>

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

CITY OF GARDEN GROVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	HOME Grant Special Revenue Fund	Other Grants and Contributions	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 78,498,313	\$ -	\$ -	\$ 3,324,873	\$ 81,823,186
Licenses and permits	1,114,661	-	-	24,881	1,139,542
Fines, forfeits and penalties	1,781,424	-	762,861	84,382	2,628,667
Investment earnings	1,357,625	1,193	1,299	185,485	1,545,602
Charges for current services	5,644,004	-	-	3,884,540	9,528,544
From other agencies	988,938	953,928	4,079,985	9,921,744	15,944,595
Other revenues	1,453,699	71,561	301,703	251,881	2,078,844
Total revenues	<u>90,838,664</u>	<u>1,026,682</u>	<u>5,145,848</u>	<u>17,677,786</u>	<u>114,688,980</u>
EXPENDITURES:					
Current:					
Fire	21,406,411	-	26,892	238,530	21,671,833
Police	47,718,954	-	830,047	839,592	49,388,593
Traffic safety	1,144,666	-	438,601	1,518,586	3,101,853
Public right of way	4,586,981	-	93,414	2,205,270	6,885,665
Community buildings	3,407,515	-	-	-	3,407,515
Community services	2,954,018	-	639,052	1,199,912	4,792,982
Economic development	127,374	-	-	1,816,984	1,944,358
Parks and greenbelts	1,437,861	-	-	809,039	2,246,900
Community planning and development	4,976,437	1,238,425	894,125	250,351	7,359,338
Municipal support	7,417,768	-	-	182,438	7,600,206
Capital outlay:					
Fire	47,975	-	-	11,098	59,073
Police	358,788	-	-	1,041,257	1,400,045
Traffic safety	-	-	-	19,303	19,303
Public right of way	549,742	-	2,083,701	4,415,250	7,048,693
Drainage	-	-	-	-	-
Community buildings	-	-	-	-	-
Community services	10,716	-	-	800	11,516
Parks and greenbelts	-	-	-	493,507	493,507
Community planning and development	-	-	-	-	-
Municipal support	-	-	-	-	-
Debt service:					
Principal retirement	887,155	-	1,050,000	-	1,937,155
Interest and other charges	1,075,401	-	123,991	-	1,199,392
Total expenditures	<u>98,107,762</u>	<u>1,238,425</u>	<u>6,179,823</u>	<u>15,041,917</u>	<u>120,567,927</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,269,098)</u>	<u>(211,743)</u>	<u>(1,033,975)</u>	<u>2,635,869</u>	<u>(5,878,947)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	7,597,009	-	-	164,209	7,761,218
Transfers out	(170,924)	-	-	(3,387,009)	(3,557,933)
Proceeds from sale of capital assets	5,185	-	-	17,001	22,186
Total other financing sources (uses)	<u>7,431,270</u>	<u>-</u>	<u>-</u>	<u>(3,205,799)</u>	<u>4,225,471</u>
Net change in fund balances	162,172	(211,743)	(1,033,975)	(569,930)	(1,653,476)
Fund balances, beginning of year, as restated	<u>32,846,471</u>	<u>436,836</u>	<u>900,152</u>	<u>18,047,922</u>	<u>52,231,381</u>
Fund balances, end of year	<u>\$ 33,008,643</u>	<u>\$ 225,093</u>	<u>\$ (133,823)</u>	<u>\$ 17,477,992</u>	<u>\$ 50,577,905</u>

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

CITY OF GARDEN GROVE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Net change in fund balances - total governmental funds (page 16)	\$ (1,653,476)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expenses exceeded capital outlays in the current period.	(4,639,841)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,294,362
Some revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds.	261,996
Internal service funds are used by management to charge the costs of certain activities, such as workers compensation, fleet management, employee benefits, telephones, information systems, risk management and warehouse operations to individual funds. The net expenses of these internal service funds are reported with governmental activities.	(4,979,576)
Pension costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>440,577</u>
Change in net position of governmental activities	<u><u>\$ (9,275,958)</u></u>

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

**CITY OF GARDEN GROVE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility	Sewage Collection	Solid Waste Disposal	Housing Authority	Total	
ASSETS						
Current Assets:						
Cash and cash investments	\$ 23,210,389	\$ 27,449,722	\$ 4,055,536	\$ 308,458	\$ 55,024,105	100,486,908
Cash and cash investments with fiscal agents	2,034,721	1,505,509	-	-	3,540,230	-
Taxes receivable	-	27,139	38,825	-	65,964	-
Accounts receivable	5,343,045	1,365,991	657,044	1,864	7,367,944	175,275
Interest receivable	75,580	93,158	13,882	725	183,345	110,503
Due from other funds	-	-	-	-	-	2,695,484
Intergovernmental receivable	-	-	-	111,817	111,817	-
Intercity loans receivable	750,000	-	-	-	750,000	-
Allowance	(750,000)	-	-	-	(750,000)	-
Inventory	-	-	-	-	-	668,869
Prepaid items	22,746	-	-	-	22,746	-
Total current assets	<u>30,686,481</u>	<u>30,441,519</u>	<u>4,765,287</u>	<u>422,864</u>	<u>66,316,151</u>	<u>104,137,039</u>
Noncurrent assets:						
Deposits	15,000	-	-	-	15,000	32,100
Notes receivable	-	7,832	-	-	7,832	-
Prepaid bond insurance costs	33,174	69,440	-	-	102,614	-
Capital assets:						
Land	1,471,805	1,092,945	-	-	2,564,750	-
Construction in progress	5,601,470	823,892	-	-	6,425,362	1,231,642
Depreciable capital assets, net	77,147,827	65,373,180	-	-	142,521,007	5,871,833
Total noncurrent assets	<u>84,269,276</u>	<u>67,367,289</u>	<u>-</u>	<u>-</u>	<u>151,636,565</u>	<u>7,135,575</u>
Total assets	<u>114,955,757</u>	<u>97,808,808</u>	<u>4,765,287</u>	<u>422,864</u>	<u>217,952,716</u>	<u>111,272,614</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension contributions and differences in experience	905,621	441,543	88,660	-	1,435,824	253,966
Unamortized loss on refunding of debt	187,890	-	-	-	187,890	-
Total Deferred Outflows	<u>1,093,511</u>	<u>441,543</u>	<u>88,660</u>	<u>-</u>	<u>1,623,714</u>	<u>253,966</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	3,225,042	347,052	44,902	16,457	3,633,453	2,908,394
Accrued liabilities	143,907	69,709	78,796	-	292,412	330,222
Refundable deposits	498,504	8,383	-	149,668	656,555	1,520
Interest payable	49,792	37,773	-	-	87,565	373
Current portion						
of long-term obligations						
Capital leases	-	-	-	-	-	172,286
Accrued compensated absences	-	-	-	-	-	7,662,857
Claims payable	-	-	-	-	-	4,446,120
Long-term debt	1,490,000	560,000	-	-	2,050,000	-
Total current liabilities	<u>5,407,245</u>	<u>1,022,917</u>	<u>123,698</u>	<u>166,125</u>	<u>6,719,985</u>	<u>15,521,772</u>
Noncurrent liabilities:						
Intercity loans payable	13,374,978	-	-	-	13,374,978	-
Noncurrent portion of long-term obligations:						
Capital leases	-	-	-	-	-	223,974
Accrued compensated absences	-	-	-	-	-	1,915,714
Claims payable	-	-	-	-	-	22,789,880
Long-term debt	22,394,149	18,660,388	-	-	41,054,537	-
Net pension liability	10,009,793	4,880,361	979,951	-	15,870,105	2,807,073
Total noncurrent liabilities	<u>45,778,920</u>	<u>23,540,749</u>	<u>979,951</u>	<u>-</u>	<u>70,299,620</u>	<u>27,736,641</u>
Total liabilities	<u>51,186,165</u>	<u>24,563,666</u>	<u>1,103,649</u>	<u>166,125</u>	<u>77,019,605</u>	<u>43,258,413</u>
DEFERRED INFLOWS OF RESOURCES						
Net difference between projected and actual earnings on pension plan investments	1,997,024	973,667	195,507	-	3,166,198	560,031
Total Deferred Inflows	<u>1,997,024</u>	<u>973,667</u>	<u>195,507</u>	<u>-</u>	<u>3,166,198</u>	<u>560,031</u>
NET POSITION						
Net Investment in capital assets	62,371,674	49,575,138	-	-	111,946,812	5,475,573
Unrestricted	494,405	23,137,880	3,554,791	256,739	27,443,815	62,232,563
Total net position	<u>\$ 62,866,079</u>	<u>\$ 72,713,018</u>	<u>\$ 3,554,791</u>	<u>\$ 256,739</u>	<u>139,390,627</u>	<u>67,708,136</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					2,259,553	
Net position of business-type activities					<u>\$ 141,650,180</u>	

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

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CITY OF GARDEN GROVE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities	
	- Enterprise Funds	
	Water Utility	Sewage Collection
Operating revenues:		
Charges for services	\$ -	\$ -
Water sales	33,115,278	-
Section 8 grant revenue	-	-
Solid waste disposal fees	-	-
Property assessments	-	2,439,246
Sewer user fees	-	7,521,842
Other	30,143	18,786
Total operating revenues	<u>33,145,421</u>	<u>9,979,874</u>
Operating expenses:		
Salaries and wages	4,767,979	2,223,357
Employee benefits	-	-
Contractual services	6,173,813	1,485,582
Liability claims	-	-
Materials and supplies	606,065	106,022
Water production expenses	13,598,384	-
Housing assistance payment	-	-
Depreciation and amortization	3,943,648	1,954,908
Total operating expenses	<u>29,089,889</u>	<u>5,769,869</u>
Operating income (loss)	<u>4,055,532</u>	<u>4,210,005</u>
Nonoperating revenues (expenses):		
Investment income	229,250	262,658
Gain on disposal of assets	29,932	-
Other nonoperating revenues (expenses)	168,972	-
Interest expense	(996,768)	(927,050)
Total nonoperating revenues (expenses)	<u>(568,614)</u>	<u>(664,392)</u>
Income (loss) before transfers	3,486,918	3,545,613
Transfer In	-	-
Transfers out	-	-
Change in net position	3,486,918	3,545,613
Total net position, beginning of year, as restated	<u>\$59,379,161</u>	<u>\$69,167,405</u>
Total net position, end of year	<u>\$ 62,866,079</u>	<u>\$ 72,713,018</u>

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

Change in net position of business-type activities.

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

Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Solid Waste Disposal	Housing Authority	Total	
\$ -	\$ -	\$ -	\$ 50,944,009
-	-	33,115,278	-
-	30,707,526	30,707,526	-
1,782,269	-	1,782,269	-
332,580	-	2,771,826	-
-	-	7,521,842	-
-	18,341	67,270	23,631
<u>2,114,849</u>	<u>30,725,867</u>	<u>75,966,011</u>	<u>50,967,640</u>
458,374	2,337,638	9,787,348	14,898,966
-	-	-	24,317,695
1,027,265	158,008	8,844,668	2,247,817
-	-	-	7,613,852
355	30,066	742,508	2,326,326
-	-	13,598,384	-
-	28,180,944	28,180,944	-
-	-	5,898,556	937,615
<u>1,485,994</u>	<u>30,706,656</u>	<u>67,052,408</u>	<u>52,342,271</u>
628,855	19,211	8,913,603	(1,374,631)
29,898	1,512	523,318	701,710
-	-	29,932	51,221
-	-	168,972	-
-	-	(1,923,818)	(9,716)
<u>29,898</u>	<u>1,512</u>	<u>(1,201,596)</u>	<u>743,215</u>
658,753	20,723	7,712,007	(631,416)
-	6,715	6,715	-
-	-	-	(4,210,000)
-	6,715	6,715	(4,210,000)
658,753	27,438	7,718,722	(4,841,416)
<u>\$2,896,038</u>	<u>\$229,301</u>		<u>72,549,552</u>
<u>\$ 3,554,791</u>	<u>\$ 256,739</u>		<u>\$ 67,708,136</u>
		<u>138,161</u>	
		<u>\$ 7,856,883</u>	

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 33,811,262	\$ 9,864,200
Payments to suppliers	(22,708,113)	(2,763,635)
Payments to employees	(4,872,944)	(2,267,146)
Payments for employee benefits	-	-
Receipts from user departments	-	-
Net cash provided (used) by operating activities	<u>6,230,205</u>	<u>4,833,419</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers to other funds	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(6,636,618)	(1,842,778)
Proceeds from disposal of capital assets	29,932	-
Principal paid on capital debt	(1,430,000)	(535,000)
Interest paid on capital debt	(830,326)	(927,944)
Net cash provided by capital and related financing activities	<u>(8,867,012)</u>	<u>(3,305,722)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	240,418	261,473
Net cash provided by investing activities	<u>240,418</u>	<u>261,473</u>
Net increase (decrease) in cash and cash equivalents	(2,396,389)	1,789,170
Cash and cash equivalents, beginning of year	<u>27,641,499</u>	<u>27,166,061</u>
Cash and cash equivalents, end of year	<u>\$ 25,245,110</u>	<u>\$ 28,955,231</u>

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

Business-Type Activities - Enterprise Funds			Governmental Activities -
Solid Waste Disposal	Housing Authority	Total	Internal Service Funds
\$ 2,190,450	\$ 30,616,624	\$ 76,482,536	\$ -
(1,042,063)	(28,451,288)	(54,965,099)	(10,452,360)
(400,201)	(2,337,638)	(9,877,929)	(14,714,877)
-	-	-	(23,200,012)
-	-	-	50,986,330
<u>748,186</u>	<u>(172,302)</u>	<u>11,639,508</u>	<u>2,619,081</u>
-	6,715	6,715	(5,138,834)
-	6,715	6,715	(5,138,834)
-	-	(8,479,396)	(2,383,474)
-	-	29,932	51,221
-	-	(1,965,000)	(83,220)
-	-	(1,758,270)	(9,459)
-	-	(12,172,734)	(2,424,932)
27,373	1,853	531,117	692,880
<u>27,373</u>	<u>1,853</u>	<u>531,117</u>	<u>692,880</u>
775,559	(163,734)	4,606	(4,251,805)
<u>3,279,977</u>	<u>472,192</u>	<u>58,559,729</u>	<u>104,738,712</u>
<u>\$ 4,055,536</u>	<u>\$ 308,458</u>	<u>\$ 58,564,335</u>	<u>100,486,907</u>

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	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)	\$ 4,055,532	\$ 4,210,005
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense	3,943,648	1,954,908
Decrease (increase) in taxes receivable	-	2,832
Decrease (increase) in accounts receivable	665,841	(119,685)
Decrease (increase) in intergovernmental receivable	-	-
Decrease (increase) in notes receivable	-	1,179
Decrease (increase) in inventory	-	-
Decrease (increase) in prepaid expenses	(22,746)	-
Increase (decrease) in accounts payable	(2,307,993)	(1,172,031)
Increase (decrease) in accrued compensated absences	-	-
Increase (decrease) in accrued liabilities	18,968	16,635
Increase (decrease) in refundable deposits	888	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	(123,933)	(60,424)
Total adjustments	2,174,673	623,414
Net cash provided by operating activities	\$ 6,230,205	\$ 4,833,419

There were no noncash investing, capital, or financing activities for the year ended June 30, 2015.

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

Business-Type Activities - Enterprise Funds			Governmental Activities-
Solid Waste Disposal	Housing Authority	Total	Internal Service Funds
\$ 628,855	\$ 19,211	\$ 8,913,603	\$ (1,374,631)
-	-	5,898,556	937,615.00
10,184	-	13,016	-
65,418	2,574	614,148	(31,074)
-	(111,817)	(111,817)	-
-	-	1,179	-
-	-	-	25,113
-	-	(22,746)	5,722
(14,445)	(74,144)	(3,568,613)	(27,226)
-	-	-	1,228,170
70,309	-	105,912	109,079
-	(8,126)	(7,238)	-
-	-	-	1,781,069
(12,135)	-	(196,492)	(34,756)
119,331	(191,513)	2,725,905	3,993,712
\$ 748,186	\$ (172,302)	\$ 11,639,508	\$ 2,619,081

**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, 2015**

ASSETS

Current Assets:

Cash and cash investments	\$	12,204,950
Cash and cash investments with fiscal agents		5,974,496
Accounts receivable		315,779
Interest receivable		1,799
Total current assets		18,497,024

Noncurrent assets:

Notes receivable		1,360,403
Prepaid Expense		172,687
Prepaid bond insurance costs		369,826
Capital assets:		
Land		61,057,786
Depreciable capital assets, net		160,000
Total noncurrent assets		63,120,702

Total assets		81,617,726
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Deferred outflows of resources:

Unamortized loss on refunding of debt		492,994
Total deferred outflows		492,994

LIABILITIES

Current Liabilities:

Accounts payable		430,479
Accrued liabilities		6,663
Refundable deposits		726,991
Interest payable		414,425
Current portion		
of long-term obligations		6,840,804
Total current liabilities		8,419,362

Noncurrent liabilities:

Noncurrent portion of long-term obligations:		
Long-term debt		55,625,997
Total noncurrent liabilities		55,625,997

Total liabilities		64,045,359
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NET POSITION

Held in trust for redevelopment dissolution	\$	18,065,361
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The notes to basic financial statements are an integral part of this statement.

**CITY OF GARDEN GROVE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CITY OF GARDEN GROVE AS SUCCESSOR AGENCY
TO THE GARDEN GROVE REDEVELOPMENT AGENCY
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ADDITIONS

Taxes	\$	20,526,084
Investment earnings		9,477
Other revenues		396,959
Total additions		20,932,520

DEDUCTIONS

Program expenses		8,703,052
Administrative expenses		591,473
Interest and fiscal agency expenses		1,290,300
Loss on asset disposal		-
Total deductions		10,584,825

CHANGE IN NET POSITION

10,347,695

NET POSITION, BEGINNING OF YEAR

7,717,666

NET POSITION, END OF YEAR

\$ 18,065,361

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

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**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

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.

