

CITY OF GARDEN GROVE, CALIFORNIA



# COMPREHENSIVE ANNUAL FINANCIAL REPORT JULY 1, 2019 - JUNE 30, 2020



City of Garden Grove, California

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

**June 30, 2020**

**Department of Finance**

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**Patricia Song**  
*Finance Director*

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

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**CITY OF GARDEN GROVE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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# **Introductory Section**

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## CITY OF GARDEN GROVE, CA

December 8, 2020

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

It is with great pleasure that we present to you the City of Garden Grove's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. The CAFR is published to serve two purposes. First, it outlines accountability for public tax dollars and the services that are funded by these resources. Second, it communicates the results of operations and the City's financial position to its constituents, and provides a vital framework for future decisions about programs and services.

In order to ensure the reliability of the information contained herein, the City contracted with an independent audit firm, Davis Farr LLP, to perform the annual financial audit. The goal of the audit is to provide reasonable assurance that the City's financial statements are free from material misstatement. Davis Farr LLP issued an unmodified opinion for the City's financial statements for the fiscal year ended June 30, 2020.

Management is responsible for both the accuracy of the financial report and the completeness and fairness of the presentation. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects, including all disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial activities.

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

are presented in the *Financial Section*. The *Statistical Section* presents historical information about the City's finances and operations, as well as demographic and economic data.

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

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

### **Community Profile**

The City of Garden Grove is located in central Orange County approximately 25 miles southeast of downtown Los Angeles. With a current population of approximately 174,801, it is the fifth largest city in Orange County and the 31<sup>st</sup> largest in the State of California. The City incorporated on June 18, 1956.

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

### **City Service and Budgetary Control**

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

A key element of the City's financial management process is the development and approval of a biennial budget. Garden Grove Municipal Code requires the City Manager to prepare and submit the proposed budget and salary plan to the City

Council for approval. The City Council conducts multiple public budget review sessions to obtain taxpayer input, prior to adopting the budget at a public meeting. The legal level of budgetary control is at the department level. The City Council may amend the budget to increase or decrease appropriations or move appropriations between funds. The City Manager is authorized to transfer appropriations within a fund between the various programs and/or departments.

### **Demographic and Economic Information**

Demographically, the City of Garden Grove has one of the highest population density in the County. The community is highly diversified with a median age of 37.9 years. With a 2020 population of 170,328, the City is the 31<sup>st</sup> largest city in California and the 156<sup>th</sup> largest city in the United States. The median household income of \$75,000 is 114% of the national average. The City is also benefiting from higher education levels. In 2018, 73.8% of the population completed high school, and 20.8% received bachelor degree or higher. This is an increase of 38.7% comparing to 2000.

Between 2007 and 2017, total jobs in the City grew 12.6% (to 58,163). The City's largest job sector is in Education, which accounts for 24% of total jobs, followed by Leisure and Hospitality (15.7%), Professional and Management (13.1%), and Manufacturing (12.3%).

Historically, Garden Grove has maintained lower unemployment rate than the State level. With leisure or hospitality sector heavily impacted by the COVID-19 pandemic, the City's current unemployment rate is at a historical high, to almost 17%.

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

### **Financial Condition of the City**

Due to the COVID-19 pandemic, the state of economy nationwide has been experiencing unprecedented challenges. The pandemic threatens to plunge the economy into a recession or worse. Diminishing consumer buying power resulted in poor retail sales. Leisure and hospitality industry activities were down by over 70%. These directly impact the key revenue bases of municipalities like Garden Grove.

For Fiscal Year 2019-20, our Transient Occupancy Tax (TOT) revenue decreased by \$7.5 million comparing to the previous year. Fortunately, the community passed Measure O in 2018, which created a 1 cent local sales tax. In Fiscal Year 2019-20, the City received \$20.0 million in Measure O tax revenue.

The largest revenue source for the City is property tax. For Garden Grove, the assessed value of the City's taxable properties continues to rise at a strong rate. In

Fiscal Year 2020-21, overall assessed value has reached to an all-time high of \$18.5 billion, which nearly doubled the Fiscal Year 2011-12 value. Residential property value makes up more than 70% of all value in the City. Because of the increased taxable property value, the City enjoyed a 1.9% increase in property tax revenue compare to the previous fiscal year.

On the expense side, in addition to the increased cost to fight the pandemic, the ever-growing non-discretionary cost continues to pose a threat to the City's fiscal sustainability. Unfunded pension liability alone increased by \$10.1 million over the previous year, per the most recent CalPERS valuation report published in July 2020.

In respond to the sharp decline in revenues and increased costs caused by the pandemic, the City implemented several cost containment measures in April 2020. These measure included:

- Place a hiring freeze on all vacancies, with exceptions for sworn public safety, critical emergency dispatch, and certain enterprise-funded positions;
- Pause on personnel recruitment activities;
- Suspend all non-essential training and conferences;
- Defer non-essential equipment and capital purchases; and
- Reassess personnel equipment needs and business processes.

On the budget front, in order to balance the Fiscal Year 2020-21 budget, in addition to the above measures, 22 vacant positions were defunded, contributions to the City's Fleet internal service fund from the General Fund were reduced by 16.0%, and one-time money were used to gap the deficit.

These measures helped to achieve the City's short-term financial goals. Management recognizes the long-term financial implication caused by the pandemic. To ensure financial stability, during the current fiscal year, the City Council established two important financial policies, the Pension Funding Policy and the General Fund Reserve Policy. Both policies set baseline standards for fiscal stewardship to ensure ongoing structural balance.

The City is committed to continue to improve on fiscal policy and standard setting, implement best financial management practices, and manage spending in a prudent manner by improving efficiency and identify cost saving and recovery opportunities.

### **Long-term Financial Planning**

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

To foster a culture of long-term fiscal sustainability, the City has started the process of adopting a series of important fiscal policies. These policies set a framework to ensure a balanced budget, maintain healthy reserves, appropriately fund the City's pension liabilities, as well as planning for future infrastructure needs. In August 2019, the City adopted the Pension Funding Policy, formally committing to proactively address its unfunded pension liability. With the close of Fiscal Year 2018-19, a General Fund reserve policy was added to the policy series setting standard for a contingency reserve.

During the upcoming biennial budget process for fiscal years 2021-2023, the City will establish a policy on infrastructure funding and grant management. These policies will guide the City in formulating its budget responsibly and standardizing practices to achieve best use of City resources. In the future, policies on user fees and cost recovery, cost allocation for administrative and support functions will also be developed and incorporated into the comprehensive financial policies.

### **Financial Policies and Practices**

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

#### Pension Funding Policy

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

#### General Fund Reserve Policy

The City is committed to prudent fiscal practices and maintaining adequate General Fund reserves to ensure consistent, uninterrupted municipal services in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures, as well as the credit worthiness of the City. In December 2019 the City Council adopted the General Fund Reserve Policy, which established the appropriate level of unassigned fund balance in the General Fund, set conditions warranting its use, and outlined the plan to replenish it if the balance fell below the policy level.

#### Enterprise Fund Business Principles

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

### Investment Policy

The City maintains an investment policy that is updated annually and reviewed and approved by the City Council. The City's investment objectives as outlined in the policy are in the following order: safety of principal, liquidity, and yield. To meet these objectives, the City attempts to obtain the highest yield on its investments consistent with the preservation of principal and liquidity. The yield benchmark for the City is the 24-month moving average of the 2-year Constant Maturity Treasury. The Investment Policy was certified by the California Municipal Treasurer's Association in November 2020.

### Purchasing Policy

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

### Debt Management Policy

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

## **Major Initiatives**

The City has taken steps to reduce unfunded liability through the establishment of an Internal Revenue Code Section 115 trust; funding infrastructure improvements, including a facility space need assessment for the police station; improving efficiency through the implementation of an Enterprise Resources Planning (ERP) system; and promoting transparency by increasing community engagement on major initiatives, such as the development of Parks Master Plan and 2021-2029 Garden Grove Housing Element Update.

In Fiscal Year 2020-21, the City's new Capital Improvement Program (CIP) totaled \$24.7 million. It covers a wide range of categories including street, building and facility, traffic, parks, water, sewer and storm drain.

In November 2020, the City took advantage of the favorable market condition and refunded its 2010 Water Revenue Bonds. The refunding resulted in a net present value savings of \$1.6 million, or 15.3% of the refunded bonds. Additional capital in the amount of \$15.0 million was raised during the refunding, allowing the City's Water Utility to implement its new master capital plan that would otherwise be delayed due to the new state regulation on Perfluorooctanoic acid (PFOA) and Perfluorooctanesulfonic acid (PFOS).

Despite the high degree of uncertainty related to the impacts of the COVID-19 pandemic, the City received an AA+ rating with Stable outlook from S&P Global Rating for the above bond issuance. S&P specifically cited that “in our view, the financial practices are robust, well embedded, and likely sustainable. The management team, in our view, maintains most of the best practices we consider critical to supporting credit quality and these are well embedded in the city system's daily operations and practices. Factors considered in the strong assessment include regular budget monitoring and reporting to the board, robust long-term financial and capital planning, adherence to the city's formal debt management and investment policies, and a formal liquidity policy.”

The City's overall tax base is essential in maintaining the delivery of core services and programs to Garden Grove residents and businesses. While COVID-19 impacts remain uncertain, the City was able to advance innovation and technology to ensure streamline service delivery was achieved via a virtual City Hall platform. A key factor of the City's roadmap is the development the Garden Grove Reopening Plan along with the Business Resource and Resiliency Plan that identified a series of action items incorporating: electronic plan check, online building permitting, online payment portals, virtual inspection services, virtual recreation programming, and alternative meeting solutions.

The City's economic development initiatives to enhance local investment and promote job creation continued to be assertive with successful results in the attraction and expansion of several key retailers: See's Candies, Little World Indoor Playground, Mochinut, Wilson Creek Winery, Myungrang Hot Dogs, Taco Bell, McDonald's, Planet Fitness, Panda Express, and Target. Strategically located near the 22 Freeway, Rexford Industries obtained approvals to expand and reposition 140,000 sq.ft. industrial building in the City's high-demand industrial area. With positive housing market conditions, a number of mixed-use projects advanced through the planning approval process including: The Centre, 16 new townhomes with work-live units; the Garden Brook Senior Village comprised of 394 affordable senior units with ancillary retail uses; Brookhurst Place (Phase II) is anticipated to develop 118 apartment homes in 2021. The Shea Homes Gardenia project which included 70 single-family, detached for-sale residential homes was recently completed.

Transforming the City's downtown area through place-making and local public art efforts illuminates the ongoing priorities to Re-Imagine Garden Grove through active transportation and attraction of local entrepreneurs and artists. SteelCraft Garden Grove, an outdoor, urban eatery built from repurposed shipping containers opened in September 2019. The Cottage Industries project envisions an adaptive reuse of the twelve properties for retail, office, artesian and makers' space. Construction is expected to be begin in 2021.

The City is committed to providing programs and services designed to improve neighborhoods with support from the Neighborhood Improvement and Conservation Commission and funding from the Federal and State agencies. Such funding includes Community Development Block Grant, HOME Investment Partnerships Program, and Emergency Solutions Grants. These efforts have expanded to include: the the First-

time Homebuyer Program through the CalHOME Grant, Workforce Initiative Subsidy for Homeownership Grant (WISH), and Senior Home Improvement Grants. The City's Homeless Emergency Assistance and Rental Transition (HEART) Program furthered homelessness resources via tenant-based rental assistance for Garden Grove homeless population.

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

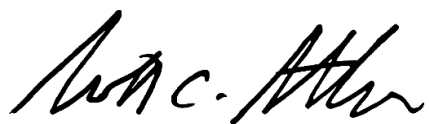
### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Garden Grove for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This was the 35th consecutive year that the City has received this prestigious award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

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

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

Respectfully submitted,



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Scott C. Stiles, City Manager



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Patricia Song, Finance Director





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Garden Grove  
California**

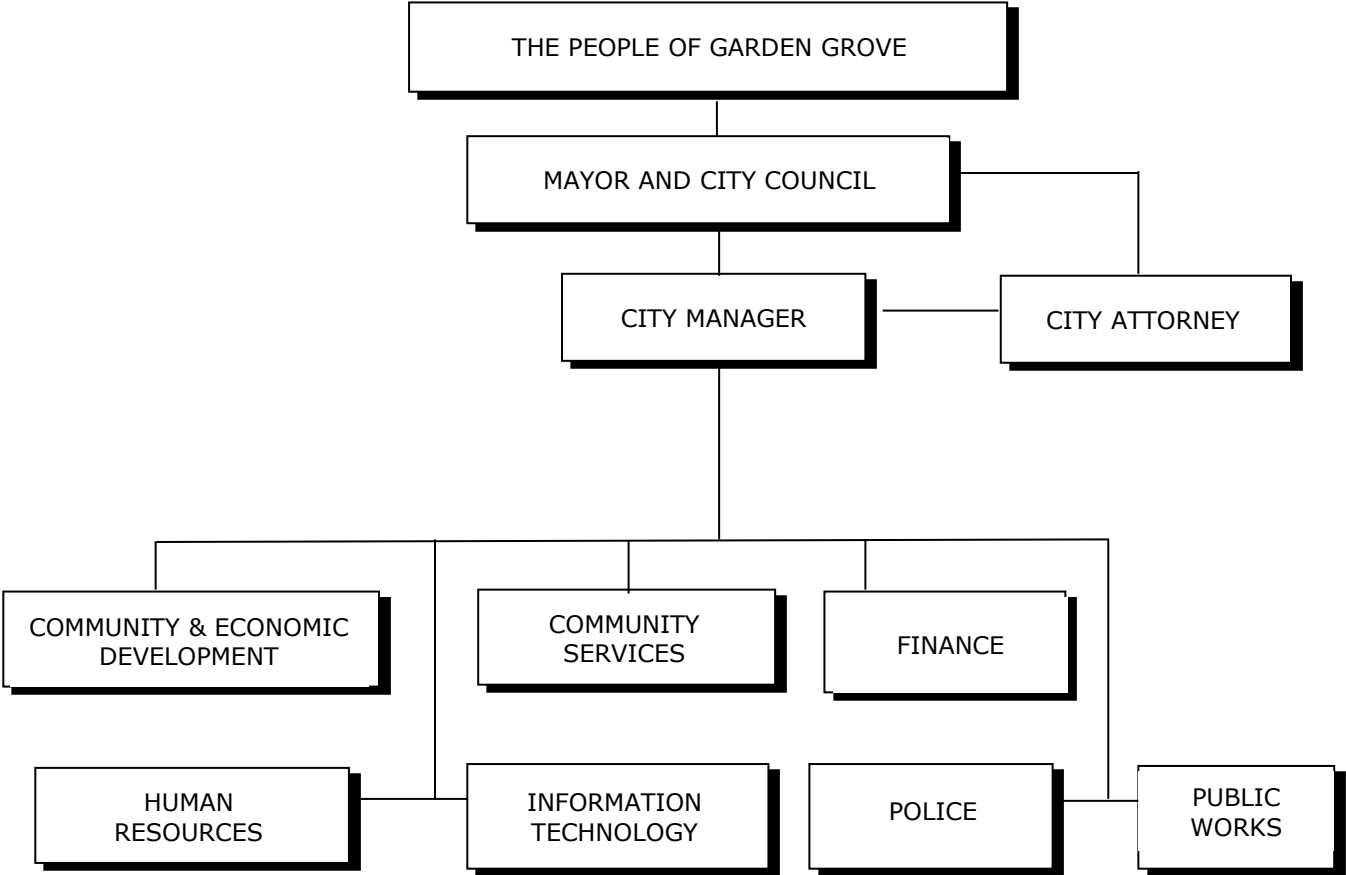
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# CITY OF GARDEN GROVE



# CITY OF GARDEN GROVE

## City Council

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**Steven R. Jones**  
*Mayor*

**John R. O'Neill**  
*Mayor Pro Tem - District 2*

**Stephanie Klopfenstein**  
*Mayor Pro Tem - District 5*

**George S. Brietigam III**  
*Council Member - District 1*

**Patrick Phat Bui**  
*Council Member - District 4*

**Thu-Ha Nguyen**  
*Council Member - District 3*

**Kim B. Nguyen**  
*Council Member - District 6*

## City Officials

---

**Scott Stiles**  
*City Manager*

**Omar Sandoval**  
*City Attorney*

**Anand Rao**  
*Information Technology Director*

**John Montanez**  
*Community Service Director*

**Laura Stover**  
*Human Resources Director*

**William Murray**  
*Public Works Director*

**Patricia Song**  
*Finance Director*

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

**Tom DaRé**  
*Police Chief*

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# 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Garden Grove, California, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

The financial statements for the year ended June 30, 2020 reflect certain prior period adjustments as described further in Note 17 to the financial statements. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, certain budgetary comparison information, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Pension Contributions and the Schedule of Changes in Total OPEB liability and Related Ratios* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *combining and individual nonmajor fund financial statements, certain budgetary comparison schedules, the introductory section and the statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual nonmajor fund financial statements* and certain *budgetary comparison schedules* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual*



*nonmajor fund financial statements* and certain *budgetary comparison schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section* and the *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020 on our consideration of the City of Garden Grove's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Garden Grove's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan UP". The signature is written in a cursive, flowing style.

December 1, 2020  
Irvine, California

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ended June 30, 2020

The City of Garden Grove's Finance team has prepared this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020, to assist users of this report to gain a better understanding of the City's financial health and history. The information presented here should be considered in conjunction with additional information furnished in the letter of transmittal and the accompanying financial statements.

### FINANCIAL HIGHLIGHTS

The City of Garden Grove's financial statements prepared for the fiscal year ended June 30, 2020 comply with all applicable statements issued by the Governmental Accounting Standards Board (GASB). Two major accounting changes took effect during Fiscal Year 2019-20, which had a major impact to the City's financial statement presentation:

1. Implicit rate subsidy was included in the City's Other Post-Employment Benefit (OPEB) liability for fiscal year ended June 30, 2020, resulted in an increase in OPEB liability by \$27.6 million, among which \$24.4 million of the increase was reported in the governmental activities, and \$3.2 million in the business-type activities. Additional information on OPEB can be found in the *Notes to the Basic Financial Statements (Note 12)*.
2. The golf course operations was reclassified from governmental activities to business-type activities, resulted in a restatement to the beginning net position in the amount of \$3.6 million. Additional information on the restatement can be found in the *Notes to the Basic Financial Statements (Note 17)*.

### Government-Wide

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$753.2 million (*net position*).
- The overall City's net position increased by \$8.9 million from the previous fiscal year primarily due to the improved cash position as the result of slowed down spending in light of the COVID-19 pandemic.
- Total expenses for governmental activities were \$170.3 million for fiscal year ended June 30, 2020. The sources for these expenses came from program revenues of \$39.6 million, taxes in the amount of \$120.3 million, and other general revenue of \$10.7 million. For the current year, revenues from

## **CITY OF GARDEN GROVE**

### Management's Discussion and Analysis (continued)

June 30, 2020

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governmental activities exceeded expenses by \$0.4 million, net against a beginning balance restatement of \$3.6 million, net position for governmental activities decreased by \$3.2 million from the previous year to \$582.8 million at June 30, 2020.

- For business-type activities, program revenues exceeded expenses by \$5.6 million. Among the total program revenue of \$91.6 million, \$54.2 million was from charges for services, and \$37.4 million from operating grants and contributions. Combined with investment earnings and other general revenues of \$2.8 million, and a restatement to the beginning balance in the amount of \$3.6 million, net position for business-type activities increased by \$12.1 million from the previous year to \$170.4 million at June 30, 2020.

### **Fund Based**

- As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$147.8 million, an increase of \$13.1 million from the previous year. The net increase was primarily due to the positive operating result with current year's revenues exceeded expenditures by \$15.8 million.
- Among the total fund balance of \$147.8 million reported at the close of the fiscal year, \$82.7 million, or 55.9% are either non-spendable or restricted for specific purposes. The City also committed \$22.5 million for a Stability Reserve in the General Fund during the year. Please refer to *Notes to Basic Financial Statements (Note 1)* for additional information on the categorization of the governmental funds' fund balances.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

### **Government-Wide Financial Statements**

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

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

## **CITY OF GARDEN GROVE**

Management's Discussion and Analysis (continued)

June 30, 2020

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

Most of the City's basic services are reported in the governmental activities category, including fire, police, traffic safety, public right of way, community buildings, community services, economic development, parks and greenbelts, community planning and development, and municipal support functions. Property and sales taxes, transient occupancy tax, business licenses and permits, investment income, and state and federal grants finance these activities. The City operates its sewer utility through its component unit, the Garden Grove Sanitary District, and federal Section 8 housing program through another component unit, the Garden Grove Housing Authority. These activities are reported in the business-type activities category along with water utility and solid waste disposal services.