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

- d. The Garden Grove Public Financing Authority (the "Authority") was established on June 22, 1993 as a joint powers agency organized under the laws of the State of California. The Authority was formed to assist in the financing of public and capital improvements. The Authority's financial data and transactions are included within enterprise funds. The Authority is administered by the Board who are the members of the City Council and the Mayor. Council members approve the Authority budget and the City provides staffing.

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

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

2. Government-wide and fund financial statements

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

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

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

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

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

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

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.

Other Grants and Contributions special revenue 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.

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.

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.

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.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

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 14, 2014	7% - 10%
December 4, 2014	5% - 10%
December 18, 2014	30% - 35%
January 15, 2015	1% - 5%
March 12, 2015	5% - 7%
April 23, 2015	30% - 35%
May 21, 2015	1% - 5%
July 16, 2015	1% - 2% (Collections through June 30)

d. Inventory, prepaid items and land held for resale

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

Land held for resale is valued at lower of cost or estimated net realizable value, determined upon execution of a disposition and development agreement, at June 30, 2015 and is located in the Housing Successor Agency Capital Projects Fund.

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

e. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, medians, traffic signals, storm drains), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund and fiduciary fund financial statements. The government defines capital assets as assets with an initial, individual cost of more than

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

\$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 asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The net interest cost incurred in the financing of projects during the construction period is not capitalized, except for enterprise funds. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds of tax-exempt debt over the same period. The interest capitalized by the City during the current fiscal year was \$1,056,518.

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

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

f. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two types of items that qualify for reporting in this category. One is the deferred charge from pension contributions and the other 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.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

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 two types of items which qualify for reporting in this category, the net difference between projected and actual earnings on pension investments at the government-wide statement of net position and proprietary funds' statement of net position. The item, *unavailable revenue*, is reported only in the governmental funds balance sheet and the item, *The governmental funds report unavailable revenues from notes, accounts, and grant receivables*. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

g. Accrued compensated absences

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

h. Long term 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 governmental funds balance sheet. The capital assets reported in the *Statement of Net Position* excluding internal service fund capital assets are as follows:

Capital assets	\$ 948,064,500
Accumulated depreciation	(290,230,444)
	<u>\$ 657,834,056</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

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

Note receivables not available to pay for current period expenditures	\$ 19,724,041
Grant and accounts receivables not available to pay for current period expenditures	4,081,085
	<u>\$ 23,805,126</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 governmental activities.

Internal service funds net position-beginning of year, as restated	\$ 72,549,552
Change in net position	<u>(4,841,416)</u>
Internal service funds net position - end of year	67,708,136
Less allocation to enterprise funds	<u>(2,259,553)</u>
Adjustment to statement of net position - Governmental	<u>\$ 65,448,583</u>

One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. The details of this \$26,569,620 adjustment are as follows:

Certificates of participation	\$ 17,210,000
Agreements payable	4,128,913
Capital lease	415,916
Interest payable	21,064
Postemployment benefit obligation	4,956,339
Prepaid issuance costs	<u>(162,612)</u>
	<u>\$ 26,569,620</u>

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

Pension contributions after measurement date	\$ (14,895,026)
Net Pension Liability	177,685,621
Net difference between projected and actual earnings on plan investments	31,528,265
	<u>\$ 194,318,860</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

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

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

Capital outlay expenditures capitalized, net of gain on disposal of capital assets	\$ 9,013,544
Public right of way expenditures capitalized	5,453
Current year governmental depreciation	<u>(13,658,838)</u>
	<u>\$ (4,639,841)</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	\$ 620,000
Agreements payable	1,147,967
Capital lease payable	169,189
Amortization of issuance costs	(9,565)
Change in interest payable	356,904
Change in postemployment benefit obligation	(990,133)
Total long term debt adjustment	<u>\$ 1,294,362</u>

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

Revenue from other agencies	\$ 261,996
	<u>\$ 261,996</u>

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

Internal service funds change in net position	\$ (4,841,416)
Less change in net position allocated to enterprise funds	(138,160)
Adjustment to statement of activities - Governmental	<u>\$ (4,979,576)</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

Pension costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Fire	\$	(46,232)
Police		(120,323)
Traffic safety		14,688
Public right of way		107,498
Community buildings		44,863
Community services		97,937
Parks and greenbelts		23,251
Community planning and development		160,265
Municipal support		158,630
	<u>\$</u>	<u>440,577</u>

C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgetary information

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

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

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

2. Deficit fund equity

The following fund had a deficit at June 30, 2015:

Fund	Type of Fund	Deficit Fund Equity
Other Grants and Contributions	Special Revenue	\$ 133,823

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

**CITY OF GARDEN GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2015**

D. DETAILED NOTES ON ALL FUNDS

1. Cash and investments

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of net position:

City of Garden Grove:

Cash and investments	\$ 191,446,069
Cash and investments with fiscal agent	3,540,230
	<u>194,986,299</u>

Successor Agency (Private Purpose Trust Fund):

Cash and investments	12,204,950
Cash and investments with fiscal agent	5,974,496
	<u>18,179,446</u>

Total cash and investments	<u><u>\$ 213,165,745</u></u>
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Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 43,730
Deposits with financial institutions	25,685
Investments	213,096,330
Total cash and investments	<u><u>\$ 213,165,745</u></u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

Investments Authorized by the City's Investment Policy

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

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

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

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

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

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	\$ 42,362,370	1.76
U.S. Agency Securities		
FHLB	39,793,183	2.28
FFCB	33,620,710	1.45
FNMA	43,240,570	2.74
Local Agency Investment Fund (LAIF)	44,564,770	0.50
Held by fiscal agent:		
Investments Contracts	2,843,946	0.50
Money Market Funds	<u>6,670,781</u>	0.50
 Total	 <u>\$ 213,096,330</u>	

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End	
				AAA	Not Rated
U.S. Treasury	\$ 42,362,370	N/A	\$ 42,362,370	-	-
U.S. Agency Securities					
FHLB	39,793,183	N/A	-	39,793,183	-
FFCB	33,620,710	N/A	-	33,620,710	-
FNMA	43,240,570	N/A	-	43,240,570	-
Local Agency Investment Fund	44,564,770	N/A	-	-	44,564,770
Held by fiscal agent:					
Investment Contracts	2,843,946	N/A	-	-	2,843,946
Money Market Funds	6,670,781	AAA	-	6,670,781	-
Total	<u>\$ 213,096,330</u>		<u>\$ 42,362,370</u>	<u>\$ 123,325,244</u>	<u>\$ 47,408,716</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	\$ 39,793,183
FFCB	U.S. Agency Securities	33,620,710
FNMA	U.S. Agency Securities	43,240,570

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

Custodial Credit Risk

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

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The total amount invested by all public agencies in LAIF as of June 30, 2015 was \$20.3 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2015 had a balance of \$69.6 billion, of that amount, 2.08% was invested in medium-term and short-term structured notes and asset-backed securities.

2. Intercity loans receivable/payable at June 30, 2015 consisted of the following:

a. Loan from General fund to Water Utility fund:

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

\$13,374,979

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

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

2,539,990

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

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

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

3,048,030

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

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

18,970,000

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

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

750,000

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

The former redevelopment agency has five loans from the Low Income Housing Assets capital project fund, that were used to make the fiscal year 2003-04 (\$999,032), 2004-05 (\$1,680,565), and 2005-06 (\$1,517,267) mandated Educational Revenue Augmentation Fund payments and "Supplemental" Education Revenue Augmentation Fund payments for the fiscal year 2009-10 (\$7,906,610) and 2010-11 (\$1,626,274). Interest is accrued annually for the respective loans based upon the City's investment rate of return of the prior year. The rate accrued on the loans for fiscal year 2003-04 was 2.30%, 2004-05 was 1.60%, and 2005-06 was 2.28%. No interest was accrued on the 2009-10 and 2010-11. The loans are due in 10 years from the loan

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

establishment except for 2009-10 and 2010-11 loans which are due on May 10, 2015 and June 30, 2016, respectively. The former redevelopment agency has one additional loan of \$100,000 from the Low Income Housing Assets capital project fund that was used to acquire a property held for resale. This loan is interest free and due in the fiscal year 2011-12. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.

13,729,748

TOTAL INTERCITY LOANS RECEIVABLE

52,412,747

Less: Allowance

(39,037,768)

TOTAL INTERCITY LOANS RECEIVABLE, NET

\$13,374,979

3. Interfund receivables , payables, and transfers

a. The composition of interfund receivable/payable balances as of June 30, 2015 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Other Grants and Contributions special revenue fund	\$ -	\$ 2,610,960
Nonmajor governmental funds	-	84,524
Internal service funds	<u>2,695,484</u>	<u>-</u>
Total	<u>\$ 2,695,484</u>	<u>\$ 2,695,484</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, 2015 is as follows:

	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Nonmajor governmental funds</u>	<u>Housing Authority Fund</u>	<u>Total</u>
Transfers out:				
General Fund	\$ -	\$ 164,209	\$ 6,715	\$ 170,924
Nonmajor governmental funds	3,387,009	-	-	3,387,009
Internal service funds	<u>4,210,000</u>	<u>-</u>	<u>-</u>	<u>4,210,000</u>
Total	<u>\$ 7,597,009</u>	<u>\$ 164,209</u>	<u>\$ 6,715</u>	<u>\$ 7,767,933</u>

Nonmajor governmental fund transfers to the General Fund of \$3,387,009 included a \$600,000 transfer from the Golf Course special revenue fund in accordance with budgetary policy and a \$2,000,000 transfer from the Developer Fees special revenue fund.

Internal service fund transfers to the General fund of \$4,210,000 were generated by short-term budgetary policy changes and cost cutting measures that resulted in temporary expense reductions in the indicated internal service funds. The transfers included a \$1,500,000 transfer from the Workers Compensation internal service fund, a \$1,110,000 transfer from the Employee Benefits internal service fund, and a \$1,600,000 transfer from the Risk Management fund.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015

4. Notes receivable at June 30, 2015, consisted of the following:

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

The City has entered into twenty-six NSP Agreements utilizing NSP funds; at June 30, 2015 only twenty-three NSP Agreements remain, 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.

\$ 908,637

b. Rental rehabilitation - Other nonmajor governmental funds:

The Low and Moderate Income Housing Asset capital projects fund holds six notes related to property rehabilitation loans, which have been used to assist developers in the rehabilitation of multifamily residential buildings located within the City for the purpose of providing adequate low income housing opportunities for City residents. 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.

2,801,957

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

The City has entered into sixteen Housing Rehabilitation Agreements utilizing CDBG funds, which are reflected in other governmental funds and the HOME fund. These loans were for the purpose of assisting developers in the rehabilitation and operation of multifamily apartment buildings for the purpose of providing adequate low-income housing to City residents. Many of these buildings had suffered from serious structural deterioration, overcrowding and high crime. 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.

13,547,984

d. Affordable housing agreement – General fund:

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

2,170,463

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

e. Rental construction – HOME Grant Special Revenue fund:

The City has entered into a rental construction loan agreement utilizing HOME funds. The note was for the purpose of assisting the developer with the construction of new low-income housing for City residents. The note bears a simple annual interest rate of 3%. Loan repayment is based on residual receipts and is contingent upon the release of construction covenants for the project. In addition, the note commenced upon the initial disbursement of funds in June 2015, and its maturity will be the fifty-fifth anniversary of the date the Release of Construction Covenants. Due to the length of note term and uncertainty of note repayment, the City has reserved full allowance for the note.

582,948

f. Second Trustee Loan – General fund:

The City has entered into a financed sale agreement with the Caritas Corporation for the sale of the City’s two mobile home parks, 13741 Clinton Street and 13096 Blackbird Street, in fiscal year 2010-2011. The initial loan amounts were \$172,500 and \$327,500, respectively. These two loans are subordinate loans that are not interest bearing and are due and payable in seven years in September 2017.

500,000

g. 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.

7,832

TOTAL NOTES RECEIVABLE

20,519,821

Less: Allowance

(795,780)

TOTAL NOTES RECEIVABLE, NET

\$19,724,041

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, 2015 is \$4,852,252.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

6. Capital assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 419,782,676	\$ 5,450	\$ (18,592)	\$ 419,769,534
Construction in progress	4,986,739	9,738,918	(8,288,387)	6,437,270
Total capital assets, not being depreciated	424,769,415	9,744,368	(8,306,979)	426,206,804
Capital assets, being depreciated:				
Infrastructure				
Street system	385,467,924	7,532,111	(4,950,320)	388,049,715
Storm drain assets	71,659,795	11,908	-	71,671,703
Buildings and park assets	50,670,684	744,368	(379,038)	51,036,014
Furniture and equipment	30,807,418	1,681,211	(473,235)	32,015,394
Total capital assets, being depreciated	538,605,821	9,969,598	(5,802,593)	542,772,826
Less accumulated depreciated for:				
Infrastructure				
Street system	(204,658,146)	(10,330,301)	4,950,320	(210,038,127)
Storm drain assets	(42,337,891)	(1,422,174)	-	(43,760,065)
Buildings and park assets	(24,396,999)	(1,619,046)	379,038	(25,637,007)
Furniture and equipment	(23,850,690)	(1,224,929)	468,719	(24,606,900)
Total accumulated depreciation	(295,243,726)	(14,596,450)	5,798,077	(304,042,099)
Total capital assets, being depreciated, net	243,362,095	(4,626,852)	(4,516)	238,730,727
Governmental activities capital assets, net	\$ 668,131,510	\$ 5,117,516	\$ (8,311,495)	\$ 664,937,531
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 2,564,750	\$ -	\$ -	\$ 2,564,750
Construction in progress	31,885,174	8,408,318	(33,868,130)	6,425,362
Total capital assets, not being depreciated	34,449,924	8,408,318	(33,868,130)	8,990,112
Capital assets, being depreciated:				
Buildings and structures	15,000	-	-	15,000
Water system	106,592,912	22,947,363	(1,366,684)	128,173,591
Sewer system	101,421,634	10,920,766	(30,688)	112,311,712
Machinery and equipment	502,722	71,082	-	573,804
Total capital assets, being depreciated:	208,532,268	33,939,211	(1,397,372)	241,074,107
Less accumulated depreciated for:				
Buildings and structures	-	-	-	-
Water system	(48,511,506)	(3,980,864)	1,366,684	(51,125,686)
Sewer system	(45,127,818)	(1,954,522)	30,688	(47,051,652)
Machinery and equipment	(357,487)	(18,275)	-	(375,762)
Total accumulated depreciation	(93,996,811)	(5,953,661)	1,397,372	(98,553,100)
Total capital assets, being depreciated, net	114,535,457	27,985,550	-	142,521,007
Business-type activities capital assets, net	\$ 148,985,381	\$ 36,393,868	\$ (33,868,130)	\$ 151,511,119
Private-purpose trust fund				
Land	\$ 61,057,786	\$ -	\$ -	\$ 61,057,786
Capital assets, being depreciated:				
Buildings and structures	400,000	-	-	400,000
Machinery and equipment	6,609	-	-	6,609
Total capital assets, being depreciated:	406,609	-	-	406,609
Less accumulated depreciated for:				
Buildings and structures	(220,000)	(20,000)	-	(240,000)
Machinery and equipment	(6,609)	-	-	(6,609)
Total accumulated depreciation	(226,609)	(20,000)	-	(246,609)
Total capital assets, being depreciated, net	180,000	(20,000)	-	160,000
Private-purpose trust fund capital assets, net	\$ 61,237,786	\$ (20,000)	\$ -	\$ 61,217,786

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015

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

	Governmental Activities	Business-type Activities	Successor Agency Activities
	<u> </u>	<u> </u>	<u> </u>
Police Protection	\$ 2,500	\$ -	\$ -
Traffic safety	284,814	-	-
Right of way	10,330,304	-	-
Drainage	1,422,174	-	-
Community buildings	1,619,047	-	20,000
Water	-	3,987,880	-
Sewage collection	-	1,965,780	-
Solid waste disposal	-	-	-
Housing Authority	-	-	-
Internal service fund	937,615	-	-
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 14,596,454</u>	<u>\$ 5,953,660</u>	<u>\$ 20,000</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

7. Long-Term Debt

a. Following is a summary of long-term debt transactions for the City for the year ended June 30, 2015.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Certificates of participation	\$17,830,000	\$ -	\$ (620,000)	\$17,210,000	\$ 645,000
Agreements payable	5,276,879	-	(1,147,967)	4,128,912	1,223,101
Capital lease payable	817,517	269,145	(274,485)	812,177	265,754
Governmental activities long-term debt	23,924,396	269,145	(2,042,452)	22,151,089	2,133,855
Other non-current liabilities:					
Claims payable	25,702,000	1,813,649	(279,649)	27,236,000	4,446,120
Compensated absences	8,350,401	8,503,731	(7,275,561)	9,578,571	7,662,857
OPEB liabilities	3,966,206	1,345,861	(355,728)	4,956,339	-
Governmental activities long-term liabilities	<u>\$61,943,003</u>	<u>\$ 11,932,386</u>	<u>\$ (9,953,390)</u>	<u>\$63,921,999</u>	<u>\$14,242,832</u>
<u>Business-type activities</u>					
Water revenue COP	\$10,070,000	\$ -	\$ (830,000)	\$ 9,240,000	\$ 865,000
Add: premium	105,639	-	(10,564)	95,075	-
Water revenue bonds	14,625,000	-	(600,000)	14,025,000	625,000
Add: premium/discount	582,306	-	(58,230)	524,076	-
Sewer revenue COP	19,460,000	-	(535,000)	18,925,000	560,000
Add: premium	309,566	-	(14,179)	295,387	-
Business-type activities long- term liabilities	<u>\$45,152,511</u>	<u>\$ -</u>	<u>\$ (2,047,973)</u>	<u>\$43,104,538</u>	<u>\$ 2,050,000</u>
<u>Private-purpose trust fund</u>					
2003 Tax allocation bonds	\$42,345,000	\$ -	\$ (42,345,000)	\$ -	\$ -
Add: premium	788,999	-	(788,999)	-	-
2014 Tax allocation bonds	-	38,810,000	(2,505,000)	36,305,000	2,360,000
Add: premium	-	4,736,137	(236,807)	4,499,330	-
2008 Subordinate Note	1,680,000	-	(80,000)	1,600,000	85,000
Agreements payable	24,114,652	-	(4,052,180)	20,062,472	4,395,804
Private-purpose trust fund long-term liabilities	<u>\$68,928,651</u>	<u>\$ 43,546,137</u>	<u>\$ (50,007,986)</u>	<u>\$62,466,802</u>	<u>\$ 6,840,804</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

b. Governmental long-term debt at June 30, 2015 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 \$1,480,000 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, 2015.