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

### **Fund Financial Statements**

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

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

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

### **Governmental funds**

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there

## **CITY OF GARDEN GROVE**

Management's Discussion and Analysis (continued)

June 30, 2020

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are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement. The governmental fund financial statements can be found in the *Basic Financial Statements* section of this report.

### **Proprietary funds**

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

### **Fiduciary funds**

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

### **Notes to Basic Financial Statements**

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

### **Other Information**

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

## CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)  
June 30, 2020

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

### GOVERNMENT- WIDE FINANCIAL ANALYSIS

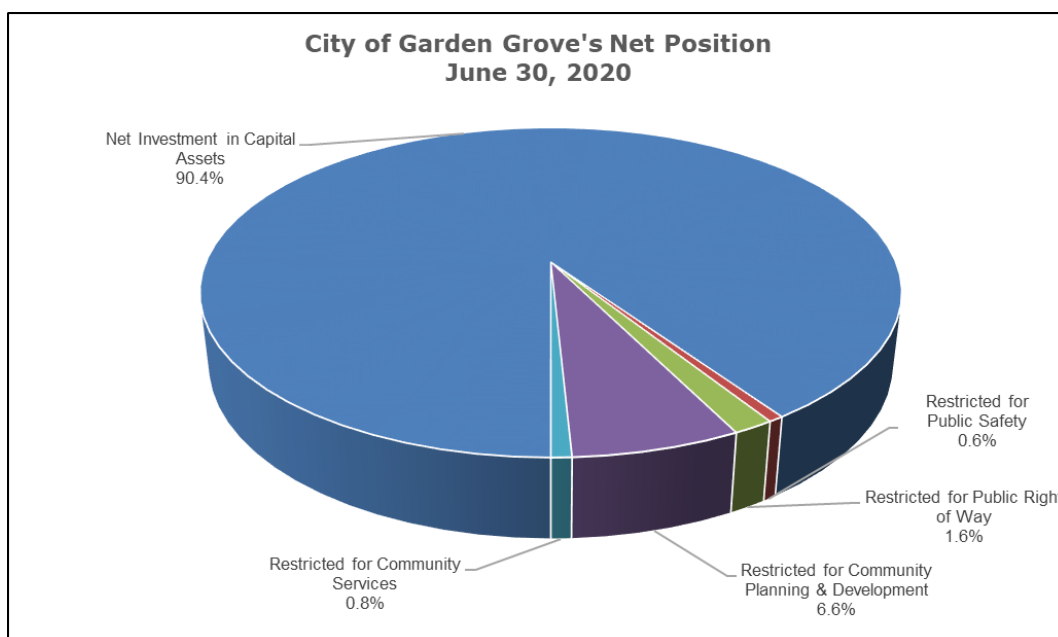
The government-wide financial analysis focus on the City's net position and changes in net position of the governmental and business-type activities during the fiscal year.

As noted earlier, the City's net position as a whole increased by \$8.9 million from the previous year. The enhanced financial position was due to positive operating result of the year. The government-wide net position reported \$753.2 million as of June 30, 2020.

Among the total net position, \$751.8 million were invested in capital assets, net of related debt. These capital assets are essential for City operations, which include land, buildings, machinery and equipment, and infrastructure. Net position invested in capital assets is not available for spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to pay for the liabilities.

The remaining \$1.4 million of total government-wide net position are composed of \$72.5 million restricted funds and (\$71.1) million unrestricted. Net position may be restricted for capital projects, debt payments, and/or special programs such as public safety and public right of way.

The graph below illustrates the various components of the City's net position at fiscal year ended June 30, 2020.



## CITY OF GARDEN GROVE

### Management's Discussion and Analysis (continued) June 30, 2020

The schedule below is a condensed version of the City's statement of net position for fiscal year ended June 30, 2020 with comparative data from the previous fiscal year:

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

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 281.4	\$ 256.3	\$ 74.6	\$ 70.7	\$ 356.0	\$ 327.0
Capital assets	641.2	644.3	162.4	157.9	803.6	802.2
<b>Total assets</b>	<b>922.6</b>	<b>900.6</b>	<b>237.0</b>	<b>228.6</b>	<b>1,159.6</b>	<b>1,129.2</b>
Deferred charges on refunding	-	-	0.1	0.1	0.1	0.1
Deferred OPEB related items	21.9	0.4	2.8	-	24.7	0.4
Deferred pension related items	32.4	40.3	3.9	4.9	36.3	45.2
<b>Total deferred outflows</b>	<b>54.3</b>	<b>40.7</b>	<b>6.8</b>	<b>5.0</b>	<b>61.1</b>	<b>45.7</b>
Long-term debt	73.2	73.0	29.6	31.9	102.8	104.9
Net OPEB liability	40.5	16.1	5.2	2.1	45.7	18.2
Net pension liability	261.3	245.4	30.6	30.6	291.9	276.0
Other liabilities	13.0	13.4	6.9	8.7	19.9	22.1
<b>Total liabilities</b>	<b>388.0</b>	<b>347.9</b>	<b>72.3</b>	<b>73.3</b>	<b>460.3</b>	<b>421.2</b>
Deferred unamortized gain on refunding	-	-	0.2	0.2	0.2	0.2
Deferred OPEB related items	0.8	0.7	0.1	0.1	0.9	0.8
Deferred pension related items	5.3	6.7	0.9	1.7	6.2	8.4
<b>Total deferred inflows</b>	<b>6.1</b>	<b>7.4</b>	<b>1.2</b>	<b>2.0</b>	<b>7.3</b>	<b>9.4</b>
Net investment in capital assets	619.1	621.2	132.7	125.8	751.8	747.0
Restricted	72.5	69.8	-	-	72.5	69.8
Unrestricted	(108.8)	(105.0)	37.7	32.5	(71.1)	(72.5)
<b>Total net position</b>	<b>\$ 582.8</b>	<b>\$ 586.0</b>	<b>\$ 170.4</b>	<b>\$ 158.3</b>	<b>\$ 753.2</b>	<b>\$ 744.3</b>

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



# CITY OF GARDEN GROVE

## Management's Discussion and Analysis (continued)

June 30, 2020

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 14.5	\$ 17.1	\$ 54.2	\$ 51.0	\$ 68.7	\$ 68.1
Operating contributions and grants	22.1	21.6	37.4	34.4	59.5	56.0
Capital contributions and grants	3.0	3.7	-	-	3.0	3.7
General revenues:						
Taxes:						
Property taxes	50.8	49.3	-	-	50.8	49.3
Sales and use taxes	43.1	24.6	-	-	43.1	24.6
Transient occupancy taxes	18.8	26.3	-	-	18.8	26.3
Other taxes	7.6	8.4	-	-	7.6	8.4
Investment earnings	9.1	7.7	2.7	1.9	11.8	9.6
Other income	1.7	0.8	0.2	0.2	1.9	1.0
<b>Total revenues</b>	<b>170.7</b>	<b>159.5</b>	<b>94.5</b>	<b>87.5</b>	<b>265.2</b>	<b>247.0</b>
<b>Expenses:</b>						
Public safety - Fire	32.9	27.1	-	-	32.9	27.1
Public safety - Police	76.2	63.0	-	-	76.2	63.0
Traffic safety	5.7	5.2	-	-	5.7	5.2
Public right of way	17.5	19.1	-	-	17.5	19.1
Community buildings & drainage	6.2	6.0	-	-	6.2	6.0
Parks & community services	8.5	8.0	-	-	8.5	8.0
Community & economic development	12.3	11.5	-	-	12.3	11.5
Municipal support	9.9	10.8	-	-	9.9	10.8
Water utility	-	-	37.9	34.0	37.9	34.0
Sewer utility	-	-	7.4	7.8	7.4	7.8
Solid waste disposal	-	-	2.1	1.8	2.1	1.8
Housing program	-	-	37.1	34.2	37.1	34.2
Golf course	-	-	1.5	-	1.5	-
Interest on long-term debt	1.1	1.0	-	-	1.1	1.0
<b>Total Expenses</b>	<b>170.3</b>	<b>151.7</b>	<b>86.0</b>	<b>77.8</b>	<b>256.3</b>	<b>229.5</b>
Income (loss) before transfers	0.4	7.8	8.5	9.7	8.9	17.5
Transfers	-	1.0	-	(1.0)	-	-
<b>Change in net position</b>	<b>0.4</b>	<b>8.8</b>	<b>8.5</b>	<b>8.7</b>	<b>8.9</b>	<b>17.5</b>
Net position - beginning of year	586.0	576.9	158.3	149.6	744.3	726.5
Restatement	(3.6)	0.3	3.6	-	-	0.3
<b>Net position - end of year</b>	<b>\$ 582.8</b>	<b>\$ 586.0</b>	<b>\$ 170.4</b>	<b>\$ 158.3</b>	<b>\$ 753.2</b>	<b>\$ 744.3</b>