\$17,210,000

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 \$2,424,888. 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.

2,320,000

\$505,575 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.

156,763

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.

1,652,149

Total agreements payable

\$4,128,912

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

Capital leases payable:

In September 2004, the City entered into a lease purchase arrangement in the amount of \$1,156,741 for the retrofit of certain heating and air conditioning system of City government buildings. The interest rate is 4.51% with a quarterly payment of \$26,634 through August 2019. 409,942

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. 2,736

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. 5,974

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. 146,456

In March 2015, the City entered into a capital lease arrangement in the amount of \$269,145 for police motorcycles. The interest rate is 3.59% with a monthly payment of \$7,877 through March 2018. 247,069

Total capital leases payable \$812,177

TOTAL GOVERNMENTAL LONG TERM DEBT \$22,151,089

c. Proprietary long-term debt at June 30, 2015 consisted of the following items:

2004 Revenue certificates of participation - Water Utility enterprise fund:

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

The City's previously issued \$20,495,000 Water Revenue Bonds, Series 1993, was originally issued to finance the construction of water storage and transmission facilities, and certain other city water systems. Principal payments for the Series 2004 certificates of participation range from \$435,000 to \$1,165,000 are due annually on December 15, 2004 through 2023. Interest is due semi-annually on June 15 and December 15, at rates ranging from 2.0% to 5.0% over the life of the certificate. Such certificates are subject to Federal arbitrage regulations, however, no liability is reported at June 30, 2015. \$9,240,000

Unamortized bond premium 95,075

Total 2004 Revenue certificates of participation \$9,335,075

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015 total interest and principal remaining on the certificates is \$11,384,894. Revenue recognized during the year was \$33.57 million against debt service payments of \$1,279,788. 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	\$ 33,145,421
Non-operating revenues	428,154
Gross revenue	<u>33,573,575</u>
Less: Expenses (excluding depreciation, amortization, interest and fiscal charges)	<u>(25,146,241)</u>
Net revenues	<u>\$ 8,427,334</u>
Debt service requirement for next year: \$1,278,813 x 125%	<u>\$ 1,598,516</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 \$33.57 million against debt service payments of \$1,375,890. The remaining principal and interest requirements on the debt is \$21,376,198. The Bonds are due in annual principal installments of \$320,000 to \$1,165,000 beginning December 15, 2010 and is payable semiannually on June 15 and December 15 through December 2030.

	\$14,025,000
Unamortized bond premium	<u>524,076</u>
Total 2010 Revenue bonds	<u>\$14,549,076</u>

2006 Revenue certificates of participation – Sewage Collection enterprise fund:

Garden Grove Sanitary District Revenue Certificates of Participation in the amount of \$21,845,000 were issued on April 12, 2006. The certificates are secured and to be serviced from the total revenues for the fiscal year excluding any proceeds of taxes or assessments restricted by law and less the operations and maintenance costs excluding depreciation through the fiscal year 2036. At June 30, 2015 total interest and principal remaining on the certificates is \$30,767,611. Net revenue recognized during the year was \$6.43 million against debt service payments of

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

\$1,462,941. 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, 2015.

\$18,925,000

Unamortized bond premium

295,387

Total 2006 revenue certificates of participation

\$19,220,387

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

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

Operating revenues	\$ 9,979,874
Non-operating revenues	262,658
Gross revenue	<u>10,242,532</u>
Less: Expenses (excluding depreciation, amortization, interest and fiscal charges)	<u>(3,814,961)</u>
Net revenues	<u><u>\$ 6,427,571</u></u>
Debt service requirement for next year:	
\$1,466,541x 115%	<u><u>\$ 1,686,522</u></u>

TOTAL PROPRIETARY LONG TERM DEBT

\$43,104,538

TOTAL LONG TERM DEBT

\$65,255,627

d. Private-purpose trust activity long-term debt at June 30, 2015 consisted of the following items:

Tax allocation refunding bonds issue of 2014:

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

Pledged revenue recognized during the year was \$3.6 million against the total debt service payment of \$3.6 million. Principal payments ranging from \$1,580,000 to \$3,330,000 are due annually starting October 1, 2014 through the year 2029. Interest is due semi-annually on October 1 and April 1, at rates ranging from 1.0% to 5.0%. Such bonds are subject to Federal arbitrage regulations; however, no liability is reported at June 30, 2015.

\$36,305,000

Unamortized bond premium

4,499,330

Total Tax allocation refunding bonds issue of 2014

\$40,804,330

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

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.

\$1,600,000

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.

\$395,805

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.

19,666,667

Total Agreements payable

\$20,062,472

Total Private Purpose Trust Funds Long Term Debt

\$62,466,801

- e. ***The scheduled annual requirements to amortize all governmental long-term debt outstanding as of June 30, 2015, including interest payments, are as follows.***

Year Ending June 30	2002 Certificates of Participation		
	Principal	Interest	Total
2016	\$ 645,000	\$ 915,387	\$ 1,560,387
2017	675,000	880,719	1,555,719
2018	715,000	844,438	1,559,438
2019	750,000	805,112	1,555,112
2020	795,000	763,863	1,558,863
2021-2025	4,665,000	3,114,763	7,779,763
2026-2030	6,075,000	1,710,219	7,785,219
2031-2032	2,890,000	223,962	3,113,962
Total	<u>\$ 17,210,000</u>	<u>\$ 9,258,463</u>	<u>\$ 26,468,463</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

Year Ending June 30	Agreements Payable		
	Principal	Interest	Total
2016	\$ 1,223,101	\$ 181,283	\$ 1,404,384
2017	2,835,986	70,487	2,906,473
2018	46,094	2,309	48,403
2019	23,732	470	24,202
Total	<u>\$ 4,128,913</u>	<u>\$ 254,549</u>	<u>\$ 4,383,462</u>

Year Ending June 30	Capital Leases Payable		
	Principal	Interest	Total
2016	\$ 265,754	\$ 29,181	\$ 294,935
2017	249,851	18,409	268,260
2018	167,789	9,642	177,431
2019	102,446	4,092	106,538
2020	26,337	297	26,634
Total	<u>\$ 812,177</u>	<u>\$ 61,621</u>	<u>\$ 873,798</u>

f. The scheduled annual requirements to amortize all proprietary long-term debt outstanding as of June 30, 2015, including interest payments, are as follows.

Year Ending June 30	2004 Water Utility Revenue Certificates of Participation		
	Principal	Interest	Total
2016	\$ 865,000	\$ 413,812	\$ 1,278,812
2017	900,000	377,950	1,277,950
2018	940,000	339,413	1,279,413
2019	975,000	298,719	1,273,719
2020	1,020,000	252,500	1,272,500
2021-2024	4,540,000	462,500	5,002,500
Total	<u>\$ 9,240,000</u>	<u>\$ 2,144,894</u>	<u>\$ 11,384,894</u>

Year Ending June 30	2006 Sewage Collection Revenue Certificates of Participation		
	Principal	Interest	Total
2016	\$ 560,000	\$ 906,541	\$ 1,466,541
2017	580,000	884,141	1,464,141
2018	605,000	860,216	1,465,216
2019	630,000	834,806	1,464,806
2020	655,000	808,031	1,463,031
2021-2025	3,740,000	3,585,100	7,325,100
2026-2030	4,715,000	2,609,275	7,324,275
2031-2035	6,045,000	1,284,750	7,329,750
2036	1,395,000	69,750	1,464,750
Total	<u>\$ 18,925,000</u>	<u>\$ 11,842,610</u>	<u>\$ 30,767,610</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

Year Ending June 30	2010 Water Revenue Bonds		
	Principal	Interest	Total
2016	\$ 625,000	\$ 751,390	\$ 1,376,390
2017	650,000	722,640	1,372,640
2018	685,000	696,115	1,381,115
2019	705,000	671,740	1,376,740
2020	730,000	639,390	1,369,390
2021-2025	4,235,000	2,605,926	6,840,926
2026-2030	5,230,000	1,226,782	6,456,782
2031	1,165,000	37,216	1,202,216
Total	<u>\$ 14,025,000</u>	<u>\$ 7,351,199</u>	<u>\$ 21,376,199</u>

g. The scheduled annual requirements to amortize all the Successor Agency long-term debt outstanding as of June 30, 2015, including interest payments, are as follows.

Year Ending June 30	Tax Allocation Refunding Bonds Issue of 2014		
	Principal	Interest	Total
2016	\$ 2,360,000	\$ 1,526,300	\$ 3,886,300
2017	2,430,000	1,454,450	3,884,450
2018	2,505,000	1,380,425	3,885,425
2019	2,380,000	1,295,250	3,675,250
2020	2,685,000	1,193,950	3,878,950
2021-2025	15,215,000	4,093,575	19,308,575
2026-2030	8,730,000	1,040,000	9,770,000
Total	<u>\$ 36,305,000</u>	<u>\$ 11,983,950</u>	<u>\$ 48,288,950</u>

Year Ending June 30	Subordinate Note 2008		
	Principal	Interest	Total
2016	\$ 85,000	\$ 93,450	\$ 178,450
2017	90,000	88,200	178,200
2018	95,000	82,650	177,650
2019	100,000	76,800	176,800
2020	105,000	70,650	175,650
2021-2025	645,000	245,250	890,250
2026-2028	480,000	44,400	524,400
Total	<u>\$ 1,600,000</u>	<u>\$ 701,400</u>	<u>\$ 2,301,400</u>

Year Ending June 30	Agreements Payable		
	Principal	Interest	Total
2016	\$ 4,395,805	\$ 513,180	\$ 4,908,985
2017	4,000,000	391,667	4,391,667
2018	4,000,000	291,667	4,291,667
2019	4,000,000	191,667	4,191,667
2020	3,666,667	91,667	3,758,334
Total	<u>\$ 20,062,472</u>	<u>\$ 1,479,848</u>	<u>\$ 21,542,320</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015 is \$9,578,571.

Vacation accrues for all employee groups other than Fire at 10 hours per month after 1 year of service, 12 hours per month after 9 years, 14 hours per month after 14 years, 17.25 hours per month after 19 years, and 20.50 hours per month after 24 years. The maximum an employee may accumulate is an amount equivalent to 2 full calendar years of service. The maximum management may accumulate is an amount equivalent to 2 full calendar years of service plus 40 hours.

Annual leave accrues for all fireman at 18 hours per month from date of hire through 1 year, 22 hours per month after 1 year, 24 hours per month after 4 years, 26 hours per month after 9 years, 28 hours per month after 14 years, 30 hours per month after 19 years, and 33 hours per month after 24 years. The maximum a fireman may accumulate is an amount equivalent to 2 full calendar years of service plus 72 hours. Accumulated vacation, annual leave benefits and comp time, payable in future years when used by City employees, totaled \$5,620,117 at June 30, 2015.

Sick leave is accumulated on the basis of 8 hours for each month of service beginning from the date of hire for all employee groups other than police and fire. Police employees accumulate on the basis of 10 hours for each month of service beginning from the date of hire. Fire employees do not accumulate sick leave benefits since converting to the annual leave benefit. The City has adopted a policy for payment of unused sick leave benefits at time of retirement. Employees can be paid 50% for all unused hours up to 1000, police employees 100% of up to 750 unused hours, and management employees 50% of all unused hours. Studies have indicated that only 34 percent of all accumulated sick leave is actually used by employees, therefore, the sick leave liability is estimated at 34 percent of the total accumulated benefit, or \$3,958,454 at June 30, 2015.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Vacation, annual leave, benefits, and comp time	\$ 4,902,146	\$ 5,701,664	\$ (4,983,693)	\$ 5,620,117	\$ 4,496,094
Sick leave	3,448,255	2,802,067	(2,291,868)	3,958,454	3,166,763
	<u>\$ 8,350,401</u>	<u>\$ 8,503,731</u>	<u>\$ (7,275,561)</u>	<u>\$ 9,578,571</u>	<u>\$ 7,662,857</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 and litigation. Excess coverage is placed with a joint powers authority for losses from \$1 million up to the statutory limit per occurrence. This self-insurance program is accounted for in the Workers' Compensation internal service fund. There is an estimated liability of \$21,858,000 for claims outstanding including claims incurred but not reported on June 30, 2015, which has been included as liabilities in the Workers' Compensation internal service fund.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

The City also has a self-insured program for its tort and civil liabilities. The City is self-insured for the first \$2 million of each occurrence. Excess liability insurance is carried thereafter to \$30 million per occurrence with commercial insurers. Claims administration and adjusting services are provided by contract with a third party administrator specializing in public entity liability. Representation in matters of litigation is performed through the retaining of outside law firms and is supervised by the city attorney. This self-insurance program is accounted for in the Risk Management internal service fund.

The City estimates a liability for claims outstanding, including claims incurred but not reported, on June 30, 2015, in the amount of \$5,378,000 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 or proceed to trial as recommended by the attorney. The City believes that it has meritorious defenses to the allegations contained in the cases. However, the City has accrued and reserved reasonable amounts based on the actuarial analysis and attorney recommendations to cover the potential losses to the extent the exposures are deemed probable and estimable.

Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there were no reductions in the City's insurance coverage during the year ended June 30, 2015. 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, 2015 and June 30, 2014 are as follows:

	<u>2015</u>	<u>2014</u>
<u>Workers' Compensation</u>		
Liability, July 1	\$ 20,626,000	\$ 15,908,000
Costs and claims incurred	5,848,240	8,339,519
Claim payments	(4,616,240)	(3,621,519)
Liability, June 30	<u>\$ 21,858,000</u>	<u>\$ 20,626,000</u>
Due within one year	\$ 3,845,023	\$ 3,014,132
Due in more than one year	18,012,977	17,611,868
	<u>\$ 21,858,000</u>	<u>\$ 20,626,000</u>
<u>Risk Management</u>		
Liability, July 1	\$ 5,076,000	\$ 5,667,000
Costs and claims incurred	1,358,089	231,902
Claim payments	(1,056,089)	(822,902)
Liability, June 30	<u>\$ 5,378,000</u>	<u>\$ 5,076,000</u>
Due within one year	\$ 601,097	\$ 248,503
Due in more than one year	4,776,903	4,827,497
	<u>\$ 5,378,000</u>	<u>\$ 5,076,000</u>

10. Public Employees Retirement System

a. General information about the pension plans

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. Key components of the legislation are as follows:

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

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

The required employer contribution rates for fiscal year ended June 30, 2015 under PEPRA are the same as the employer contribution rates for existing miscellaneous employees and public safety employees.

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous</u>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	1, 2013	January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	21.637%	21.637%

	<u>Safety</u>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	1, 2013	January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9.00%	9.00%
Required employer contribution rates	38.111%	38.111%

Employees covered - At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	<u>Misc</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	546	415
Inactive employees entitled to but not yet receiving benefits	437	109
Active employees	387	240
Total	<u>1,370</u>	<u>764</u>

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

b. Net pension liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below. The City's net pension liability is liquidated using employee benefits internal service fund's unrestricted net position.

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Misc</u>	<u>Safety</u>
Valuation Date	6/30/2013	6/30/2013
Measurement Date	6/30/2014	6/30/2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase ⁽¹⁾	3.3% - 14.2%	3.3% - 14.2%
Investment Rate of Return ⁽²⁾	7.50%	7.50%

⁽¹⁾ Depending on age, service and type of employment

⁽²⁾ Net of pension plan investment expenses, including inflation

The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website.

Discount Rate - The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. The difference is not material the City's financial statements.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
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CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as the methodology have changed.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

c. Changes in net pension liability

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

<i>Miscellaneous Plan:</i>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2014 ¹	\$ 252,684,602	\$ 171,647,313	\$ 81,037,289
Changes in the year:			
Service cost	4,722,338	-	4,722,338
Interest on the total pension liability	18,697,528	-	18,697,528
Changes of benefit terms	-	-	-
Difference between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Contribution - employer	-	5,101,581	(5,101,581)
Contribution - employee	-	2,070,127	(2,070,127)
Net Investment income ²	-	29,571,239	(29,571,239)
Benefit payments, including refunds of employee contributions	(11,490,804)	(11,490,804)	-
Net changes	<u>11,929,062</u>	<u>25,252,143</u>	<u>(13,323,081)</u>
Balance at June 30, 2015 ¹	<u>\$ 264,613,664</u>	<u>\$ 196,899,456</u>	<u>\$ 67,714,208</u>

¹ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense.

² Net of administrative expenses of \$250,002.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

<i>Safety Plan:</i>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2014 ¹	\$ 425,568,282	\$ 276,371,959	\$ 149,196,323
Changes in the year:			
Service cost	7,433,857	-	7,433,857
Interest on the total pension liability	31,439,433	-	31,439,433
Changes of benefit terms	-	-	-
Difference between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Contribution - employer	-	9,427,732	(9,427,732)
Contribution - employee	-	2,439,710	(2,439,710)
Net Investment income ²	-	47,553,580	(47,553,580)
Benefit payments, including refunds of employee contributions	(20,185,546)	(20,185,546)	-
Net changes	18,687,744	39,235,476	(20,547,732)
Balance at June 30, 2015 ¹	\$ 444,256,026	\$ 315,607,435	\$ 128,648,591

¹ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense.

² Net of administrative expenses of \$388,892.

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

	<u>Miscellaneous</u>	<u>Safety</u>
1% Lower	6.50%	6.50%
Net Pension Liability	\$ 103,398,959	\$ 187,841,799
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 67,714,208	\$ 128,648,591
1% Higher	8.50%	8.50%
Net Pension Liability	\$ 38,290,232	\$ 79,903,487

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

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

For the year ended June 30, 2015, the City recognized pension expenses of \$5,287,962 and \$10,625,031 for Miscellaneous Plan and Safety Plan, respectively. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 6,126,339	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(13,509,462)
Total	<u>\$ 6,126,339</u>	<u>\$ (13,509,462)</u>

	<u>Safety Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 10,458,476	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(21,745,031)
Total	<u>\$ 10,458,476</u>	<u>\$ (21,745,031)</u>

\$6,126,339 and \$10,458,476 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
<u>Year Ended June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2016	\$ (3,377,366)	\$ (5,436,258)
2017	(3,377,366)	(5,436,258)
2018	(3,377,366)	(5,436,258)
2019	(3,377,364)	(5,436,257)
Total	<u>\$ (13,509,462)</u>	<u>\$ (21,745,031)</u>

**CITY OF GARDEN GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2015**

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 566 eligible active employees and 248 enrolled eligible retirees at June 30, 2015. These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

c. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected pay-as-you-go financing requirements effective January 1, 2007. The City's contribution rates were \$122 and \$119 per month for each retiree for the calendar years ended 2015 and 2014, respectively. For the fiscal year ended June 30, 2015, the City contributed \$355,998 to the plan. Plan members receiving benefits contributed \$1,881,193 (approximately 84% 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 City's OPEB liability is liquidated using employee benefits internal service fund's unrestricted net position.

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, 2015</u>
Annual required contribution	\$ 1,299,589
Interest on net OPEB obligation	178,479
Adjustment to annual required contribution	<u>(132,207)</u>
Annual OPEB cost (expense)	1,345,861
Contributions made	<u>(355,728)</u>
Increase in net OPEB obligation	990,133
Net OPEB Obligation, Beginning of Year	<u>3,966,206</u>
Net OPEB Obligation, End of Year	<u>\$ 4,956,339</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 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>
6/30/13	\$ 941,164	34.8%	\$ 3,330,851
6/30/14	981,172	35.2%	3,966,206
6/30/15	1,345,861	26.4%	4,956,339

d. Funding Status and Progress

<u>Valuation Date</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Liability % of Payroll</u>
3/1/2015	\$ 14,267,570	-	\$ 14,267,570	0.0%	\$ 6,768,141	210.8%

The actuarial valuation as of 3/1/2015 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 4.5 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 2.75 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 2.75 percent per year. The assumptions used for determining the contribution requirements are the same as the assumptions used in the calculation of the funded status.

12. Non-committal debt

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

13. Commitments and contingencies

a. Grants

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

b. Claims

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

14. Classification of Net Position and Fund Balances

a. Government-wide Financial Statements

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

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

Restricted resources are used first to fund appropriations.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

b. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2015, 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

Effective July 1, 2014, the accompanying financial statements reflect the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB 68), which provides requirements for how pension costs and obligations are measured and reported in the basic financial statements. When an organization’s pension liability exceeds the pension plan’s net position available for paying benefits, there is a net pension liability which must be reported in the basic financial statements. In addition, GASB 68 requires that projected benefit payments be discounted to their actuarial present value using a single rate that reflects (1) a long-term expected rate of return on pension plan investments to the extent that the pension plan’s fiduciary net position is projected to be sufficient to pay benefits and pension plan assets are expected to achieve that rate and (2) a tax-exempt, high-quality municipal bond rate to the extent that the conditions under (1) are not met.

GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB 71) requires that, at transition to the new accounting standards in accordance with GASB 68, a government should recognize a beginning deferred outflow of resources for its pension contributions made after the measurement date of the beginning net pension liability. However, it continues to require that the beginning balances for other deferred outflows and deferred inflows be reported at transition only if it is practical to determine such amounts.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

As a result of the implementation of GASB 68 and GASB 71, the City restated beginning net position as of July 1, 2014 as discussed in note 18 – Prior Period Adjustment.

In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application (GASB 72). GASB 72 is intended to improve accounting and financial reporting for state and local governments' investments by enhancing the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The City chose to implement GASB 72 during FY 2015 resulting in the following disclosures:

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

The City has the following recurring fair value measurements as of June 30, 2015:

- U.S. Treasury securities of \$42.4 million are valued using quoted market prices (Level 1 inputs).
- U.S. Agency Securities of \$116.7 million are valued using quoted market prices (Level 1 inputs).
- Local Agency Investment Fund of \$44.6 million are valued using quoted market prices (Level 1 inputs).
- Reserve Funds Held by Fiscal Agent of \$9.5 million are valued using quoted market prices (Level 1 inputs).

As of June 30, 2015, the City has no nonrecurring fair value measurement on its assets.

16. Low Income Housing Loan Programs

The former Garden Grove Agency for Community Development, CDBG and HOME, and other governmental funds 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, 2015 totaled \$38 in HOME Grant special revenue fund, \$523,839 in the Housing Successor Agency capital projects fund and \$2,212,743 in the Other Grants and Contributions special revenue fund. Since the loans do not bear interest for at least thirty years, the present value of the loans is significantly less than the principal amounts. For this reason and because collection may be dependent on equity in the home when sold, the loans are not included as an asset. These loans are expensed when made and repayments are recorded as revenues in the year received.

17. Joint Venture

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

18. Prior Period Adjustments

A prior period adjustment of \$110,994 was made to decrease the beginning fund balance of the Air Quality Improvement fund (AQMD), a nonmajor special revenue fund, for an overstatement of revenue at June 30, 2014. The adjustment includes \$55,890 in revenues received after the availability period and \$55,104 of excess revenue accruals.

Prior period adjustments of \$197,907,327 and \$17,796,970 were made to decrease the beginning net position of the respective governmental activities and business-type activities, respectively, to reflect the prior period costs related to the implementation of the net pension liability in accordance with GASB 68.

The restatement of beginning net position of the major business-type activities, as a result of the implementation of the net pension liability, is summarized as follows:

<u>Water Utility Fund</u>	
Net position at July 1, 2014, as previously stated	\$ 70,604,290
Net pension liability adjustments	<u>(11,225,129)</u>
Net position at July 1, 2014, as restated	<u>\$ 59,379,161</u>

<u>Sewage Collection Fund</u>	
Net position at July 1, 2014, as previously stated	\$ 74,640,314
Net pension liability adjustments	<u>(5,472,909)</u>
Net position at July 1, 2014, as restated	<u>\$ 69,167,405</u>

<u>Solid Waste Disposal Fund</u>	
Net position at July 1, 2014, as previously stated	\$ 3,994,970
Net pension liability adjustments	<u>(1,098,932)</u>
Net position at July 1, 2014, as restated	<u>\$ 2,896,038</u>

The aforementioned adjustments result in the following restatement to net position at July 1, 2014 in the Government-Wide Statement of Net Position:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position at July 1, 2014, as previously stated	\$ 784,015,579	\$ 151,590,267
Prior period adjustments:		
Net pension liability adjustment	(197,907,327)	(17,796,970)
AQMD revenue adjustment	<u>(55,104)</u>	<u>-</u>
Total prior period adjustment	<u>(197,962,431)</u>	<u>(17,796,970)</u>
Net position at July 1, 2014, as restated	<u>\$ 586,053,148</u>	<u>\$ 133,793,297</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2015**

19. Subsequent Events

In October 2015, the City issued 2015 Water Revenue Refunding Bonds, Series 2015 (2015 Bonds) totaling \$8,500,000 for the purpose of refunding outstanding Certificates of Participation (Water Services Capital Improvement Program) Series 2004. The 2015 Bonds are secured by and payable from water system revenues which are deposited with the City's Trustee.

In November 2015, the Garden Grove Public Financing Authority issued Lease Revenue Bonds, Series 2015A (2015A Bonds) totaling \$24,790,000 for the purpose of refinancing the City of Garden Grove Certificates of Participation Series A of 2002 (2002 COPs) and to finance the acquisition and/or construction of a fire station, police building renovations, and other public capital improvements. The 2015A Bonds are secured by a first pledge of and lien on a ground lease base rental payments.



Required Supplemental Information

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**CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
FOR THE FISCAL YEAR ENDED June 30, 2015**

	2014-2015 ⁽¹⁾	
	<u>Miscellaneous</u>	<u>Safety</u>
TOTAL PENSION LIABILITY		
Service cost	\$ 4,722,338	\$ 7,433,857
Interest on total pension liability	18,697,528	31,439,433
Changes in benefit terms	-	-
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(11,490,804)	(20,185,546)
Net change in total pension liability	11,929,062	18,687,744
Total pension liability - beginning	252,684,602	425,568,282
Total pension liability - ending (a)	\$ 264,613,664	\$ 444,256,026
PLAN FIDUCIARY NET POSITION		
Contribution - Employer	\$ 5,101,581	\$ 9,427,732
Contribution - Employee	2,070,127	2,439,710
Net investment income ⁽²⁾	29,571,239	47,553,580
Benefit payments, including refunds of employee contributions	(11,490,804)	(20,185,546)
Net change in fiduciary net position	25,252,143	39,235,476
Plan fiduciary net position - beginning	171,647,313	276,371,959
Plan fiduciary net position - ending (b)	\$ 196,899,456	\$ 315,607,435
Plan net pension liability - ending (a) - (b)	\$ 67,714,208	\$ 128,648,591
Plan fiduciary net position as a percentage of the total pension liability	74.41%	71.04%
Covered-employee payroll	\$ 27,492,131	\$ 26,647,818
Plan net pension liability as a percentage of covered-employee payroll	246.30%	482.77%

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable

⁽²⁾ Net of administrative expenses of \$250,002

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit.

Changes of Assumptions: There were no changes in assumptions.

**CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
FOR THE FISCAL YEAR ENDED June 30, 2015**

	2014-15 ⁽¹⁾	
	<u>Miscellaneous</u>	<u>Safety</u>
Actuarially determined contributions	\$ 6,347,906	\$ 10,736,534
Contributions in relation to the actuarially determined contributions	(5,101,581)	(9,427,732)
Contribution deficiency (excess)	<u>\$ 1,246,325</u>	<u>\$ 1,308,802</u>
Covered-employee payroll	\$ 27,827,481	\$ 26,349,761
Contributions as a percentage of covered-employee payroll	18.33%	35.78%

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable

Notes to Schedule:

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Remaining amortization period	20 years as of valuation date
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending of age, service, and type of employment
Payroll growth	3.00%
Investment rate of return	7.50%, net of administrative expenses
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
POSTEMPLOYMENT BENEFITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 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%
March 1, 2015	-	14,267,570	14,267,570	0.0%	6,768,141	210.8%

**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, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ 78,320,000	\$ 78,320,000	\$ 78,498,313	\$ 178,313
Licenses and permits	985,000	985,000	1,114,661	129,661
Fines, forfeits and penalties	1,946,000	1,946,000	1,781,424	(164,576)
Investment earnings	1,324,000	1,324,000	1,357,625	33,625
Charges for current services	5,514,942	5,514,942	5,644,004	129,062
From other agencies	152,000	152,000	988,938	836,938
Other revenues	1,513,000	1,513,000	1,453,699	(59,301)
Total revenues	<u>89,754,942</u>	<u>89,754,942</u>	<u>90,838,664</u>	<u>1,083,722</u>
EXPENDITURES:				
Current:				
Fire	20,823,306	20,823,306	21,406,411	(583,105)
Police	47,967,551	47,937,551	47,718,954	218,597
Traffic safety	1,144,398	1,144,398	1,144,666	(268)
Public right of way	5,057,395	5,057,395	4,586,981	470,414
Community buildings	3,507,935	3,507,935	3,407,515	100,420
Community services	3,315,164	3,365,164	2,954,018	411,146
Economic development	213,945	423,945	127,374	296,571
Parks and greenbelts	1,401,517	1,401,517	1,437,861	(36,344)
Community planning and development	7,129,827	7,129,827	4,976,437	2,153,390
Municipal support	7,303,442	7,278,442	7,417,768	(139,326)
Capital outlay:				
Fire	-	-	47,975	(47,975)
Police	400,000	400,000	358,788	41,212
Traffic safety	-	-	-	-
Public right of way	239,400	753,057	549,742	203,315
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	10,716	(10,716)
Parks and greenbelts	35,000	35,000	-	35,000
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	830,676	830,676	887,155	(56,479)
Interest and other charges	974,540	974,540	1,075,401	(100,861)
Total expenditures	<u>100,344,096</u>	<u>101,062,753</u>	<u>98,107,762</u>	<u>2,954,991</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,589,154)</u>	<u>(11,307,811)</u>	<u>(7,269,098)</u>	<u>4,038,712</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	8,840,000	8,840,000	7,597,009	(1,242,991)
Transfers out	(241,964)	(241,964)	(170,924)	71,040
Proceeds from sale of capital assets	-	-	5,185	5,185
Total other financing sources (uses)	<u>8,598,036</u>	<u>8,598,036</u>	<u>7,431,270</u>	<u>(1,166,766)</u>
Net change in fund balance	(1,991,118)	(2,709,775)	162,172	2,871,946
Fund balance, beginning of year	<u>32,846,471</u>	<u>32,846,471</u>	<u>32,846,471</u>	<u>-</u>
Fund balance, end of year	<u>\$ 30,855,353</u>	<u>\$ 30,136,696</u>	<u>\$ 33,008,643</u>	<u>\$ 2,871,946</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, 2015

	<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	-	-	1,193	1,193
Charges for current services	-	-	-	-
From other agencies	3,573,638	3,573,638	953,928	(2,619,710)
Other revenues	-	-	71,561	71,561
Total revenues	<u>3,573,638</u>	<u>3,573,638</u>	<u>1,026,682</u>	<u>(2,546,956)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	3,573,638	3,573,638	1,238,425	2,335,213
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>3,573,638</u>	<u>3,573,638</u>	<u>1,238,425</u>	<u>2,335,213</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(211,743)</u>	<u>(211,743)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(211,743)	(211,743)
Fund balance, beginning of year	<u>436,836</u>	<u>436,836</u>	<u>436,836</u>	<u>-</u>
Fund balance, end of year	<u>\$ 436,836</u>	<u>\$ 436,836</u>	<u>\$ 225,093</u>	<u>\$ (211,743)</u>

See accompanying note to required supplementary information.

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, 2015

	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	762,861	12,861
Investment earnings	-	-	1,299	1,299
Charges for current services	-	-	-	-
From other agencies	8,555,311	8,617,767	4,079,985	(4,537,782)
Other revenues	-	-	301,703	301,703
Total revenues	<u>9,305,311</u>	<u>9,367,767</u>	<u>5,145,848</u>	<u>(4,221,919)</u>
EXPENDITURES:				
Current:				
Fire	-	-	26,892	(26,892)
Police	689,500	1,254,766	830,047	424,719
Traffic safety	1,304,072	1,304,072	438,601	865,471
Public right of way	65,076	117,211	93,414	23,797
Community buildings	-	-	-	-
Community services	1,006,536	1,068,992	639,052	429,940
Parks and greenbelts	-	-	-	-
Community planning and development	930,445	2,017,057	-	2,017,057
Municipal support	52,135	-	894,125	(894,125)
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	1,667,379	5,062,429	-	5,062,429
Drainage	2,000,000	2,000,000	2,083,701	(83,701)
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	1,433,044	1,433,044	-	1,433,044
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	1,050,000	1,050,000	1,050,000	-
Interest and other charges	64,424	64,424	123,991	(59,567)
Total expenditures	<u>10,262,611</u>	<u>15,371,995</u>	<u>6,179,823</u>	<u>9,192,172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(957,300)</u>	<u>(6,004,228)</u>	<u>(1,033,975)</u>	<u>4,970,253</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	(957,300)	(6,004,228)	(1,033,975)	4,970,253
Fund balance, beginning of year	900,152	900,152	900,152	-
Fund balance (deficits), end of year	<u>\$ (57,148)</u>	<u>\$ (5,104,076)</u>	<u>\$ (133,823)</u>	<u>\$ 4,970,253</u>

CITY OF GARDEN GROVE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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Other Supplemental Information

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CITY OF GARDEN GROVE SPECIAL REVENUE FUNDS

Public Safety Fund

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

State Gas Tax Fund

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

Golf Course Fund

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

Self Supporting Revenue Fund

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

Developer Fees Fund

Traffic mitigation and developer fees used to alleviate traffic and sewer problems caused by new development, cultural art fees to be used for City cultural arts projects and programs, 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.