## CITY OF GARDEN GROVE

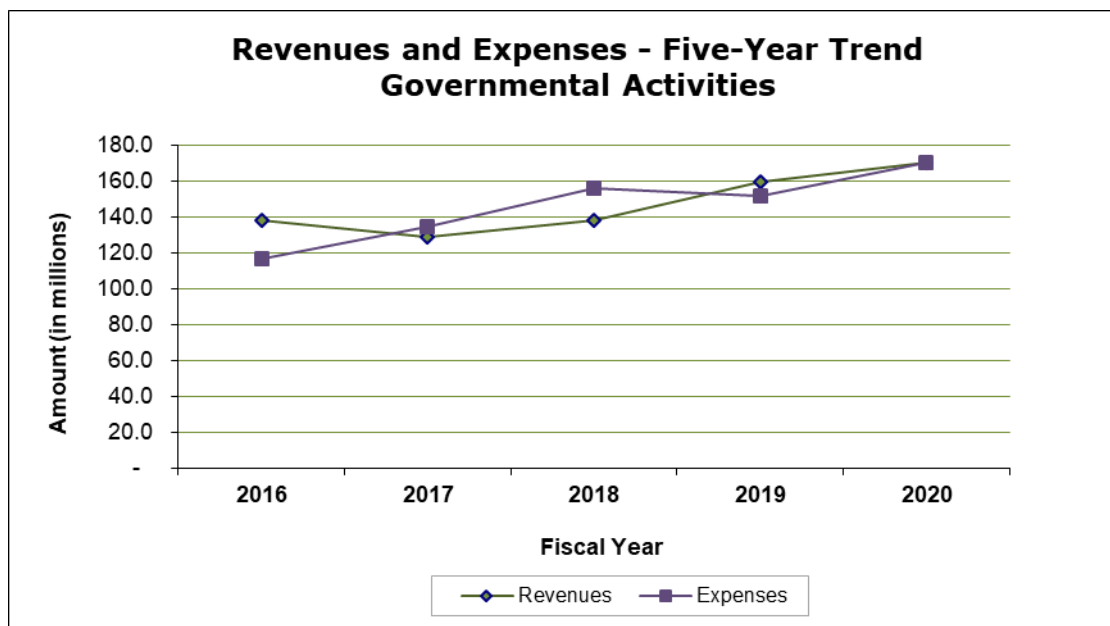
Management's Discussion and Analysis (continued)

June 30, 2020

### Governmental Activities

Total resources available during the year to finance governmental operations were \$753.1 million. This amount consists of the beginning net position of \$582.4 million, which includes a restatement of \$(3.6) million, program revenues of \$39.6 million and general revenues of \$131.1 million. Total uses in governmental activities during the year totaled \$170.3 million. Accordingly, the net position for governmental activities decreased by \$3.2 million and ended at \$582.8 million as of June 30, 2020.

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



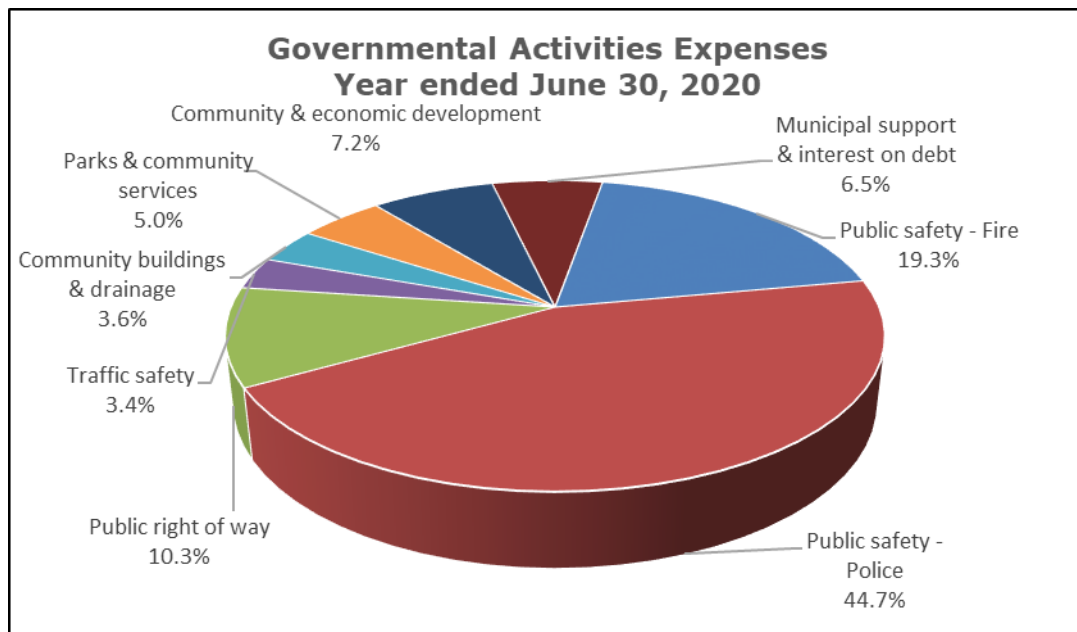
Total revenues from governmental activities was slightly higher than total expenses for year by \$0.4 million. With the restatement of \$3.6 million related to reclassifying the City's golf course operations from governmental activities to business-type activities, overall governmental activities' net position decreased by \$3.2 million.

Total cost of governmental activities for fiscal year ended June 30, 2020 was \$170.3 million, including \$1.1 million in interest expense. A total of \$109.1 million, or 64.1% was for providing public safety services. The chart on next page shows a breakdown of the cost of each major municipal function.

## CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2020



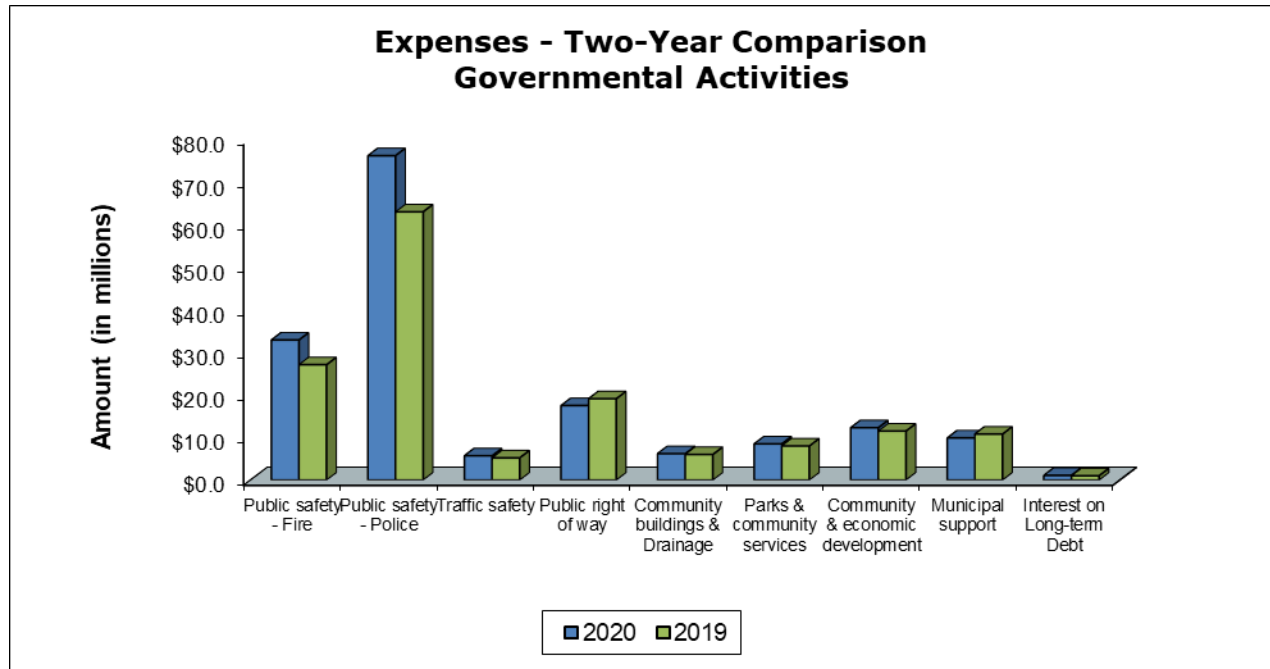
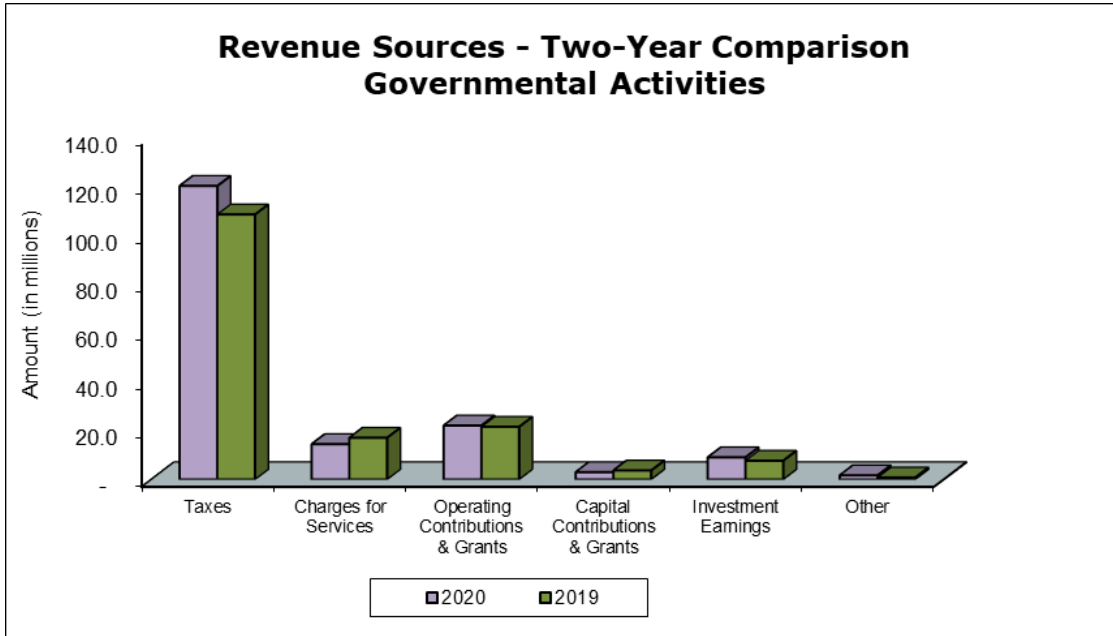
The public safety function (police and fire) is primarily funded by property taxes, sales tax, transient occupancy tax, and other general revenues. Traffic safety, public right of way, community buildings and drainage programs are responsible for maintenance and construction of transportation system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

Of the total cost of the governmental activities, the amount the taxpayers ultimately funded was \$120.3 million, the remaining balance was paid by various program revenues, including \$14.5 million by those who directly benefited from the programs, \$22.1 million from other governments and organizations that subsidized certain programs with operating grants and contributions, and \$3.0 million from capital grants and contributions.

**CITY OF GARDEN GROVE**

Management’s Discussion and Analysis (continued)  
 June 30, 2020

The following two charts illustrate the total revenue and expense for the governmental activities, excluding transfers for the fiscal years ended June 30, 2020 and June 30, 2019 respectively.