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

Street Rehabilitation Fund

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

CAPITAL PROJECTS FUNDS

Housing Successor Agency Fund

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

Housing Authority Assets Fund

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

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**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds			
	Public Safety	State Gas Tax	Golf Course	Self Supporting Revenue
ASSETS				
Cash and investments	\$ 1,693,626	\$ 3,664,275	\$ 229,361	\$ 65,652
Taxes receivable	-	-	-	-
Accounts receivable	62,909	-	1,889	1,746
Interest receivable	4,368	9,901	-	-
Intergovernmental receivable	90,306	-	-	-
Intercity loan receivable	-	-	-	-
Notes receivable	-	-	-	-
Allowance	-	-	-	-
Due from other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	<u>\$ 1,851,209</u>	<u>\$ 3,674,176</u>	<u>\$ 231,250</u>	<u>\$ 67,398</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 157,303	\$ 16,184	\$ -	\$ 16,241
Other accrued liabilities	6,681	44,431	-	14,848
Refundable deposits	-	-	-	36,309
Due to other funds	-	-	-	-
Total liabilities	<u>163,984</u>	<u>60,615</u>	<u>-</u>	<u>67,398</u>
Deferred Inflows of Resources:				
Unavailable Revenue	-	-	944	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>944</u>	<u>-</u>
Fund balances:				
Restricted				
Police	1,687,225	-	-	-
Public Right of Way	-	3,613,561	-	-
Drainage	-	-	-	-
Community Planning and Development	-	-	230,306	-
Community services	-	-	-	-
Municipal Support & Services	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>1,687,225</u>	<u>3,613,561</u>	<u>230,306</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>1,851,209</u>	<u>3,674,176</u>	<u>\$ 231,250</u>	<u>\$ 67,398</u>

Special Revenue Funds

Developer Fees	Garden Grove Cable	Street Lighting	Park Maintenance	Main Street District	Air Quality Improvement
\$ 5,077,584	\$ 2,452	\$ 101,022	\$ -	\$ 193,737	\$ 262,514
-	-	12,924	6,291	-	-
-	8,535	4,508	44,992	-	2,611
35,327	-	-	-	678	931
-	-	-	-	-	56,633
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 5,112,911</u>	<u>\$ 10,987</u>	<u>\$ 118,454</u>	<u>\$ 51,283</u>	<u>\$ 194,415</u>	<u>\$ 322,689</u>
\$ -	\$ -	\$ 115,959	\$ 7,352	\$ 994	\$ 378
-	778	2,495	1,069	-	-
-	-	-	-	-	-
-	-	-	35,827	-	-
<u>-</u>	<u>778</u>	<u>118,454</u>	<u>44,248</u>	<u>994</u>	<u>378</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
141,145	-	-	-	193,421	322,311
647,490	-	-	-	-	-
4,324,276	-	-	7,035	-	-
-	10,209	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,112,911</u>	<u>10,209</u>	<u>-</u>	<u>7,035</u>	<u>193,421</u>	<u>322,311</u>
<u>\$ 5,112,911</u>	<u>\$ 10,987</u>	<u>\$ 118,454</u>	<u>\$ 51,283</u>	<u>\$ 194,415</u>	<u>\$ 322,689</u>

**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015**

	Special Revenue Funds	
	GG Tourism Improvement District	Street Rehabilitation
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 466,269	\$ 749,146
Taxes receivable	-	-
Accounts receivable	-	-
Interest receivable	1,461	2,577
Intergovernmental receivable	-	441,602
Intercity loan receivable	-	-
Notes receivable	-	-
Allowance for note receivable	-	-
Due from other funds	-	-
Land held for resale	-	-
Total assets	<u>\$ 467,730</u>	<u>\$ 1,193,325</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 466,579	\$ 95,143
Other accrued liabilities	-	-
Refundable deposits	-	-
Due to other funds	-	-
Total liabilities	<u>466,579</u>	<u>95,143</u>
 Deferred Inflows of Resources:		
Unavailable Revenue	-	10,644
Total Deferred Inflows	<u>-</u>	<u>10,644</u>
 Fund balances:		
Restricted		
Police	-	-
Public Right of Way	-	1,087,538
Drainage	-	-
Community planning and development	1,151	-
Community services	-	-
Municipal Support & Services	-	-
Unassigned	-	-
Total fund balances	<u>1,151</u>	<u>1,087,538</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 467,730</u>	<u>\$ 1,193,325</u>

Capital Projects Funds		Total
Housing Successor Agency	Housing Authority Assets	Nonmajor Governmental Funds
\$ 314,555	\$ 86,095	\$ 12,906,288
-	-	19,215
42	15,808	143,040
1,111	-	56,354
-	-	588,541
13,729,748	-	13,729,748
2,801,957	-	2,801,957
(13,972,580)	-	(13,972,580)
-	-	-
4,852,252	-	4,852,252
<u>\$ 7,727,085</u>	<u>\$ 101,903</u>	<u>\$ 21,124,815</u>
\$ 8,766	\$ 76	\$ 884,975
-	-	70,302
-	-	36,309
-	48,697	84,524
<u>8,766</u>	<u>48,773</u>	<u>1,076,110</u>
<u>2,559,125</u>	<u>-</u>	<u>2,570,713</u>
<u>2,559,125</u>	<u>-</u>	<u>2,570,713</u>
-	-	1,687,225
-	-	5,357,976
-	-	647,490
5,159,194	53,130	9,775,092
-	-	10,209
-	-	-
-	-	-
<u>5,159,194</u>	<u>53,130</u>	<u>17,477,992</u>
<u>\$ 7,727,085</u>	<u>\$ 101,903</u>	<u>\$ 21,124,815</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, 2015**

	Special Revenue Funds			
	Public Safety	State Gas Tax	Golf Course	Self Supporting Revenue
REVENUES:				
Taxes	\$ 724,684	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	84,382	-	-	-
Investment earnings	8,789	19,824	-	184
Charges for current services	54,530	-	434,993	784,131
From other agencies	326,886	4,929,022	-	-
Other revenues	-	-	-	480
Total revenues	<u>1,199,271</u>	<u>4,948,846</u>	<u>434,993</u>	<u>784,795</u>
EXPENDITURES:				
Current:				
Fire	238,530	-	-	-
Police	839,592	-	-	-
Traffic safety	-	218,221	-	-
Public right of way	-	1,460,258	-	-
Community buildings	-	-	-	-
Community services	-	-	-	948,204
Economic Development	-	-	-	-
Parks and greenbelts	-	-	51,701	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	11,098	-	-	-
Police	1,041,257	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	2,459,372	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	800
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>2,130,477</u>	<u>4,137,851</u>	<u>51,701</u>	<u>949,004</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(931,206)</u>	<u>810,995</u>	<u>383,292</u>	<u>(164,209)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	164,209
Transfers out	-	-	(600,000)	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(600,000)</u>	<u>164,209</u>
Net change in fund balances	(931,206)	810,995	(216,708)	-
Fund balances, beginning of year, as restated	<u>\$2,618,431</u>	<u>2,802,566</u>	<u>447,014</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,687,225</u>	<u>\$ 3,613,561</u>	<u>\$ 230,306</u>	<u>\$ -</u>

Special Revenue Funds					
Developer Fees	Garden Grove Cable	Street Lighting	Park Maintenance	Main Street District	Air Quality Improvement
\$ -	\$ -	\$ 7	\$ -	\$ -	\$ -
24,881	-	-	-	-	-
-	-	-	-	-	-
51,377	-	83	-	1,381	1,880
526,665	-	1,350,664	706,880	26,677	-
-	-	-	-	-	271,584
-	127,089	-	-	-	3,638
<u>602,923</u>	<u>127,089</u>	<u>1,350,754</u>	<u>706,880</u>	<u>28,058</u>	<u>277,102</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,300,365	-	-	-
-	-	36,971	-	14,150	-
-	-	-	-	-	-
7,176	116,880	-	-	-	-
-	-	-	-	-	-
57,338	-	-	700,000	-	-
80,953	-	-	-	-	-
-	-	34,337	-	-	148,101
-	-	-	-	-	-
-	-	-	-	-	-
19,303	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
493,507	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>658,277</u>	<u>116,880</u>	<u>1,371,673</u>	<u>700,000</u>	<u>14,150</u>	<u>148,101</u>
<u>(55,354)</u>	<u>10,209</u>	<u>(20,919)</u>	<u>6,880</u>	<u>13,908</u>	<u>129,001</u>
-	-	-	-	-	-
(2,000,000)	-	-	-	-	-
-	-	-	-	-	-
<u>(2,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(2,055,354)	10,209	(20,919)	6,880	13,908	129,001
7,168,265	-	20,919	155	179,513	193,310
<u>\$ 5,112,911</u>	<u>\$ 10,209</u>	<u>\$ -</u>	<u>\$ 7,035</u>	<u>\$ 193,421</u>	<u>\$ 322,311</u>

**CITY OF GARDEN GROVE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds	
	GG Tourism Improvement District	Street Rehabilitation
REVENUES:		
Taxes	\$ 2,600,182	\$ -
Licenses and permits	-	-
Fines, forfeits and penalties	-	-
Investment earnings	2,668	4,247
Charges for current services	-	-
From other agencies	-	4,394,252
Other revenues	-	-
Total revenues	2,602,850	4,398,499
EXPENDITURES:		
Current:		
Fire	-	-
Police	-	-
Traffic safety	-	-
Public right of way	-	693,891
Community buildings	-	-
Community services	-	127,652
Economic Development	1,816,984	-
Parks and greenbelts	-	-
Community planning and development	-	-
Municipal support	-	-
Capital outlay:		
Fire	-	-
Police	-	-
Traffic safety	-	-
Public right of way	-	1,955,878
Drainage	-	-
Community buildings	-	-
Community services	-	-
Parks and greenbelts	-	-
Community planning and development	-	-
Municipal support	-	-
Debt service:		
Principal retirement	-	-
Interest and other charges	-	-
Total expenditures	1,816,984	2,777,421
Excess (deficiency) of revenues over (under) expenditures	785,866	1,621,078
OTHER FINANCING SOURCES (USES):		
Transfers in	-	-
Transfers out	(787,009)	-
Proceeds from sale of capital assets	-	17,001
Total other financing sources (uses)	(787,009)	17,001
Net change in fund balances	(1,143)	1,638,079
Fund balances, July 1	2,294	(550,541)
Fund balances, June 30	\$ 1,151	\$ 1,087,538

Capital Projects Funds		Total	
Housing Successor Agency	Housing Authority Assets	Nonmajor Governmental Funds	
\$ -	\$ -	\$	3,324,873
-	-		24,881
-	-		84,382
7,318	87,734		185,485
-	-		3,884,540
-	-		9,921,744
119,756	918		251,881
127,074	88,652		17,677,786
-	-		238,530
-	-		839,592
-	-		1,518,586
-	-		2,205,270
-	-		-
-	-		1,199,912
-	-		1,816,984
-	-		809,039
73,992	95,406		250,351
-	-		182,438
-	-		11,098
-	-		1,041,257
-	-		19,303
-	-		4,415,250
-	-		-
-	-		-
-	-		800
-	-		493,507
-	-		-
-	-		-
-	-		-
73,992	95,406		15,041,917
53,082	(6,754)		2,635,869
-	-		164,209
-	-		(3,387,009)
-	-		17,001
-	-		(3,205,799)
53,082	(6,754)		(569,930)
5,106,112	59,884		18,047,922
\$ 5,159,194	\$ 53,130	\$	17,477,992

**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, 2015**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 600,000	\$ 600,000	\$ 724,684	\$ 124,684
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	69,000	69,000	84,382	15,382
Investment earnings	21,000	21,000	8,789	(12,211)
Charges for current services	80,000	80,000	54,530	(25,470)
From other agencies	672,176	672,176	326,886	(345,290)
Other revenues	-	-	-	-
Total revenues	<u>1,442,176</u>	<u>1,442,176</u>	<u>1,199,271</u>	<u>(242,905)</u>
EXPENDITURES:				
Current:				
Fire	191,064	191,064	238,530	(47,466)
Police	1,913,447	1,417,566	839,592	577,974
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	141,000	141,000	11,098	129,902
Police	330,176	1,346,058	1,041,257	304,801
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>2,575,687</u>	<u>3,095,688</u>	<u>2,130,477</u>	<u>965,211</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,133,511)</u>	<u>(1,653,512)</u>	<u>(931,206)</u>	<u>722,306</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	(1,133,511)	(1,653,512)	(931,206)	722,306
Fund balance, beginning of year	<u>2,618,431</u>	<u>2,618,431</u>	<u>2,618,431</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,484,920</u>	<u>\$ 964,919</u>	<u>\$ 1,687,225</u>	<u>\$ 722,306</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, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	7,000	7,000	19,824	12,824
Charges for current services	-	-	-	-
From other agencies	4,393,000	4,393,000	4,929,022	536,022
Other revenues	-	-	-	-
Total revenues	<u>4,400,000</u>	<u>4,400,000</u>	<u>4,948,846</u>	<u>548,846</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	267,438	267,438	218,221	49,217
Public right of way	1,535,331	1,535,331	1,460,258	75,073
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	1,595	27,595	-	27,595
Public right of way	4,345,443	4,319,443	2,459,372	1,860,071
Drainage	100,802	100,802	-	100,802
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>6,250,609</u>	<u>6,250,609</u>	<u>4,137,851</u>	<u>2,112,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,850,609)</u>	<u>(1,850,609)</u>	<u>810,995</u>	<u>2,661,604</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	(1,850,609)	(1,850,609)	810,995	2,661,604
Fund balance, beginning of year	2,802,566	2,802,566	2,802,566	-
Fund balance, end of year	<u>\$ 951,957</u>	<u>\$ 951,957</u>	<u>\$ 3,613,561</u>	<u>\$ 2,661,604</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, 2015**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	525,000	525,000	434,993	(90,007)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>525,000</u>	<u>525,000</u>	<u>434,993</u>	<u>(90,007)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	94,049	94,049	51,701	42,348
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>94,049</u>	<u>94,049</u>	<u>51,701</u>	<u>42,348</u>
Excess (deficiency) of revenues over (under) expenditures	<u>430,951</u>	<u>430,951</u>	<u>383,292</u>	<u>(47,659)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(600,000)	(600,000)	(600,000)	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
Net change in fund balance	(169,049)	(169,049)	(216,708)	(47,659)
Fund balance, beginning of year	<u>447,014</u>	<u>447,014</u>	<u>447,014</u>	<u>-</u>
Fund balance, end of year	<u>\$ 277,965</u>	<u>\$ 277,965</u>	<u>\$ 230,306</u>	<u>\$ (47,659)</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 JUNE 30, 2015

	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	-	-	184	184
Charges for current services	675,000	675,000	784,131	109,131
From other agencies	-	-	-	-
Other revenues	-	-	480	480
Total revenues	<u>675,000</u>	<u>675,000</u>	<u>784,795</u>	<u>109,795</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	916,964	916,964	948,204	(31,240)
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	800	(800)
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>916,964</u>	<u>916,964</u>	<u>949,004</u>	<u>(32,040)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(241,964)</u>	<u>(241,964)</u>	<u>(164,209)</u>	<u>77,755</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	241,964	241,964	164,209	(77,755)
Transfers out	-	-	-	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>241,964</u>	<u>241,964</u>	<u>164,209</u>	<u>(77,755)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2015**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	29,000	29,000	24,881	(4,119)
Fines, forfeits and penalties	-	-	-	-
Investment earnings	272,000	272,000	51,377	(220,623)
Charges for current services	1,314,000	1,314,000	526,665	(787,335)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>1,615,000</u>	<u>1,615,000</u>	<u>602,923</u>	<u>(1,012,077)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	15,139	15,139	7,176	7,963
Parks and greenbelts	47,980	47,980	57,338	(9,358)
Community planning and development	117,306	117,306	80,953	36,353
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	50,000	50,000	19,303	30,697
Public right of way	9,250	9,250	-	9,250
Drainage	495,000	495,000	-	495,000
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	2,986,441	2,986,441	493,507	2,492,934
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>3,721,116</u>	<u>3,721,116</u>	<u>658,277</u>	<u>3,062,839</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,106,116)</u>	<u>(2,106,116)</u>	<u>(55,354)</u>	<u>2,050,762</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	-
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>
Net change in fund balance	(4,106,116)	(4,106,116)	(2,055,354)	2,050,762
Fund balance, beginning of year	<u>7,168,265</u>	<u>7,168,265</u>	<u>7,168,265</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,062,149</u>	<u>\$ 3,062,149</u>	<u>\$ 5,112,911</u>	<u>\$ 2,050,762</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, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	98,000	98,000	127,089	29,089
Total revenues	<u>98,000</u>	<u>98,000</u>	<u>127,089</u>	<u>29,089</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	98,000	98,000	116,880	(18,880)
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>98,000</u>	<u>98,000</u>	<u>116,880</u>	<u>(18,880)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>10,209</u>	<u>10,209</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	-	-	10,209	10,209
Fund deficit, beginning of year	-	-	-	-
Fund deficit, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,209</u>	<u>\$ 10,209</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, 2015**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ 7	\$ 7
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	83	83
Charges for current services	1,327,757	1,327,757	1,350,664	22,907
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>1,327,757</u>	<u>1,327,757</u>	<u>1,350,754</u>	<u>22,997</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	1,281,161	1,281,161	1,300,365	(19,204)
Public right of way	29,073	29,073	36,971	(7,898)
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	17,523	17,523	34,337	(16,814)
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>1,327,757</u>	<u>1,327,757</u>	<u>1,371,673</u>	<u>(43,916)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(20,919)</u>	<u>(20,919)</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	-	-	(20,919)	(20,919)
Fund balance, beginning of year	<u>20,919</u>	<u>20,919</u>	<u>20,919</u>	<u>-</u>
Fund deficit, end of year	<u>\$ 20,919</u>	<u>\$ 20,919</u>	<u>\$ -</u>	<u>\$ (20,919)</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, 2015**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	700,000	700,000	706,880	6,880
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>706,880</u>	<u>6,880</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	700,000	700,000	700,000	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>6,880</u>	<u>6,880</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	-	-	6,880	6,880
Fund balance, beginning of year	<u>155</u>	<u>155</u>	<u>155</u>	<u>-</u>
Fund balance, end of year	<u>\$ 155</u>	<u>\$ 155</u>	<u>\$ 7,035</u>	<u>\$ 6,880</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, 2015

	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	-	-	1,381	1,381
Charges for current services	27,200	27,200	26,677	(523)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>27,200</u>	<u>27,200</u>	<u>28,058</u>	<u>858</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	171,250	171,250	14,150	157,100
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>171,250</u>	<u>171,250</u>	<u>14,150</u>	<u>157,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(144,050)</u>	<u>(144,050)</u>	<u>13,908</u>	<u>157,958</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	(144,050)	(144,050)	13,908	157,958
Fund balance, July 1	<u>179,513</u>	<u>179,513</u>	<u>179,513</u>	<u>-</u>
Fund balance, June 30	<u>\$ 35,463</u>	<u>\$ 35,463</u>	<u>\$ 193,421</u>	<u>\$ 157,958</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, 2015