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

- Program revenues represent 23.2% of total revenues generated by governmental activities. Total program revenues for governmental activities in the current year

## CITY OF GARDEN GROVE

### Management's Discussion and Analysis (continued)

June 30, 2020

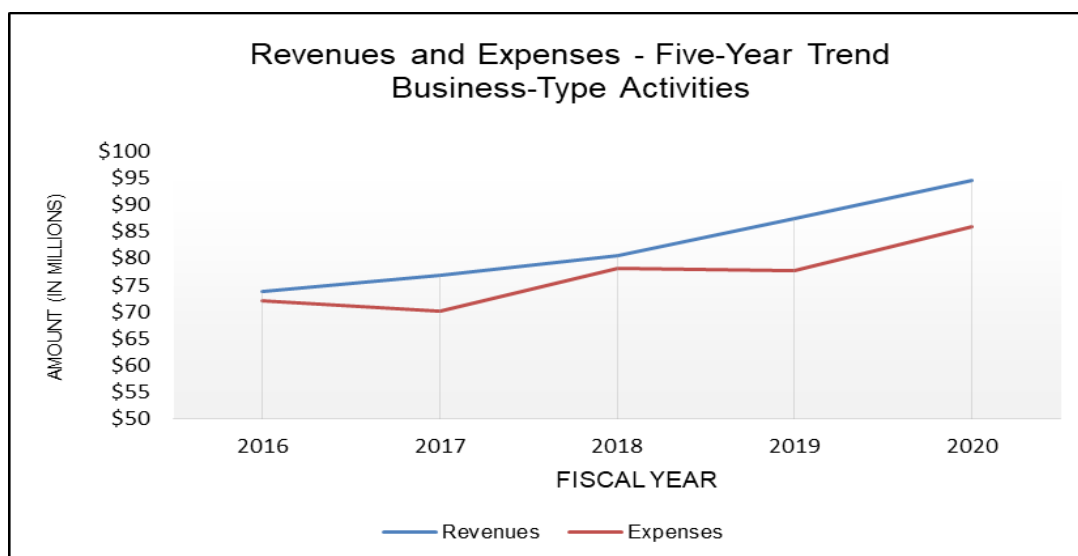
were \$39.6 million, a decrease of \$2.8 million from the previous year, primarily due to the decreased charges for services as a result of the pandemic.

- Taxes comprised 70.5% of the total revenues from governmental activities. Total tax revenues were \$120.3 million for the current year, an increase of \$11.7 million, or 10.8% from the previous year. This increase was attributable to the Measure O, this one-cent local sales tax measure generated \$20.0 million in Fiscal Year 2019-20. Property tax revenue represents 42.2% of total taxes, and transient occupancy tax revenue contributed \$18.8 million during the year. This was a decrease of \$7.5 million from the previous year as the result of the pandemic. The remaining \$7.6 were comprised of franchise tax, business operations tax, and motor vehicle taxes.
- Total governmental expenses was \$170.3 million, reflected an increase of \$18.6 million from the prior year. With the passage of Measure O, the City reinstated various programs and began filling vacant positions that resulted from FY 2018-19 budget reductions. Additionally, a total 18 police positions were added, and various economic development initiatives were implemented during the year.

### **Business-Type Activities**

The City's net position in the business-type activities increased by \$8.5 million. Primary contributors to the increase was the \$3.2 million increase in revenues from charges for services and \$3.0 million in operating contributions and grants. The overall net position reported in the business-type activities was \$170.4 million as of June 30, 2020.

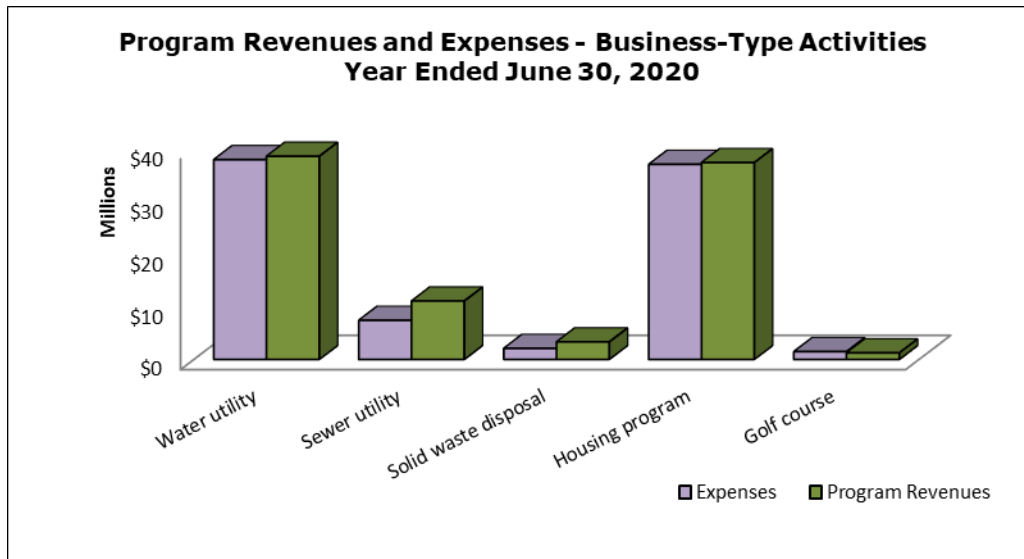
The chart below presents revenues and expenses in the business-type activities for the past five years, excluding transfers and extraordinary items.



## CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)  
June 30, 2020

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



Total expenses of all business-type activities for the fiscal year ended June 30, 2020 were \$86.0 million, an increase of \$8.2 million from the previous year. The largest increase was in the Water Utility, due to a change in State regulation on Perfluorooctanoic acid (PFOA) and Perfluorooctanesulfonic acid (PFOS). As the result of the new regulation, two of the City's eleven wells were temporally suspended from water production. To continue supply water to the community, the Water Utility had to increase the amount of imported water at a higher cost. As shown in the statement of activities, the amount paid by users of the systems was \$54.2 million, reported as charge for services. Revenues from operating grants and contributions were \$37.4 million, for the City's Housing Section 8 program. Total program revenue reported for the year was \$91.6 million.

Total resources available during the year to finance business type activities were \$256.4 million. This amount consists of net position at July 1, 2019 in the amount of \$158.3 million, total revenues of \$94.5 million, and a restatement to the beginning balance of net position in the amount of \$3.6 million due to the reclassification of the golf course operations from governmental activities. After funding total expenses of \$86.0 million, net position for business-type activities increased by \$8.5 million to \$170.4 million at June 30, 2020.

## CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)  
June 30, 2020

### FUND FINANCIAL ANALYSIS

#### General Fund

The General Fund is the primary operating fund of the City. Fund balance increased by \$15.2 million for the fiscal year ended June 30, 2020, with an ending balance of \$82.3 million.

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

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

	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>FY 2017-18</u>
Fund Balances:			
Nonspendable	\$ 14.4	\$ 12.8	\$ 13.5
Restricted	5.0	3.8	3.1
Committed	22.5	-	-
Assigned	3.2	3.1	3.7
Unassigned	37.2	47.4	29.4
Total Fund Balance	<u>\$ 82.3</u>	<u>\$ 67.1</u>	<u>\$ 49.7</u>
Fund Balance - Beginning	\$ 67.1	\$ 49.7	\$ 39.9
Excess revenues over expenditures	15.2	17.1	5.5
Transfers	(0.9)	0.3	1.8
Gain on sale of capital assets	0.9	-	-
Special items	-	-	2.5
Fund Balance - Ending	<u>\$ 82.3</u>	<u>\$ 67.1</u>	<u>\$ 49.7</u>

For fiscal year ended June 30, 2020, operating revenues exceeded expenditures by \$15.2 million. The positive operating results was primarily due to enhanced revenue base with the passage of a local sales tax measure, Measure O, which brought in an additional 1% of sales tax to the City, combined with effective cost containment measures implemented when COVID-19 pandemic broke out. Fiscal Year 2019-20 was the first full year since Measure O became effective, a total of \$20.0 million in Measure O sales tax revenue was reported in the current year.

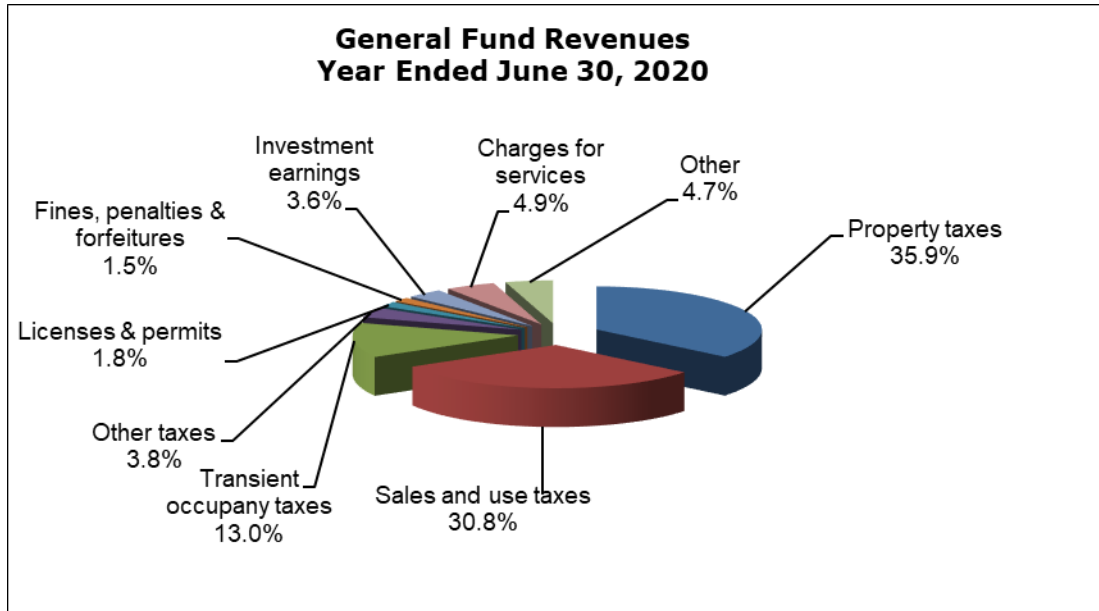
Overall General Fund revenues increased by \$10.3 million or 7.9%, comparing to the previous year. Due to the pandemic, transient occupancy tax revenue decreased by \$7.5 million from the previous year, this represented a 28.5% reduction. With the help from Measure O revenue, as well as enhanced property tax revenue, overall revenue saw an increase for the year. Property tax continued to be the largest tax revenue source for the City, reported \$50.3 million for fiscal year ended June 30, 2020, representing a 2.2% increase from the prior year. The increase is largely due to enhanced assessed value of overall taxable properties within the City. Sales tax went up by 13.8 million, or 30.8% from the previous year, a direct contribution from the 1 cent Measure O local tax.