	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	-	-	1,880	1,880
Charges for current services	-	-	-	-
From other agencies	183,500	183,500	271,584	88,084
Other revenues	-	-	3,638	3,638
Total revenues	<u>183,500</u>	<u>183,500</u>	<u>277,102</u>	<u>93,602</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	16,347	16,347	-	16,347
Municipal support	325,236	325,236	148,101	177,135
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>341,583</u>	<u>341,583</u>	<u>148,101</u>	<u>193,482</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(158,083)</u>	<u>(158,083)</u>	<u>129,001</u>	<u>287,084</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	(158,083)	(158,083)	129,001	287,084
Fund balance, July 1	<u>193,310</u>	<u>193,310</u>	<u>193,310</u>	<u>-</u>
Fund balance, June 30	<u>\$ 35,227</u>	<u>\$ 35,227</u>	<u>\$ 322,311</u>	<u>\$ 287,084</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, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 2,915,000	\$ 2,915,000	\$ 2,600,182	\$ (314,818)
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	2,668	2,668
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>2,915,000</u>	<u>2,915,000</u>	<u>2,602,850</u>	<u>(312,150)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Economic development	2,827,294	2,827,294	1,816,985	1,010,309
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>2,827,294</u>	<u>2,827,294</u>	<u>1,816,985</u>	<u>1,010,309</u>
Excess (deficiency) of revenues over (under) expenditures	<u>87,706</u>	<u>87,706</u>	<u>785,865</u>	<u>698,159</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(90,000)	(90,000)	(787,009)	(697,009)
Proceeds of Bonds	-	-	-	-
Total other financing sources (uses)	<u>(90,000)</u>	<u>(90,000)</u>	<u>(787,009)</u>	<u>(697,009)</u>
Net change in fund balance	(2,294)	(2,294)	(1,144)	1,150
Fund balance, July 1	<u>2,294</u>	<u>2,294</u>	<u>2,294</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ 1,150</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, 2015

	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	14,000	14,000	4,247	(9,753)
Charges for current services	-	-	-	-
From other agencies	2,938,130	2,938,130	4,394,252	1,456,122
Other revenues	-	-	-	-
Total revenues	<u>2,952,130</u>	<u>2,952,130</u>	<u>4,398,499</u>	<u>1,446,369</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	807,778	693,891	113,887
Community buildings	-	-	-	-
Community services	184,000	184,000	127,652	56,348
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	140,000	103,557	-	103,557
Public right of way	2,753,736	2,789,179	1,955,878	833,301
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>3,077,736</u>	<u>3,884,514</u>	<u>2,777,421</u>	<u>1,107,093</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(125,606)</u>	<u>(932,384)</u>	<u>1,621,078</u>	<u>2,553,462</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	17,001	17,001
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>17,001</u>	<u>17,001</u>
Net change in fund balance	(125,606)	(932,384)	1,638,079	2,570,463
Fund balance, beginning of year	<u>(550,541)</u>	<u>(550,541)</u>	<u>(550,541)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (676,147)</u>	<u>\$ (1,482,925)</u>	<u>\$ 1,087,538</u>	<u>\$ 2,570,463</u>

CITY OF GARDEN GROVE
HOUSING SUCCESSOR AGENCY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	7,318	7,318
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	119,756	119,756
Total revenues	<u>-</u>	<u>-</u>	<u>127,074</u>	<u>127,074</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	100,000	100,000	73,992	26,008
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>100,000</u>	<u>100,000</u>	<u>73,992</u>	<u>26,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100,000)</u>	<u>(100,000)</u>	<u>53,082</u>	<u>153,082</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	(100,000)	(100,000)	53,082	(153,082)
Fund balance, beginning of year	<u>5,106,112</u>	<u>5,106,112</u>	<u>5,106,112</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,006,112</u>	<u>\$ 5,006,112</u>	<u>\$ 5,159,194</u>	<u>\$ (153,082)</u>

CITY OF GARDEN GROVE
HOUSING AUTHORITY ASSETS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	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	100,000	100,000	87,734	(12,266)
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	918	918
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>88,652</u>	<u>(11,348)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	90,000	90,000	95,406	(5,406)
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>90,000</u>	<u>90,000</u>	<u>95,406</u>	<u>(5,406)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,000</u>	<u>10,000</u>	<u>(6,754)</u>	<u>(16,754)</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	10,000	10,000	(6,754)	16,754
Fund balance, beginning of year	<u>59,884</u>	<u>59,884</u>	<u>59,884</u>	<u>-</u>
Fund balance, end of year	<u>\$ 69,884</u>	<u>\$ 69,884</u>	<u>\$ 53,130</u>	<u>\$ 16,754</u>

**CITY OF GARDEN GROVE
INTERNAL SERVICE FUNDS**

Workers' Compensation Fund

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

Fleet Management Fund

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

Employee Benefits Fund

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

Information Systems Fund

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

Warehouse Operations Fund

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

Telephone System Fund

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

Risk Management Fund

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

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CITY OF GARDEN GROVE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	Workers' Compensation	Fleet Management	Employee Benefits
ASSETS			
Current Assets:			
Cash and cash investments	\$ 35,278,233	\$ 24,618,375	\$ 11,854,859
Accounts receivable	-	39,183	123,525
Interest receivable	24,519	-	-
Due from other funds	2,695,484	-	-
Inventory	-	84,579	-
Prepaid Items	-	-	-
Total current assets	<u>37,998,236</u>	<u>24,742,137</u>	<u>11,978,384</u>
Noncurrent Assets:			
Deposits	-	-	32,100
Capital assets			
Construction in progress	-	1,231,642	-
Depreciable capital assets, net	<u>-</u>	<u>5,490,343</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>6,721,985</u>	<u>32,100</u>
Total assets	<u>37,998,236</u>	<u>31,464,122</u>	<u>12,010,484</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions and differences in experience	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	191,822	180,752	2,154,026
Accrued liabilities	34,140	27,083	210,262
Interest payable	-	373	-
Refundable deposits	-	1,520	-
Current portion of long term liabilities			
Capital leases	-	87,015	-
Accrued compensated absences	-	-	7,662,857
Claims payable	<u>3,845,023</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>4,070,985</u>	<u>296,743</u>	<u>10,027,145</u>
Noncurrent liabilities:			
Capital leases	-	160,054	-
Accrued compensated absences	-	-	1,915,714
Claims payable	18,012,977	-	-
Net Pension Liability			
Total noncurrent liabilities	<u>18,012,977</u>	<u>160,054</u>	<u>1,915,714</u>
Total liabilities	<u>22,083,962</u>	<u>456,797</u>	<u>11,942,859</u>
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	-	5,243,274	-
Unrestricted	<u>15,914,274</u>	<u>25,764,051</u>	<u>67,625</u>
Total net position	<u>\$ 15,914,274</u>	<u>\$ 31,007,325</u>	<u>\$ 67,625</u>

Information Systems	Warehouse Operations	Telephone System	Risk Management	Total
\$ 2,965,173	\$ 557,607	\$ 1,945,178	\$ 23,267,483	\$ 100,486,908
3,595	24	2,500	6,448	175,275
10,182	-	-	75,802	110,503
-	-	-	-	2,695,484
-	584,290	-	-	668,869
-	-	-	-	-
<u>2,978,950</u>	<u>1,141,921</u>	<u>1,947,678</u>	<u>23,349,733</u>	<u>104,137,039</u>
-	-	-	-	32,100
-	-	-	-	1,231,642
381,490	-	-	-	5,871,833
<u>381,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,135,575</u>
<u>3,360,440</u>	<u>1,141,921</u>	<u>1,947,678</u>	<u>23,349,733</u>	<u>111,272,614</u>
253,966	-	-	-	253,966
<u>253,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,966</u>
96,097	181,928	11,590	92,179	2,908,394
40,965	4,596	3,345	9,831	330,222
-	-	-	-	373
-	-	-	-	1,520
85,271	-	-	-	172,286
-	-	-	-	7,662,857
-	-	-	601,097	4,446,120
<u>222,333</u>	<u>186,524</u>	<u>14,935</u>	<u>703,107</u>	<u>15,521,772</u>
63,920	-	-	-	223,974
-	-	-	-	1,915,714
-	-	-	4,776,903	22,789,880
<u>2,807,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,807,073</u>
<u>2,870,993</u>	<u>-</u>	<u>-</u>	<u>4,776,903</u>	<u>27,736,641</u>
<u>3,093,326</u>	<u>186,524</u>	<u>14,935</u>	<u>5,480,010</u>	<u>43,258,413</u>
560,031	-	-	-	560,031
<u>560,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>560,031</u>
232,299	-	-	-	5,475,573
(271,250)	955,397	1,932,743	17,869,723	62,232,563
<u>\$ (38,951)</u>	<u>\$ 955,397</u>	<u>\$ 1,932,743</u>	<u>\$ 17,869,723</u>	<u>\$ 67,708,136</u>

CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Workers'</u> <u>Compensation</u>	<u>Fleet</u> <u>Management</u>	<u>Employee</u> <u>Benefits</u>
Operating revenues:			
Charges for services	\$ 6,016,858	\$ 7,826,756	\$ 32,266,416
Other	-	23,631	-
Total operating revenues	<u>6,016,858</u>	<u>7,850,387</u>	<u>32,266,416</u>
Operating expenses:			
Salaries and wages	1,426,189	1,056,594	10,179,989
Employee benefits	-	-	24,317,695
Contractual services	38,147	775,217	19,143
Liability claims	5,748,240	-	-
Materials and supplies	-	1,549,672	250,185
Depreciation	-	929,882	-
Total operating expenses	<u>7,212,576</u>	<u>4,311,365</u>	<u>34,767,012</u>
Operating income (loss)	<u>(1,195,718)</u>	<u>3,539,022</u>	<u>(2,500,596)</u>
Nonoperating revenues (expenses):			
Investment income	496,519	-	-
Gain (loss) on disposal of assets	-	51,221	-
Interest expense	-	(1,928)	-
Total nonoperating revenues (expenses)	<u>496,519</u>	<u>49,293</u>	<u>-</u>
Income (loss) before transfers	(699,199)	3,588,315	(2,500,596)
Transfers out	<u>(1,500,000)</u>	<u>-</u>	<u>(1,110,000)</u>
Change in net position	(2,199,199)	3,588,315	(3,610,596)
Total net position, beginning of year, as restated	<u>18,113,473</u>	<u>27,419,010</u>	<u>3,678,221</u>
Total net position, end of year	<u>\$ 15,914,274</u>	<u>\$ 31,007,325</u>	<u>\$ 67,625</u>

Information Systems	Warehouse Operations	Telephone System	Risk Management	Total
\$ 2,151,241	\$ 246,709	\$ 640,413	\$ 1,795,616	\$ 50,944,009
-	-	-	-	23,631
<u>2,151,241</u>	<u>246,709</u>	<u>640,413</u>	<u>1,795,616</u>	<u>50,967,640</u>
1,567,875	165,837	120,479	382,003	14,898,966
-	-	-	-	24,317,695
19,591	26,833	444,763	924,123	2,247,817
-	-	-	1,865,612	7,613,852
517,887	1,301	-	7,281	2,326,326
7,733	-	-	-	937,615
<u>2,113,086</u>	<u>193,971</u>	<u>565,242</u>	<u>3,179,019</u>	<u>52,342,271</u>
38,155	52,738	75,171	(1,383,403)	(1,374,631)
20,047	-	-	185,144	701,710
-	-	-	-	51,221
(7,788)	-	-	-	(9,716)
<u>12,259</u>	<u>-</u>	<u>-</u>	<u>185,144</u>	<u>743,215</u>
50,414	52,738	75,171	(1,198,259)	(631,416)
-	-	-	(1,600,000)	(4,210,000)
50,414	52,738	75,171	(2,798,259)	(4,841,416)
(89,365)	902,659	1,857,572	20,667,982	72,549,552
<u>\$ (38,951)</u>	<u>\$ 955,397</u>	<u>\$ 1,932,743</u>	<u>\$ 17,869,723</u>	<u>\$ 67,708,136</u>

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Workers' Compensation	Fleet Management	Employee Benefits
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from user departments	\$ 6,016,858	\$ 7,826,756	\$ 32,237,053
Payments to suppliers	(4,486,676)	(2,054,346)	(25,380)
Payments to employees	(1,419,066)	(1,053,022)	(9,979,406)
Payments for employee benefits	-	-	(23,200,012)
Net cash provided (used) by operating activities	<u>111,116</u>	<u>4,719,388</u>	<u>(967,745)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers to/ from other funds	(2,428,834)	-	(1,110,000)
Net cash provided (used) by non capital financing activities	<u>(2,428,834)</u>	<u>-</u>	<u>(1,110,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(2,343,862)	-
Payments on lease purchase agreement	-	-	-
Interest paid	-	(1,555)	-
Proceeds from disposal of capital assets	-	51,221	-
Net cash provided by capital and related financing activities	<u>-</u>	<u>(2,294,196)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	490,649	-	-
Net cash provided by investing activities	<u>490,649</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(1,827,069)	2,425,192	(2,077,745)
Cash and cash equivalents, beginning of year	37,105,265	22,193,183	13,932,640
Cash and cash equivalents, end of year	<u>\$ 35,278,196</u>	<u>\$ 24,618,375</u>	<u>\$ 11,854,895</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,195,718)	\$ 3,539,022	\$ (2,500,596)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	929,882	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	-	(29,328)
(Increase) decrease in inventory	-	(16,415)	-
(Increase) decrease in prepaid expense	-	-	-
Increase (decrease) in accounts payable	67,017	16,258	243,886
Increase (decrease) in compensated absences	-	-	1,228,170
Increase (decrease) in other accrued liabilities	7,818	3,572	90,122
Increase (decrease) in claims payable	1,232,000	247,069	-
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	-	-	-
Total adjustments	<u>1,306,835</u>	<u>1,180,366</u>	<u>1,532,850</u>
Net cash provided (used) by operating activities	<u>\$ 111,117</u>	<u>\$ 4,719,388</u>	<u>\$ (967,746)</u>

There were no noncash investing, capital, or financing activities for the year ended June 30, 2015.

Information Systems	Warehouse Operations	Telephone System	Risk Management	Total
\$ 2,149,495	\$ 320,139	\$ 640,413	\$ 1,795,616	\$ 50,986,330
(646,592)	(212,848)	(486,366)	(2,540,152)	(10,452,360)
(1,597,151)	(165,182)	(119,981)	(381,069)	(14,714,877)
-	-	-	-	(23,200,012)
(94,248)	(57,891)	34,066	(1,125,605)	2,619,081
-	-	-	(1,600,000)	(5,138,834)
-	-	-	(1,600,000)	(5,138,834)
(39,612)	-	-	-	(2,383,474)
(83,220)	-	-	-	(83,220)
(7,904)	-	-	-	(9,459)
-	-	-	-	51,221
(130,736)	-	-	-	(2,424,932)
21,236	-	-	180,995	692,880
21,236	-	-	180,995	692,880
(203,748)	(57,891)	34,066	(2,544,610)	(4,251,805)
3,168,921	615,498	1,911,112	25,812,093	104,738,712
<u>\$ 2,965,173</u>	<u>\$ 557,607</u>	<u>\$ 1,945,178</u>	<u>\$ 23,267,483</u>	<u>\$ 100,486,907</u>
\$ 38,155	\$ 52,738	\$ 75,171	\$ (1,383,403)	\$ (1,374,631)
7,733	-	-	-	937,615
(1,746)	-	-	-	(31,074)
-	41,528	-	-	25,113
-	-	-	5,722	5,722
(109,114)	(152,812)	(41,603)	(50,858)	(27,226)
-	-	-	-	1,228,170
5,480	655	498	934	109,079
-	-	-	302,000	1,781,069
(34,756)	-	-	-	(34,756)
(132,403)	(110,629)	(41,105)	257,798	3,993,712
<u>\$ (94,248)</u>	<u>\$ (57,891)</u>	<u>\$ 34,066</u>	<u>\$ (1,125,605)</u>	<u>\$ 2,619,081</u>

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Statistical Section

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Statistical Section

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographics and Economic Information

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

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

Operating Information

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

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

The City implemented GASB 34 in FY 2002; the government-wide schedules include information beginning in that year.

The City implemented GASB 54 in FY 2011; the balance of governmental funds schedule include information beginning in that year.

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

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	\$ 667,547	\$ 666,751	\$ 662,476	\$ 661,323
Restricted	48,109	52,214	79,980	68,985
Unrestricted	23,592	35,623	13,004	22,510
Total governmental activities net position	<u>\$ 739,248</u>	<u>\$ 754,588</u>	<u>\$ 755,460</u>	<u>\$ 752,818</u>
Business-type activities:				
Net investment in capital assets	\$ 66,085	\$ 64,996	\$ 65,581	\$ 75,932
Restricted	-	-	-	-
Unrestricted	4,256	14,855	26,444	25,543
Total business-type activities net position	<u>\$ 70,341</u>	<u>\$ 79,851</u>	<u>\$ 92,025</u>	<u>\$ 101,475</u>
Primary government:				
Net investment in capital assets	\$ 733,632	\$ 731,747	\$ 728,057	\$ 737,255
Restricted	48,109	52,214	79,980	68,985
Unrestricted	27,848	50,478	39,448	48,053
Total primary government net position	<u>\$ 809,589</u>	<u>\$ 834,439</u>	<u>\$ 847,485</u>	<u>\$ 854,293</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 Department, City of Garden Grove

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 553,141	\$ 560,993	\$ 643,306	\$ 643,095	\$ 644,220	\$ 642,786
94,568	97,634	29,976	22,114	21,703	17,431
129,445	129,866	119,190	123,504	118,093	(83,440)
<u>\$ 777,154</u>	<u>\$ 788,493</u>	<u>\$ 792,472</u>	<u>\$ 788,713</u>	<u>\$ 784,016</u>	<u>\$ 576,777</u>
\$ 85,079	\$ 88,713	\$ 89,607	\$ 97,657	\$ 107,299	\$ 111,947
-	-	-	-	-	-
28,226	45,395	36,861	39,457	44,291	29,703
<u>\$ 113,305</u>	<u>\$ 134,108</u>	<u>\$ 126,468</u>	<u>\$ 137,114</u>	<u>\$ 151,590</u>	<u>\$ 141,650</u>
\$ 638,220	\$ 649,706	\$ 732,913	\$ 740,752	\$ 751,519	\$ 754,733
94,568	97,634	29,976	22,114	21,703	17,431
157,671	175,261	156,051	162,961	162,384	(53,737)
<u>\$ 890,459</u>	<u>\$ 922,601</u>	<u>\$ 918,940</u>	<u>\$ 925,827</u>	<u>\$ 935,606</u>	<u>\$ 718,427</u>

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Expenses:					
Governmental activities:					
Fire	\$ 18,152	\$ 17,465	\$ 19,778	\$ 21,279	\$ 18,756
Police	36,207	38,013	45,333	47,004	42,554
Traffic safety	2,956	3,264	3,273	4,135	3,570
Public right of way	14,677	15,073	13,989	14,859	16,143
Drainage	1,479	1,538	1,372	1,482	1,352
Community buildings	(288)	97	4,442	4,268	4,519
Community services	3,132	3,629	4,383	4,702	4,388
Economic Development	-	-	-	-	-
Parks and greenbelts	3,648	1,787	2,016	1,628	2,098
Community planning and development	47,611	42,847	46,061	44,429	44,682
Municipal support	7,700	6,678	8,405	8,543	5,157
Interest on long-term debt	6,730	6,854	7,768	8,161	5,795
Total governmental activities expenses	<u>142,004</u>	<u>137,245</u>	<u>156,820</u>	<u>160,490</u>	<u>149,016</u>
Business-type activities:					
Water	19,673	20,398	20,557	24,339	25,251
Sanitary District	11,482	11,188	13,295	13,418	13,088
Mobile home parks/RV park	1,965	2,079	2,339	2,172	2,205
Housing authority	-	-	-	-	-
Total business-type activities expenses	<u>33,120</u>	<u>33,665</u>	<u>36,191</u>	<u>39,929</u>	<u>40,544</u>
Total primary government expenses	<u>175,124</u>	<u>170,910</u>	<u>193,011</u>	<u>200,419</u>	<u>189,560</u>
Program revenues:					
Governmental activities:					
Charges for services:					
Fire	712	705	884	1,377	1,115
Police	3,509	3,100	3,564	3,431	3,592
Traffic safety	1,318	1,306	1,314	1,341	1,350
Public right of way	314	350	291	157	117
Drainage	-	-	90	-	-
Community services	841	855	849	849	878
Parks and greenbelts	1,424	1,457	1,394	1,382	1,368
Community planning and development	3,324	2,449	1,403	1,179	1,114
Municipal support	2,375	2,464	2,223	2,384	5,729
Operating grants and contributions	40,649	43,709	42,980	36,053	42,980
Capital grants and contributions	10,931	2,534	4,890	9,599	14,462
Total governmental activities program revenues	<u>65,397</u>	<u>58,929</u>	<u>59,882</u>	<u>57,752</u>	<u>72,705</u>
Business-type activities:					
Charges for services:					
Water	18,413	20,786	25,573	27,846	28,878
Sanitary District	12,563	16,941	16,445	16,208	16,848
Mobile home parks	2,761	2,699	3,033	2,910	3,027
Operating grants and contributions	732	538	804	785	-
Capital grants and contributions	5,317	754	-	-	2,038
Total business-type activities program revenues	<u>39,786</u>	<u>41,718</u>	<u>45,855</u>	<u>47,749</u>	<u>50,791</u>
Total primary government program revenues	<u>105,183</u>	<u>100,647</u>	<u>105,737</u>	<u>105,501</u>	<u>123,496</u>
Net revenues (expenses):					
Governmental activities	(76,607)	(78,316)	(96,938)	(102,738)	(76,310)
Business-type activities	6,666	8,053	9,664	7,820	10,247
Total net revenues (expenses)	<u>(69,941)</u>	<u>(70,263)</u>	<u>(87,274)</u>	<u>(94,918)</u>	<u>(66,063)</u>

Fiscal Year				
2011	2012	2013	2014	2015
\$ 18,710	\$ 19,497	\$ 20,273	\$ 20,876	\$ 21,939
44,898	44,751	45,467	49,289	50,837
2,905	3,197	3,097	3,872	3,517
13,013	14,768	16,541	14,051	16,903
1,374	1,417	1,426	1,284	1,445
4,319	4,961	4,596	4,504	4,973
4,088	4,430	4,452	4,679	4,797
-	-	-	-	1,944
1,584	1,785	1,838	1,973	2,146
49,088	10,945	7,938	8,491	7,837
3,154	6,443	6,344	7,112	7,609
5,132	3,783	1,815	1,305	862
<u>148,265</u>	<u>115,977</u>	<u>113,787</u>	<u>117,436</u>	<u>124,809</u>
26,152	24,213	26,419	26,761	30,003
8,709	7,672	8,641	7,092	8,128
1,497	565	-	-	-
-	30,894	31,586	30,489	30,707
<u>36,358</u>	<u>63,344</u>	<u>66,646</u>	<u>64,342</u>	<u>68,838</u>
<u>184,623</u>	<u>179,321</u>	<u>180,433</u>	<u>181,778</u>	<u>193,647</u>
3,400	1,051	1,106	1,422	1,011
3,607	3,321	3,486	3,169	3,019
1,342	1,343	1,349	1,349	1,351
146	137	249	358	272
-	-	-	-	-
915	856	851	859	986
1,368	1,346	1,319	1,282	1,264
1,384	1,303	1,491	2,128	1,839
2,636	2,540	2,553	2,693	2,656
46,464	19,574	10,012	13,277	13,295
6,361	4,847	5,789	5,435	6,032
<u>67,623</u>	<u>36,318</u>	<u>28,206</u>	<u>31,972</u>	<u>31,725</u>
30,261	34,318	33,738	35,186	33,145
12,187	12,294	13,204	12,051	12,095
318	1	-	-	-
-	30,662	30,582	30,656	30,726
-	-	-	-	-
<u>42,766</u>	<u>77,275</u>	<u>77,524</u>	<u>77,893</u>	<u>75,966</u>
<u>110,389</u>	<u>113,593</u>	<u>105,730</u>	<u>109,865</u>	<u>107,691</u>
(80,642)	(79,659)	(85,581)	(85,464)	(93,084)
6,408	13,931	10,878	13,551	7,128
<u>(74,234)</u>	<u>(65,728)</u>	<u>(74,703)</u>	<u>(71,913)</u>	<u>(85,956)</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				
	2006	2007	2008	2009	2010
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Sales taxes	\$ 19,453	\$ 19,696	\$ 19,780	\$ 16,236	\$ 14,076
Property taxes	34,439	36,251	39,144	43,786	42,212
Transient occupancy taxes	11,411	12,180	12,673	11,257	10,196
Other taxes	4,729	4,952	4,934	4,825	4,863
Motor vehicle taxes, levied					
for general purposes	13,129	13,603	14,011	14,088	513
Investment income	3,248	4,747	5,687	6,257	8,830
Other general revenues	1,642	3,095	1,511	3,579	2,153
Gain/(Loss) on sale of capital assets	-	-	-	-	-
Transfers	70	70	70	70	-
Capital Contribution	-	-	-	-	-
Total governmental activities	<u>88,121</u>	<u>94,594</u>	<u>97,810</u>	<u>100,098</u>	<u>82,844</u>
Business-type activities:					
Investment income	637	1,527	2,579	1,701	1,583
Gain/(Loss) on sale of capital assets	-	-	-	-	-
Other general revenues	-	-	-	-	-
Discontinued operations	-	-	-	-	-
Transfers	(70)	(70)	(70)	(70)	-
Total business-type activities	<u>567</u>	<u>1,457</u>	<u>2,509</u>	<u>1,631</u>	<u>1,583</u>
Total primary government	<u>88,688</u>	<u>96,051</u>	<u>100,319</u>	<u>101,729</u>	<u>84,427</u>
Changes in net position					
Governmental activities	11,514	16,278	872	(2,641)	6,532
Business-type activities	7,232	9,510	12,173	9,450	11,830
Total primary government	<u>\$ 18,746</u>	<u>\$ 25,788</u>	<u>\$ 13,045</u>	<u>\$ 6,809</u>	<u>\$ 18,362</u>

Source: Finance Department, 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.

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

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

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

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

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

Fiscal Year				
2011	2012	2013	2014	2015
\$ 16,776	\$ 18,461	\$ 19,805	\$ 20,285	\$ 19,251
52,268	43,920	35,145	35,286	36,972
11,697	12,320	14,448	16,443	17,217
5,775	7,297	7,316	7,438	7,761
801	87	90	75	72
4,240	760	1,757	1,945	2,005
425	651	1,210	297	534
-	(18,941) ¹	-	(1,002) ⁵	3
-	20,373 ³	-	-	(7)
-	-	2,309 ⁴	-	-
91,982	84,928	82,080	80,767	83,808
1,510	334	437	715	523
12,886	-	-	41	169
-	95	-	169	29
-	(2,918) ²	-	-	-
-	(20,373) ³	-	-	7
14,396	(22,862)	437	925	728
106,378	62,066	82,517	81,692	84,536
11,340	5,269	(3,501)	(4,697)	(9,276)
20,803	(8,930)	11,316	14,476	7,857
\$ 32,143	\$ (3,662)	\$ 7,814	\$ 9,779	(1,419)

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

	Fiscal Year			
	2006	2007	2008	2009
General fund:				
Reserved	\$ 43,299	\$ 46,878	\$ 50,999	\$ 48,176
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	27,006	25,482	14,721	6,479
Unassigned	-	-	-	-
Total general fund	<u>\$ 70,305</u>	<u>\$ 72,360</u>	<u>\$ 65,720</u>	<u>\$ 54,655</u>
All other governmental funds:				
Reserved	\$ 49,018	\$ 57,165	\$ 136,252	\$ 158,393
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	10,071	10,724	(27,845)	(41,485)
Debt service funds	2	(8)	(576)	4,463
Capital projects funds	(21,607)	(26,409)	(26,691)	(33,563)
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 37,484</u>	<u>\$ 41,472</u>	<u>\$ 81,140</u>	<u>\$ 87,808</u>

Source: Finance Department, City of Garden Grove

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 47,951	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	40,056	13,375	13,375	13,375	13,375
-	-	-	-	-	-
-	135	-	-	-	-
-	-	-	-	-	-
-	1,000	-	-	-	-
-	-	-	-	-	-
-	-	1,000	1,000	1,000	1,000
-	-	53	139	231	231
-	500	500	500	500	500
-	1,300	1,300	1,300	1,300	1,300
-	-	113	132	223	273
-	384	-	-	-	-
71	-	-	-	-	-
-	4,566	18,444	16,016	16,217	16,330
<u>\$ 48,022</u>	<u>\$ 47,941</u>	<u>\$ 34,785</u>	<u>\$ 32,462</u>	<u>\$ 32,846</u>	<u>\$ 33,009</u>
\$ 142,099	\$ -	\$ -	\$ -	\$ -	\$ -
-	13,829	-	-	-	-
-	73,994	-	-	-	-
-	4	-	-	-	-
-	815	-	-	-	-
-	1	-	-	-	-
-	2,457	2,680	2,793	2,814	1,687
-	13,080	11,734	8,433	3,665	5,314
-	287	354	453	569	406
-	1,450	207	650	-	10
-	23,115	12,185	12,200	12,695	10,498
-	199	229	242	304	553
-	994	-	-	-	-
-	1,000	-	-	-	-
-	500	-	-	-	-
-	1,300	-	-	-	-
-	384	-	-	-	-
(11,371)	-	-	-	-	-
1,399	-	-	-	-	-
(39,251)	-	-	-	-	-
-	(31,170)	(3,006)	(67)	(551)	(346)
<u>\$ 92,876</u>	<u>\$ 102,239</u>	<u>\$ 24,382</u>	<u>\$ 24,705</u>	<u>\$ 19,496</u>	<u>\$ 18,122</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			
	2006	2007	2008	2009
Revenues:				
Taxes	\$ 83,684	\$ 87,437	\$ 91,292	\$ 90,692
Licenses and permits	1,672	1,859	1,068	818
Fines, forfeitures and penalties	2,939	2,567	2,870	2,761
Investment earnings	3,803	5,148	6,576	7,219
Charges for current services	12,614	11,401	10,083	11,065
From other agencies	40,825	42,230	42,295	39,707
Other revenues	3,477	3,597	2,516	3,053
Total revenues	<u>149,014</u>	<u>154,239</u>	<u>156,700</u>	<u>155,315</u>
Expenditures				
Current:				
Fire	17,189	17,946	19,724	20,769
Police	34,803	38,600	43,048	44,787
Traffic safety	2,818	3,274	3,026	2,896
Public right of way	5,380	6,881	5,973	8,130
Drainage				148
Community buildings	2,738	3,529	3,581	3,935
Community services	3,409	3,846	4,208	4,433
Economic development				
Parks and greenbelts	5,558	1,653	1,925	1,804
Community planning and development	31,057	29,537	30,076	31,145
Municipal support	7,198	6,367	7,163	7,079
Capital outlay	28,138	19,233	26,290	23,162
Debt service:				
Principal retirement	4,909	4,621	3,971	3,519
Interest and other charges	6,738	6,873	7,783	8,076
Total expenditures	<u>149,935</u>	<u>142,360</u>	<u>156,768</u>	<u>159,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(921)</u>	<u>11,879</u>	<u>(68)</u>	<u>(4,568)</u>
Other financing sources (uses):				
Transfers in	29,549	26,474	48,225	32,608
Transfers out	(29,379)	(26,251)	(48,394)	(32,438)
Issuance of debt	1,500	-	41,675	-
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	-	-	(8,410)	-
Total other financing sources (uses)	<u>2,282</u>	<u>(4,895)</u>	<u>33,096</u>	<u>170</u>
Net change in fund balances	<u>\$ 1,361</u>	<u>\$ 6,984</u>	<u>\$ 33,028</u>	<u>\$ (4,398)</u>
Debt service as a percentage of noncapital expenditures	9.6%	9.3%	9.0%	8.5%

Source: Finance Department, City of Garden Grove

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 85,353	\$ 91,330	\$ 82,531	\$ 77,231	\$ 80,010	\$ 81,823
1,553	962	946	1,128	1,405	1,139
3,103	2,911	2,673	2,960	2,755	2,629
7,689	4,859	1,560	1,800	1,780	1,546
11,413	12,002	10,401	10,084	10,267	9,528
55,879	50,336	15,617	13,324	12,857	15,945
2,100	6,393	1,612	3,332	1,991	2,079
<u>167,090</u>	<u>168,793</u>	<u>115,340</u>	<u>109,859</u>	<u>111,065</u>	<u>114,689</u>
19,331	18,862	19,996	20,447	20,143	21,672
43,863	44,727	45,558	45,478	47,027	49,389
2,967	2,733	2,894	2,595	3,105	3,102
7,373	5,865	5,880	5,730	5,662	6,886
13	-	-	-	-	-
3,366	3,188	3,519	3,082	3,086	3,408
4,428	4,037	4,449	4,453	4,562	4,793
					1,944
1,649	1,664	1,883	1,927	2,019	2,247
59,813	51,950	10,871	7,761	8,156	7,359
7,639	7,359	8,805	6,797	7,215	7,600
16,671	15,754	15,569	10,366	14,956	9,032
4,956	4,214	4,434	1,939	2,036	1,937
7,726	4,938	3,226	1,383	1,280	1,199
<u>179,795</u>	<u>165,291</u>	<u>127,084</u>	<u>111,960</u>	<u>119,247</u>	<u>120,568</u>
<u>(12,705)</u>	<u>3,502</u>	<u>(11,745)</u>	<u>(2,101)</u>	<u>(8,182)</u>	<u>(5,879)</u>
52,785	41,588	39,808	1,239	3,232	7,762
(47,597)	(41,492)	(18,335)	(1,139)	(1,181)	(3,558)
-	2,500	-	-	-	-
-	-	1,856	-	-	-
2,320	-	-	-	1,307	22
-	-	-	-	-	-
-	-	(98,139)	-	-	-
-	-	-	-	-	-
<u>7,508</u>	<u>2,596</u>	<u>(74,810)</u>	<u>100</u>	<u>3,358</u>	<u>4,226</u>
<u>\$ (5,197)</u>	<u>\$ 6,098</u>	<u>\$ (86,555)</u>	<u>\$ (2,001)</u>	<u>\$ (4,824)</u>	<u>\$ (1,653)</u>
7.8%	6.1%	6.9%	3.3%	3.2%	2.8%

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

Fiscal Year	Sales Tax	Property Tax	Franchise Tax	Business Operation Tax	Transient Occupancy Tax	Motor Vehicle Tax	Total
2006	\$ 19,452,971	\$ 13,262,684	\$ 2,234,667	\$ 2,494,139	\$ 11,410,684	\$ 13,128,604	\$ 61,983,749
2007	19,695,520	14,177,626	2,413,279	2,538,442	12,179,453	13,603,437	64,607,757
2008	19,780,085	14,892,274	2,337,053	2,596,833	12,672,985	14,011,002	66,290,232
2009	16,235,658	15,661,734	2,293,500	2,530,725	11,257,402	14,087,771	62,066,790
2010	14,075,879	14,400,002	2,482,292	2,381,098	10,195,885	513,106	44,048,262
2011	16,776,350	17,254,068	2,349,125	3,425,691	11,696,706	800,742	52,302,682
2012	18,461,031	19,519,146	2,540,297	4,756,384	12,319,744	86,882	57,683,484
2013	19,804,727	35,145,142	2,506,722	4,809,344	14,447,817	90,025	76,803,777
2014	20,285,111	35,286,424	2,483,878	4,953,958	16,442,817	74,506	79,526,694
2015	19,251,431	36,972,309	2,532,706	5,228,239	17,216,510	71,970	81,273,165

Source: Finance Department, 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	
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	2,771,470,445 (2)	309,968,838	3,081,439,283	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 (2)	9,580,743,318	303,684,808	9,884,428,126	2,720,783,720	271,370,401	2,992,154,121	1.074%
2014	9,933,103,063	308,943,730	10,242,046,793	2,785,756,021	295,258,690	3,081,014,711	1.074%
2015	10,538,784,389	356,435,196	10,895,219,585	2,897,657,598 (2)	328,394,262	3,226,051,860	1.074%

NOTE:

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

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

(2) *Prior year figures amended.*

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
2006	1.0000	0.02500	0.00470	-	-	-	-	1.02970
2007	1.0000	0.02500	0.00470	-	-	-	-	1.02970
2008	1.0000	0.02500	0.00450	-	-	-	-	1.02950
2009	1.0000	0.02500	0.00430	-	-	-	-	1.02930
2010	1.0000	0.02500	0.00430	-	-	-	-	1.02930
2011	1.0000	0.06000	0.00430	-	-	-	-	1.06430
2012	1.0000	0.06000	0.00370	-	-	-	-	1.06370
2013	1.0000	0.07000	0.00350	-	-	-	-	1.07350
2014	1.0000	0.07000	0.00350	-	-	-	-	1.07350
2015	1.0000	0.07000	0.00350	-	-	-	-	1.07350