**CITY OF GARDEN GROVE**

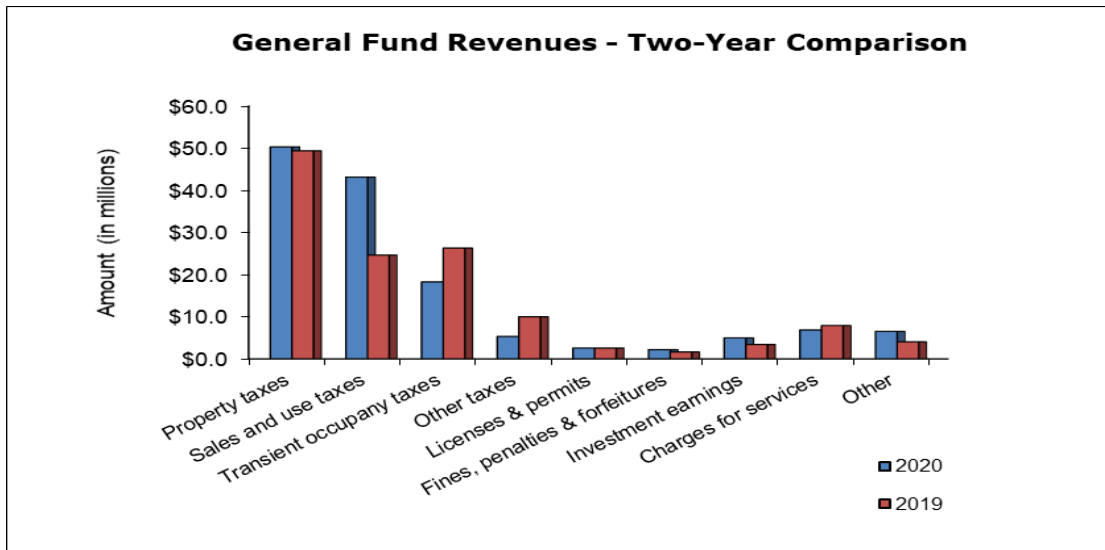
Management’s Discussion and Analysis (continued)  
June 30, 2020

Other taxes including business license tax, franchise taxes, and motor vehicle in lieu taxes maintained at the same level with the previous year.

The graph below illustrates General Fund revenues by major sources:



A two-year comparison of each General Fund revenue source for the fiscal years ended June 30, 2020 and June 30, 2019 is presented below:



Overall General Fund expenditures increased by \$12.2 million compared to the previous year. The largest increase was in the public safety sector. The City transitioned its fire protection service to the Orange County Fire Authority in August 2019. With additional emergency medical services, the overall public safety – fire increased by \$3.7 million, or 15.1% comparing to the prior year. Additionally, with

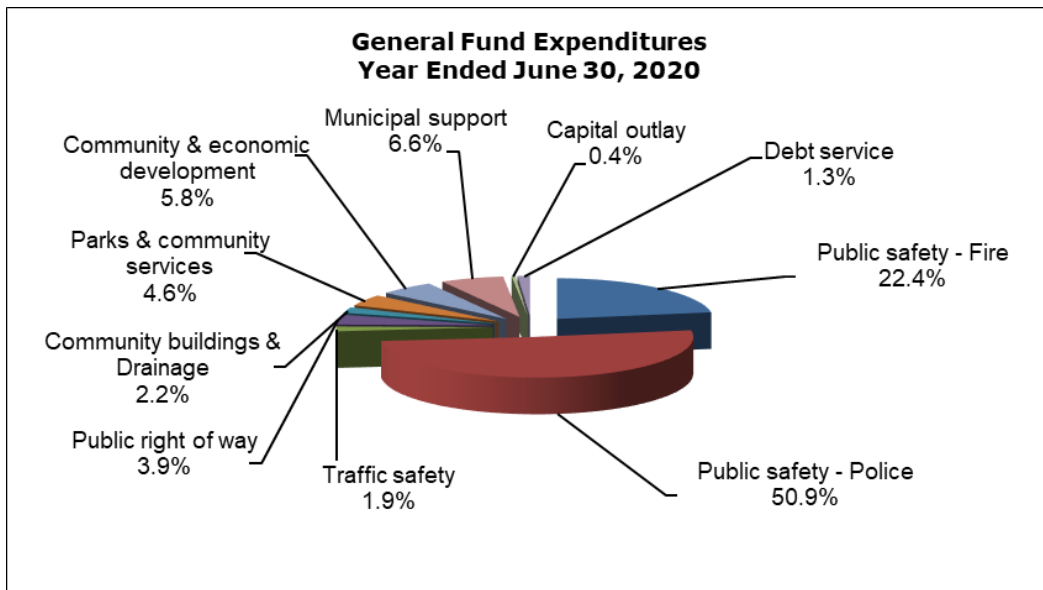


**CITY OF GARDEN GROVE**

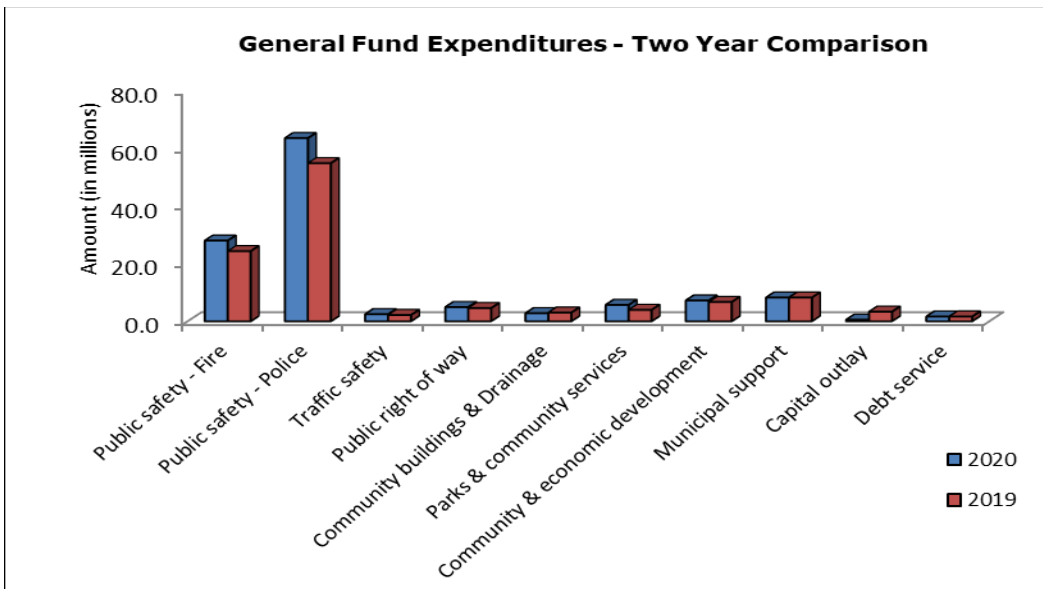
Management’s Discussion and Analysis (continued)  
June 30, 2020

the passage of Measure O in November 2018, the City enhanced staffing levels for its police workforce, and added 11 sworn positions and 7 non-sworn police positions during the years, resulted in \$8.7 million, or 15.8% increase in cost comparing to last year.

The graph below illustrates General Fund expenditures by category:



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



## CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)  
June 30, 2020

### Other Major Governmental Fund

The Housing Successor Agency capital project fund reported a fund balance of \$20.5 million as of June 30, 2020, reflecting a slight decrease of \$1.8 million primarily due to a transfer out to the General Fund as the result of a land swap. The land swap was necessary for the Housing Successor Agency to stay compliant with certain Health and Safety codes. The majority of the fund balance of the Housing Successor Agency fund reflected an amount due from the Successor Agency for \$10.2 million, and long-term receivables from various housing organizations in the amount of \$5.7 million as of June 30, 2020.

### CAPITAL ASSETS

The capital assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets, buildings and facilities, furniture, machinery and equipment, land, and construction in progress. At June 30, 2020, net capital assets totaled \$641.2 million for the governmental activities, and \$162.3 million for the business-type activities respectively. Depreciation on capital assets is recognized in the government-wide financial statements. Please refer to *Notes to Basic Financial Statements (Note 7)* for additional information.

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

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 413.0	\$ 416.2	\$ 5.1	\$ 2.0	\$ 418.1	\$ 418.2
Streets	155.0	158.1	-	-	155.0	158.1
Storm drainage	26.6	22.8	-	-	26.6	22.8
Water system	-	-	90.2	87.7	90.2	87.7
Sewer system	-	-	66.0	63.8	66.0	63.8
Buildings and improvements	26.2	27.7	0.3	0.3	26.5	28.0
Furniture, machinery & equipment	15.0	15.2	0.2	0.2	15.2	15.4
Construction in progress	5.4	4.3	0.5	3.8	5.9	8.1
Total Capital Assets	<u>\$ 641.2</u>	<u>\$ 644.3</u>	<u>\$ 162.3</u>	<u>\$ 157.8</u>	<u>\$ 803.5</u>	<u>\$ 802.1</u>

### DEBT ADMINISTRATION

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

## CITY OF GARDEN GROVE

### Management's Discussion and Analysis (continued) June 30, 2020

In November 2020, the City refunded its 2010 Water Revenues Bonds, and realized a net present value savings of \$1.6 million, or 15.3% of the refunded debt.

The schedule of outstanding long-term debt with comparative amounts for the previous fiscal year is presented below. For additional information on the City's long-term debt, please refer to *Notes to Basic Financial Statements (Note 8)*.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Lease payable	\$ 22.3	\$ 22.7	\$ -	\$ -	\$ 22.3	\$ 22.7
Capital leases payable	0.2	0.4	-	-	0.2	0.4
Revenue bonds	-	-	24.4	25.7	24.4	25.7
Certificates of participation	-	-	3.8	4.7	3.8	4.7
Unamortized bond premium	1.3	1.4	1.4	1.5	2.7	2.9
Total Outstanding Debt	<u>\$ 23.8</u>	<u>\$ 24.5</u>	<u>\$ 29.6</u>	<u>\$ 31.9</u>	<u>\$ 53.4</u>	<u>\$ 56.4</u>

## GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund appropriations were originally adopted at \$127.8 million for Fiscal Year 2019-20, excluding net transfer to other funds of \$3.1 million. Final appropriations were increased by \$10.6 million to \$138.4 million. Among the budgetary increase, \$5.2 million was due to appropriations carried over from the prior year, primarily for the Tourist Improvement District capital improvement project and various transit projects. The remaining increase of \$5.4 million was supplemental budget amendments approved by the City Council throughout the year, including two additional Community Services Officer positions for the Police Department, one Administrative Analyst position for the City's administrative citation program, and various vehicles and equipment for the added positions.

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

Original Budget	\$ 127,810,999
Carryover Appropriations	5,207,618
Supplemental Changes	5,351,939
Final Budget	<u>\$ 138,370,556</u>

At June 30, 2020, the City's General Fund concluded the fiscal year with a net favorable variance of \$16.0 million. The net favorable variance was the result of an unfavorable variance of \$0.6 million in revenues, budget savings in expenditures in the amount of \$13.5 million, and a reduction in net outgoing transfer of \$3.1 million.

## CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)  
June 30, 2020

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

### City of Garden Grove Budget to Actual Comparison (in millions)

	Revenue	Expenditure	Transfer & Other Sources	Budget Variance
Final Budget	\$ 140.7	\$ 138.4	\$ (3.1)	
Actual	140.1	124.9	-	
Favorable/(Unfavorable) Budget Variance	<u>\$ (0.6)</u>	<u>\$ 13.5</u>	<u>\$ 3.1</u>	<u>\$ 16.0</u>

Revenue came in slightly lower than anticipated despite the significant increase in sales tax due to Measure O, and the higher than expected property tax due to increased assessed value. The pandemic caused the City's transient occupancy tax to plunge by 30.5%, and revenue from other taxes also underperformed due to less activities.

On the expenditure side, a favorable variance of \$13.5 million was realized primarily due to the various cost containment measure placed in the beginning of the pandemic. These measures included hiring freeze, suspension of all non-essential travel and training, deferral of equipment and capital purchases, and reduction in employee personal equipment needs.

Net transfer and other financing sources had a favorable variance of \$3.1 million, due to a combination of proceeds from sale of asset in the amount of \$0.8 million, and a transfer-in to the General Fund from the Housing Successor Agency as the result of a land swap transaction in the amount of \$2.3 million.

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



# **Basic Financial Statements**

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**CITY OF GARDEN GROVE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 209,818,776	\$ 75,258,645	\$ 285,077,421
Cash and investments with fiscal agents	1,564,125	702,282	2,266,407
Cash and investments with pension trust	661,578	-	661,578
Taxes receivable	9,704,774	94,659	9,799,433
Accounts receivable	2,634,317	7,627,324	10,261,641
Interest receivable	874,282	302,291	1,176,573
Intergovernmental receivable	2,977,977	-	2,977,977
Internal balances	9,450,242	(9,450,242)	-
Inventory	455,943	8,734	464,677
Deposits and prepaid items	448,106	108,109	556,215
Notes receivable, net	29,763,808	4,641	29,768,449
Due from Successor Agency	10,154,260	-	10,154,260
Land held for resale	2,819,063	-	2,819,063
Prepaid bond insurance costs	103,077	-	103,077
Capital assets:			
Land	412,953,682	5,142,500	418,096,182
Construction in progress	5,424,001	479,979	5,903,980
Depreciable capital assets, net	222,801,411	156,744,518	379,545,929
Total assets	922,609,422	237,023,440	1,159,632,862
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refunding of debt	-	51,965	51,965
OPEB related items	21,948,686	2,845,201	24,793,887
Pension related items	32,367,820	3,936,511	36,304,331
Total deferred outflows	54,316,506	6,833,677	61,150,183
<b>LIABILITIES</b>			
Accounts payable	5,541,472	4,961,868	10,503,340
Accrued liabilities	2,897,999	532,515	3,430,514
Refundable deposits	3,577,916	931,436	4,509,352
Interest payable	339,114	54,536	393,650
Unearned revenue	666,852	397,429	1,064,281
Noncurrent liabilities:			
Due within one year	15,624,400	2,425,686	18,050,086
Due in more than one year	57,555,446	27,150,496	84,705,942
OPEB Liability	40,544,493	5,212,504	45,756,997
Net pension liability	261,269,426	30,629,152	291,898,578
Total liabilities	388,017,118	72,295,622	460,312,740
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unamortized gain on refunding of debt	-	171,835	171,835
OPEB related items	812,666	105,347	918,013
Pension related items	5,320,968	888,348	6,209,316
Total deferred inflows	6,133,634	1,165,530	7,299,164
<b>NET POSITION</b>			
Net investment in capital assets	619,137,650	132,670,945	751,808,595
Restricted for:			
Public safety	4,409,264	-	4,409,264
Public right of way	11,877,880	-	11,877,880
Drainage	75,654	-	75,654
Community planning and development	49,951,370	-	49,951,370
Community services	6,009,183	-	6,009,183
Municipal support and services	147,054	-	147,054
Unrestricted	(108,832,879)	37,725,020	(71,107,859)
Total net position	\$ 582,775,176	\$ 170,395,965	\$ 753,171,141

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, 2020**

<b>Functions/programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Program Revenue Operating Grants and Contributions</b>
Governmental activities:			
Fire	\$ 32,910,123	\$ 697,493	\$ 268,092
Police	76,175,910	3,469,476	3,290,879
Traffic safety	5,733,490	1,352,079	160,393
Public right of way	17,499,255	362,081	13,629,543
Drainage	1,396,257	-	-
Community buildings	4,801,899	507,792	34,129
Community services	6,267,672	761,303	-
Economic development	2,949,776	-	95,485
Parks and greenbelts	2,190,189	776,452	80,982
Community planning and development	9,351,957	3,274,674	3,966,149
Municipal support	9,914,058	3,256,388	599,459
Interest on long term debt	1,112,278	-	-
Total governmental activities	<u>170,302,864</u>	<u>14,457,738</u>	<u>22,125,111</u>
Business-type activities:			
Water utility	37,936,905	38,575,303	-
Sewage collection	7,419,616	11,086,512	-
Housing authority	37,037,804	-	37,376,137
Solid waste disposal	2,090,284	3,326,871	-
Golf course	1,478,752	1,242,980	-
Total business-type activities	<u>85,963,361</u>	<u>54,231,666</u>	<u>37,376,137</u>
Total	<u>\$ 256,266,225</u>	<u>\$ 68,689,404</u>	<u>\$ 59,501,248</u>

General revenues:

Taxes:

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

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated

Net position, end of year

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



<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ -	\$ (31,944,538)	\$ -	\$ (31,944,538)
884,508	(68,531,047)	-	(68,531,047)
573,646	(3,647,372)	-	(3,647,372)
-	(3,507,631)	-	(3,507,631)
67,083	(1,329,174)	-	(1,329,174)
-	(4,259,978)	-	(4,259,978)
-	(5,506,369)	-	(5,506,369)
-	(2,854,291)	-	(2,854,291)
1,510,789	178,034	-	178,034
-	(2,111,134)	-	(2,111,134)
-	(6,058,211)	-	(6,058,211)
-	(1,112,278)	-	(1,112,278)
<u>3,036,026</u>	<u>(130,683,989)</u>	<u>-</u>	<u>(130,683,989)</u>
-	-	638,398	638,398
-	-	3,666,896	3,666,896
-	-	338,333	338,333
-	-	1,236,587	1,236,587
-	-	(235,772)	(235,772)
<u>-</u>	<u>-</u>	<u>5,644,442</u>	<u>5,644,442</u>
<u>\$ 3,036,026</u>	<u>(130,683,989)</u>	<u>5,644,442</u>	<u>(125,039,547)</u>
	43,122,113	-	43,122,113
	50,764,849	-	50,764,849
	2,414,897	-	2,414,897
	5,044,630	-	5,044,630
	18,828,258	-	18,828,258
	138,627	-	138,627
	9,066,608	2,657,998	11,724,606
	1,672,183	203,392	1,875,575
	50,000	(50,000)	-
	<u>131,102,165</u>	<u>2,811,390</u>	<u>133,913,555</u>
	418,176	8,455,832	8,874,008
	<u>582,357,000</u>	<u>161,940,133</u>	<u>744,297,133</u>
	<u>\$ 582,775,176</u>	<u>\$ 170,395,965</u>	<u>\$ 753,171,141</u>

**CITY OF GARDEN GROVE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	Housing Successor			Total Governmental Funds
	General Fund	Agency Capital Project Fund	Nonmajor Governmental Funds	
<b>ASSETS</b>				
Cash and cash investments	\$ 67,308,538	\$ 4,156,869	\$ 25,832,222	\$ 97,297,629
Cash and cash investments with fiscal agents	-	-	1,564,125	1,564,125
Cash and investments with pension trust	661,578	-	-	661,578
Taxes receivable	9,029,964	-	674,810	9,704,774
Accounts receivable	1,897,631	-	633,894	2,531,525
Interest receivable	578,263	14,459	83,961	676,683
Intergovernmental receivable	-	-	2,977,977	2,977,977
Intercity loans receivable, net	12,101,948	-	-	12,101,948
Due from other funds	7,500	-	-	7,500
Due from Successor Agency	-	10,154,260	-	10,154,260
Deposits and prepaid items	40,510	-	194,609	235,119
Notes receivable, net	2,311,570	5,680,230	21,772,008	29,763,808
Land held for resale	2,300,000	519,063	-	2,819,063
Total assets	<u>\$ 96,237,502</u>	<u>\$ 20,524,881</u>	<u>\$ 53,733,606</u>	<u>\$ 170,495,989</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,320,877	\$ 30,795	\$ 2,955,018	\$ 4,306,690
Accrued liabilities	1,918,665	1,083	557,386	2,477,134
Refundable deposits	3,577,916	-	-	3,577,916
Intercity loan payable	2,553,273	-	-	2,553,273
Unearned revenue	617,600	-	49,252	666,852
Due to other funds	1,982,515	1,082	2,577,593	4,561,190
Total liabilities	<u>11,970,846</u>	<u>32,960</u>	<u>6,139,249</u>	<u>18,143,055</u>
Deferred inflows of resources:				
Unavailable revenue	1,936,583	-	2,604,476	4,541,059
Total Deferred inflows	<u>1,936,583</u>	<u>-</u>	<u>2,604,476</u>	<u>4,541,059</u>
Fund balances:				
Non-Spendable:				
Intercity loan	12,101,948	-	-	12,101,948
Prepaid items	40,510	-	194,609	235,119
Land held for resale	2,300,000	-	-	2,300,000
Restricted:				
Public safety	90,596	-	4,103,013	4,193,609
Public right of way	280	-	10,355,543	10,355,823
Drainage	-	-	75,654	75,654
Community planning and development	4,038,776	20,491,921	24,479,009	49,009,706
Community services	176,535	-	5,841,350	6,017,885
Municipal support and services	56,758	-	-	56,758
Pension trust	661,578	-	-	661,578
Committed:				
Stability reserve	22,500,000	-	-	22,500,000
Assigned:				
Post-employment benefits	1,000,000	-	-	1,000,000
Property tax lawsuit	500,000	-	-	500,000
Building improvements	1,300,000	-	-	1,300,000
General plan	357,236	-	-	357,236
Unassigned	37,205,856	-	(59,297)	37,146,559
Total fund balances	<u>82,330,073</u>	<u>20,491,921</u>	<u>44,989,881</u>	<u>147,811,875</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 96,237,502</u>	<u>\$ 20,524,881</u>	<u>\$ 53,733,606</u>	<u>\$ 170,495,989</u>