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

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

Source: Orange County Tax Rates Book

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

Taxpayer	2015		2006	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
American Lodging GG Harbor LLC	\$ 57,704,006	0.53%		
Landmark Marriott Suites	53,335,856	0.49%	\$ 89,580,136	0.83%
Landmark Hotels II LLC	48,658,002	0.45%		
Park Grove Capital Partners LLC	47,500,000	0.44%		
Chatham Rigg LLC	43,674,532	0.40%		
Newage Garden Grove	43,639,124	0.40%		
HGGA Promenade	43,057,147	0.40%		
OHI Resort Hotels LLC	41,095,146	0.38%		
CAR NOA GGN LLC	32,000,000	0.29%		
CV Apartments Owner LLC	28,000,000	0.26%		
Ashford Anaheim Limited Partnership			75,126,609	0.70%
RLJ Anaheim Hotel LLC			34,905,200	0.32%
Kilroy Realty			28,452,037	0.26%
Swedlow Inc.			22,795,852	0.21%
BB Promenade			23,409,091	0.22%
Calwest Industrial			45,066,660	0.42%
7300 Chapman Ave			19,319,750	0.18%
CC Technology LP			19,412,640	0.18%
American Medical			18,938,018	0.18%
	<u>\$ 438,663,813</u>	<u>4.03%</u>	<u>\$ 377,005,993</u>	<u>3.51%</u>

Source: Coren & Cone's 2014/15 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
2006	0.0025	\$ 12,913,558	\$ 12,338,230	95.5%	\$ 156,891	\$ 12,495,121	96.8%	\$ 114,095	0.9%
2007	0.0025	13,989,410	13,080,248	93.5	197,376	13,277,624	94.9	286,295	2.0%
2008	0.003	14,804,471	13,934,785	94.1	366,321	14,301,107	96.6	196,069	1.3%
2009	0.003	14,783,375	13,920,288	94.2	640,136	14,560,424	98.5	139,682	0.9%
2010	0.003	14,063,297	13,732,288	97.6	719,481	14,451,770	102.8	422,664	3.0%
2011	0.003	17,407,275	16,491,089	94.7	520,209	17,011,298	97.7	302,494	1.7%
2012	0.003	17,792,829	16,539,285	93.0	277,560	16,816,846	94.5	333,343	1.9%
2013	0.003	19,080,983	18,555,697	97.2	339,959	18,895,656	99.0	264,446	1.4%
2014	0.003	20,112,895	19,256,287	95.7	281,184	19,537,471	97.1	231,857	1.2%
2015	0.0025	21,411,687	20,704,013	96.7	237,945	20,941,958	97.8	230,751	1.1%

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

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

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

Fiscal Year Ended June 30	Governmental Activities					Total Governmental Activities
	Certificates of Participation 2002	RDA 2008 Bonds	Tax Allocation Bonds ¹	Loans ^{2 3}	Capital Leases ⁴	
2006	21,895,000	-	57,025,000	15,159,293	3,872,578	97,951,871
2007	21,455,000	-	55,400,000	13,414,185	3,061,446	93,330,631
2008	20,995,000	2,015,000	53,740,000	43,225,054	2,993,427	122,968,481
2009	20,525,000	2,015,000	52,030,000	42,331,431	2,498,371	119,399,802
2010	20,025,000	1,955,000	50,265,000	42,304,693	3,221,506	117,771,199
2011	19,510,000	1,890,000	48,415,000	44,157,481	2,850,033	116,822,514
2012	18,970,000	-	-	7,380,266	2,134,919	28,485,185
2013	18,410,000	-	-	6,345,613	1,371,910	26,127,523
2014	17,830,000	-	-	5,276,879	817,516	23,924,395
2015	17,210,000	-	-	4,128,913	812,176	22,151,089

¹ The City refunded the \$52,325,000 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 issued \$21,845,000 Sewer COP in 2006.

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

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

Source: Finance Department, 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
15,775,000	21,845,000	12,250,000	49,870,000	147,821,871	0.42%	861
15,130,000	21,845,000	11,840,000	48,815,000	142,145,631	0.40%	823
14,465,000	21,845,000	11,405,000	47,715,000	170,683,481	0.46%	986
13,790,000	21,845,000	10,950,000	46,585,000	165,984,802	0.42%	950
29,720,000	21,405,000	10,465,000	61,590,000	179,361,199	0.42%	1021
28,670,000	20,945,000	-	49,615,000	166,437,514	0.36%	974
27,390,000	20,470,000	-	47,860,000	76,345,185	0.17%	442
26,826,738	20,298,745	-	47,125,483	73,253,006	0.16%	423
25,382,944	19,769,567	-	45,152,511	69,076,906	0.15%	397
23,884,150	19,220,388	-	43,104,538	65,255,627	0.13%	373

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value ¹	Per Capita
	Certificates of Participation	Tax Allocation Bonds	Total		
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% ²	106
2014	17,830	-	17,830	0.13%	102
2015	17,210	-	17,210	0.12%	98

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.*

² *Prior year figure amended.*

Source: Finance Department, City of Garden Grove

**SCHEDULE XII
CITY OF GARDEN GROVE
DIRECT AND OVERLAPPING BONDS AND DEBT
JUNE 30, 2015**

2013-14 Assessed Valuation:	\$13,643,858,597			
		%		
		Applicable	Total Debt	City's Share of
		(1)	6/30/2015	Debt 6/30/15
OVERLAPPING TAX AND ASSESSMENT DEBT:				
Metropolitan Water District		0.588 %	\$ 110,420,000	\$ 649,270
Coast Community College District		6.394	609,598,698	38,977,741
North Orange County Joint Community College District		2.336	187,039,001	4,369,231
Rancho Santiago Community College District		6.127	277,290,443	16,989,585
Rancho Santiago Community College District SFID No.1		10.756	70,585,000	7,592,123
Garden Grove Unified School District		57.760	243,995,160	140,931,604
Anaheim Union High School District		0.070	151,308,955	105,916
Huntington Beach Union High School District		1.292	202,489,998	2,616,171
Anaheim School District		0.089	147,075,460	130,897
Magnolia School District		0.195	16,933,305	33,137
Westminster School District		7.288	75,436,557	5,497,816
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT				\$ 217,893,491
DIRECT AND OVERLAPPING GENERAL FUND DEBT:				
Orange County General Fund Obligations		2.896 %	\$ 98,906,000	\$ 2,864,318
Orange County Pension Obligations		2.896	366,854,623	10,624,110
Orange County Board of Education Certificates of Participation		2.896	15,190,000	439,902
Municipal Water District of Orange County Water Facilities Corporation		3.459	5,360,000	185,402
North Orange Regional Occupation Program Certificates of Participation		0.025	10,450,000	2,613
Orange Unified School District Certificates of Participation		1.154	30,614,699	353,294
Orange Unified School District Benefit Obligations		1.154	84,865,000	980,496
Anaheim Union High School District Certificates of Participation		0.070	35,478,095	24,835
Huntington Beach Union High School District Certificates of Participation		1.292	59,691,090	771,209
Westminster School District Certificates of Participation		7.288	22,410,000	1,633,241
City of Garden Grove Direct Debt		100.000	17,210,000	17,210,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT				\$ 35,089,420
Less: MWDOC Water Facilities Corporation (100% self-supporting)				185,402
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT				\$ 34,904,018
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):			36,305,000	100% \$ 36,305,000
TOTAL DIRECT DEBT				\$ 17,210,000
TOTAL GROSS OVERLAPPING DEBT				\$ 272,077,911
TOTAL NET OVERLAPPING DEBT				\$ 271,892,509
GROSS COMBINED TOTAL DEBT				(2) \$ 289,287,911
NET COMBINED TOTAL DEBT				\$ 289,102,509

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

Ratios to Adjusted Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.60%
Total Direct Debt (\$17,210,000)	0.13%
Gross Combined Total Debt	2.12%
Net Combined Total Debt	2.12%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$2,748,639,012):

Total Overlapping Tax Increment Debt	1.32%
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Prepared for the City of Garden Grove
Source: California Municipal Statistics, Inc.
Source: California Municipal Statistics, Inc.

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

	Fiscal Year			
	2006	2007	2008	2009
Assessed valuation	\$ 8,326,522,578	\$ 9,197,354,465	\$ 9,893,940,341	\$ 10,076,761,228
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	2,081,630,645	2,299,338,616	2,473,485,085	2,519,190,307
Debt limit percentage	15%	15%	15%	15%
Debt limit	312,244,597	344,900,792	371,022,763	377,878,546
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 312,244,597</u>	<u>\$ 344,900,792</u>	<u>\$ 371,022,763</u>	<u>\$ 377,878,546</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.

¹ Prior year figure amended.

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 9,676,926,613	\$ 9,625,578,786	\$ 9,795,770,847	\$ 9,884,428,126 ¹	\$ 10,242,046,793 ¹	\$ 10,895,219,585
25%	25%	25%	25%	25%	25%
2,419,231,653	2,406,394,697	2,448,942,712	2,471,107,032	2,560,511,698	2,723,804,896
15%	15%	15%	15%	15%	15%
362,884,748	360,959,204	367,341,407	370,666,055	384,076,755	408,570,734
-	-	-	-	-	-
<u>\$ 362,884,748</u>	<u>\$ 360,959,204</u>	<u>\$ 367,341,407</u>	<u>\$ 370,666,055</u>	<u>\$ 384,076,755</u>	<u>\$ 408,570,734</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

Fiscal Year	Water Revenue Bonds						
	Gross Revenue	Expenses(1)	Resources Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2006	18,651,805	17,225,625	1,426,180	645,000	644,700	1,289,700	1.11
2007	20,516,447	17,921,191	2,595,256	665,000	629,938	1,294,938	2.00
2008	26,049,669	18,065,826	7,983,843	675,000	612,344	1,287,344	6.20
2009	29,025,085	19,581,536	9,443,549	695,000	592,638	1,287,638	7.33
2010	29,312,717	20,713,227	8,599,490	1,050,000	1,299,320	2,349,320	3.66
2011	30,651,300	21,520,593	9,130,707	1,280,000	1,386,327	2,666,327	3.42
2012	34,492,870	21,413,634	13,079,236	1,320,000	1,495,448	2,815,448	4.65
2013	33,933,081	22,848,625	11,084,456	1,320,000	1,340,727	2,660,727	4.17
2014	35,511,650	21,707,732	13,803,918	1,375,000	1,294,940	2,669,940	5.17
2015	33,374,670	25,146,242	8,228,428	1,430,000	1,225,677	2,655,677	3.10

Source: Finance Department, City of Garden Grove

- (1) *Total operating expense less depreciation and amortization*
- (2) *The City entered into a sewer revenue bond agreement on April 1, 2006; the first year's interest was prorated from bond commencement. The debt amortization started in FY09-10 with an annual principal repayment on June 15.*

Sewer Revenue Bond							
Fiscal Year	Gross Revenue	Expenses	Resources Available for Debt Service	Debt Service Requirement			Coverage
				Principal (2)	Interest (2)	Total	
2006	6,959,644	2,534,452	4,425,192	-	142,131	142,131	31.13
2007	10,365,028	2,192,430	8,172,598	-	1,023,341	1,023,341	7.99
2008	11,206,356	4,023,178	7,183,178	-	1,023,341	1,023,341	7.02
2009	10,074,100	3,462,717	6,611,383	-	1,023,341	1,023,341	6.46
2010	9,956,727	3,044,947	6,911,780	440,000	1,023,341	1,463,341	4.72
2011	9,570,394	2,786,977	6,783,417	460,000	1,005,741	1,465,741	4.63
2012	9,293,119	3,555,210	5,737,909	475,000	987,341	1,462,341	3.92
2013	10,302,890	3,645,873	6,657,017	495,000	968,341	1,463,341	4.55
2014	10,361,393	3,264,411	7,096,982	515,000	948,541	1,463,541	4.85
2015	10,242,533	3,841,962	6,400,571	535,000	927,941	1,462,941	4.38

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

Fiscal Year	Tax Increment (1)	Tax Allocation Bonds			Coverage
		Debt Service Requirement			
		Principal	Interest	Total	
2006	16,339,702	\$ 1,625,000	\$ 2,741,269	\$ 4,366,269	3.74
2007	17,250,293	1,660,000	2,698,088	4,358,088	3.96
2008	18,915,215	1,710,000	2,647,537	4,357,537	4.34
2009	21,808,918	1,765,000	2,577,763	4,342,763	5.02
2010	21,107,303	1,850,000	2,533,638	4,383,638	4.82
2011	19,632,456	1,945,000	2,402,238	4,347,238	4.52
2012	7,194,875	2,020,000	2,320,413	4,340,413	1.66
2013	4,340,413	2,020,000	2,320,413	4,340,413	1.00
2014	4,337,756	2,105,000	2,232,756	4,337,756	1.00
2015	4,325,406	2,195,000	2,130,406	4,325,406	1.00

Source: Finance Department, City of Garden Grove

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

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

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2006	171,765	\$ 3,479,894	\$ 20,227	4.8%
2007	172,781	3,595,557	20,933	4.3%
2008	173,067	3,735,525	21,620	5.0%
2009	174,715	3,979,307	22,993	11.7%
2010	175,618	4,272,291	24,453	12.2%
2011	170,883	4,567,065	26,006	11.2%
2012	172,648	4,371,270	25,580	9.6%
2013	173,075	4,696,862	27,205	7.8%
2014	173,953	4,747,258	27,429	6.5%
2015	174,774	4,924,023	28,307	4.2%

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

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

Employer	2015		2006	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Air Industries Co.	681	0.76%	400	0.50%
American Apparel Knit & Dye	535	0.60%		
Prime Healthcare Services	516	0.58%		
Walmart	412	0.46%		
Saint Gobain Performance Plastics	363	0.40%	375	0.47%
Office Max, Inc.	360	0.40%		
Hyatt Regency Orange County	350	0.39%	400	0.50%
GKN Aerospace Transparency Systems, Inc.	335	0.37%	300	0.38%
Kaiser Foundation Health	317	0.35%		
NBTY Acquisition, LLC	298	0.33%		
Garden Grove Medical Center			620	0.78%
Crystal Cathedral			600	0.75%
Leiner Health Products LLC			411	0.52%
Hyatt Regency			400	0.50%
Time Warner Communications			364	0.46%
Costco			300	0.38%
Driessen Aircraft Interior Systems			277	0.35%

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

Source: Business Tax Division, City of Garden Grove

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

Department	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administrative Services	34	-	-	-	-	-	-	-	-	-
City Manager	14	9	13	12	10	10	9	9	9	9
Community Development	44	56	58	59	59	59	65	58	58	58
Community Services	155	146	149	148	145	143	159	156	157	151
Economic Development	-	12	13	13	13	13	13	-	-	-
Finance	32	34	35	37	37	37	37	39	40	40
Fire	110	112	112	112	111	110	110	107	109	111
Information Technology	-	20	20	20	20	20	20	20	19	19
Personnel	13	9	10	10	9	9	10	9	9	9
Police	314	328	334	334	334	333	302	275	268	273
Public Works	<u>192</u>	<u>192</u>	<u>197</u>	<u>197</u>	<u>196</u>	<u>196</u>	<u>199</u>	<u>194</u>	<u>195</u>	<u>194</u>
Total	<u>908</u>	<u>918</u>	<u>941</u>	<u>942</u>	<u>934</u>	<u>930</u>	<u>924</u>	<u>867</u>	<u>864</u>	<u>864</u>
Full Time employees	647	661	676	685	682	681	676	621	623	633
Part time employees	261	257	265	257	252	249	248	246	241	231

Source: Budget Division, City of Garden Grove

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police:										
Arrests	4,044	7,767	6,951	7,316	7,195	6,920	6,651	6,774	6,423	6,478
Traffic citations issued	8,718	11,574	13,627	12,787	15,490	14,945	11,393	13,815	10,903	9,604
Fire:										
Number of emergency calls	16,215	15,534	16,279	16,548	16,306	23,381	25,586	26,739	26,785	26,785
Public Right-of-Way:										
Parking citations issued	29,261	30,052	32,718	30,464	26,660	24,800	24,590	24,571	25,919	28,017
Permits issued	5,951	3,175	1,525	276	269	201	314	406	501	605
Community Services:										
Number of recreation classes	1,475	1,525	1,534	1,544	1,398	1,817	1,540	1,987	2,016	2,416
Housing vouchers	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337
Community Planning and Development										
Building permits issued	2,626	2,213	2,879	3,878	3,514	3,881	2,036	2,427	2,808	2,041
Water:										
Number of accounts	34,052	34,090	34,152	34,217	34,239	33,689	33,751	34,206	33,807	33,834
Average daily consumption (thousands of gallons)	31,229	49,864	24,851	23,345	21,843	20,528	21,480	21,324	22,024	20,391
Solid Waste Disposal:										
Number of accounts	31,028	30,928	30,938	30,895	30,723	33,308	33,424	33,886	34,136	33,658
Drainage:										
Channels cleaned (miles)	5	5	5	5	5	5	5	5	5	5
Municipal Support:										
Passports issued	712	723	569	500	463	292	624	673	507	247

Source: City of Garden Grove

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	7	7	7	7	7	7	7	7	7	7
Public Right-of-Way:										
Streets (miles)	288	305	305	305	305	305	305	305	305	305
Community Services:										
Parks	16	16	16	16	16	16	16	16	16	16
Park acreage	142	142	142	142	142	142	142	142	142	142
Community centers	1	1	1	1	1	2	2	2	2	2
Water:										
Water mains (miles)	418	360	360	433	433	433	433	433	433	433
Number of connections	34,052	34,090	34,152	34,217	34,239	33,689	33,751	34,206	34,257	34,294
Sewage Collection:										
Sanitary sewers (miles)	330	312	312	320	320	320	320	320	320	320
Drainage:										
Storm drains (miles)	35	35	35	35	35	35	35	35	35	35

Source: City of Garden Grove

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GARDEN GROVE