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

**CITY OF GARDEN GROVE**  
**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

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

Fund balances - total governmental funds (page 26)	\$ 147,811,875
Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet.	
Capital assets	963,126,199
Accumulated depreciation	(335,350,722)
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.	4,541,059
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.	72,195,069
The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long term debt and related items.	
Bonds payable	(22,260,000)
Bond premium	(1,341,028)
Capital lease payable	(4,621)
Prepaid bond issuance costs	103,077
Accrued interest payable	(339,075)
The OPEB liability is not due and payable in the current period and, therefore, is not reported in the balance sheet of the governmental funds. Also, deferred inflows and outflows of resources related to OPEB costs are deferred and amortized in the statement of activities. This amount is the net effect of the treatment of OPEB liability and deferred outflows of resources from OPEB contributions.	(18,651,974)
The pension liability is not due and payable in the current period and, therefore, is not reported in the balance sheet of the governmental funds. Also, deferred inflows and outflows of resources related to pension costs are deferred and amortized in the statement of activities. This amount is the net effect of the treatment of net pension liability, deferred outflows of resources from pension contributions and deferred inflows of resources for the net difference between projected and actual earnings on pension plan investments.	(227,054,683)
Net position of governmental activities	\$ 582,775,176

*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, 2020**

	Housing Successor			Total Governmental Funds
	General Fund	Agency Capital Project Fund	Nonmajor Governmental Funds	
<b>REVENUES:</b>				
Taxes	\$ 116,998,382	\$ -	\$ 2,854,602	\$ 119,852,984
Licenses and permits	2,576,315	-	70,282	2,646,597
Fines, forfeits and penalties	2,192,274	-	964,493	3,156,767
Investment earnings	4,983,917	257,419	1,160,409	6,401,745
Charges for current services	6,850,280	-	4,330,297	11,180,577
From other agencies	2,199,652	-	15,684,071	17,883,723
Other revenues	4,326,611	-	59,834	4,386,445
Total revenues	<u>140,127,431</u>	<u>257,419</u>	<u>25,123,988</u>	<u>165,508,838</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	27,974,934	-	-	27,974,934
Police	63,552,625	-	1,217,722	64,770,347
Traffic safety	2,444,723	-	2,025,972	4,470,695
Public right of way	4,918,691	-	2,236,786	7,155,477
Community buildings	2,780,717	-	-	2,780,717
Community services	4,328,159	-	1,005,166	5,333,325
Economic development	1,146,165	-	1,803,611	2,949,776
Parks and greenbelts	1,335,268	-	721,634	2,056,902
Community planning and development	6,055,605	160,971	1,913,530	8,130,106
Municipal support	8,220,207	31,491	215,129	8,466,827
Capital outlay:				
Police	8,848	-	52,990	61,838
Traffic safety	-	-	16,978	16,978
Public right of way	506,934	-	13,031,585	13,538,519
Drainage	-	-	52,154	52,154
Community buildings	-	-	28,370	28,370
Community services	6,000	-	5,977	11,977
Parks and greenbelts	-	-	311,120	311,120
Debt service:				
Principal retirement	495,034	-	-	495,034
Interest	1,136,795	-	-	1,136,795
Total expenditures	<u>124,910,705</u>	<u>192,462</u>	<u>24,638,724</u>	<u>149,741,891</u>
Excess of revenues over expenditures	<u>15,216,726</u>	<u>64,957</u>	<u>485,264</u>	<u>15,766,947</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,576,491	475,000	329,092	4,380,583
Transfers out	(4,454,092)	(2,300,000)	(603,332)	(7,357,424)
Proceeds from sale of capital assets	873,620	-	-	873,620
Total other financing (uses)	<u>(3,981)</u>	<u>(1,825,000)</u>	<u>(274,240)</u>	<u>(2,103,221)</u>
Net change in fund balances	15,212,745	(1,760,043)	211,024	13,663,726
Fund balances, beginning of year, as restated	<u>67,117,328</u>	<u>22,251,964</u>	<u>44,778,857</u>	<u>134,148,149</u>
Fund balances, end of year	<u>\$ 82,330,073</u>	<u>\$ 20,491,921</u>	<u>\$ 44,989,881</u>	<u>\$ 147,811,875</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, 2020**

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

Net change in fund balances - total governmental funds (page 28) \$ 13,663,726

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expenses exceeded capital outlays in the current period.

Capital outlay	14,020,956
Depreciation expense	(14,261,997)
Disposition of capital assets	(192,801)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond principal payment	465,000
Capital lease principal payments	30,961
Change in accrued interest	7,776
Other debt related items	50,759

Some revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds. 3,245,563

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. 8,436,991

OPEB costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (2,806,086)

Pension costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (22,242,672)

Change in net position of governmental activities \$ 418,176

*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, 2020**

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility	Sewage Collection	Housing Authority	Total Nonmajor Funds	Total Enterprise Funds	
<b>ASSETS</b>						
Current Assets:						
Cash and cash investments	\$ 19,219,026	\$ 44,653,009	\$ 1,624,367	\$ 9,762,243	\$ 75,258,645	\$ 112,521,147
Cash and cash investments with fiscal agents	702,282	-	-	-	702,282	-
Taxes receivable	-	42,339	-	52,320	94,659	-
Accounts receivable	5,944,721	1,494,138	6,058	182,407	7,627,324	102,792
Interest receivable	81,128	179,826	3,519	37,818	302,291	197,599
Due from other funds	-	-	-	-	-	5,020,272
Inventory	-	-	-	8,734	8,734	455,943
Prepaid items	1,863	20,365	21,149	51,413	94,790	211,267
Total current assets	<u>25,949,020</u>	<u>46,389,677</u>	<u>1,655,093</u>	<u>10,094,935</u>	<u>84,088,725</u>	<u>118,509,020</u>
Noncurrent assets:						
Deposits	-	-	13,319	-	13,319	1,720
Intercity loans receivable, net	-	-	-	-	-	4,956,309
Notes receivable	-	4,641	-	-	4,641	-
Capital assets:						
Land	1,471,805	537,984	-	3,132,711	5,142,500	-
Construction in progress	22,885	457,094	-	-	479,979	384,193
Depreciable capital assets, net	90,606,576	66,119,495	18,447	-	156,744,518	13,019,424
Total noncurrent assets	<u>92,101,266</u>	<u>67,119,214</u>	<u>31,766</u>	<u>3,132,711</u>	<u>162,384,957</u>	<u>18,361,646</u>
Total assets	<u>118,050,286</u>	<u>113,508,891</u>	<u>1,686,859</u>	<u>13,227,646</u>	<u>246,473,682</u>	<u>136,870,666</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Unamortized loss on refunding of debt	51,965	-	-	-	51,965	-
OPEB related items	1,815,509	325,166	514,846	189,680	2,845,201	948,400
Pension related items	1,970,766	1,016,765	749,393	199,587	3,936,511	1,023,041
Total deferred outflows	<u>3,838,240</u>	<u>1,341,931</u>	<u>1,264,239</u>	<u>389,267</u>	<u>6,833,677</u>	<u>1,971,441</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	3,834,424	1,009,907	59,226	58,311	4,961,868	1,234,782
Accrued liabilities	198,325	176,645	71,085	86,460	532,515	420,865
Refundable deposits	502,038	-	263,898	165,500	931,436	-
Interest payable	29,052	25,484	-	-	54,536	39
Unearned revenue	-	-	397,429	-	397,429	-
Due to other funds	182,795	79,119	61,993	18,426	342,333	108,807
Current portion of long-term obligations						
Capital leases	-	-	-	-	-	112,268
Accrued compensated absences	-	-	-	-	-	7,582,230
Claims payable	-	-	-	-	-	7,381,839
Long-term debt	1,763,230	662,456	-	-	2,425,686	-
Total current liabilities	<u>6,509,864</u>	<u>1,953,611</u>	<u>853,631</u>	<u>328,697</u>	<u>9,645,803</u>	<u>16,840,830</u>
Noncurrent liabilities:						
Noncurrent portion of long-term obligations:						
Capital leases	-	-	-	-	-	113,039
Accrued compensated absences	-	-	-	-	-	234,502
Claims payable	-	-	-	-	-	34,150,319
Intercity loans payable	12,101,948	-	-	-	12,101,948	2,403,036
Long-term debt	12,904,692	14,245,804	-	-	27,150,496	-
Net pension liability	15,334,110	7,911,229	5,830,868	1,552,945	30,629,152	7,960,063
OPEB liability	3,230,108	661,304	970,883	350,209	5,212,504	1,669,783
Total noncurrent liabilities	<u>43,570,858</u>	<u>22,818,337</u>	<u>6,801,751</u>	<u>1,903,154</u>	<u>75,094,100</u>	<u>46,530,742</u>
Total liabilities	<u>50,080,722</u>	<u>24,771,948</u>	<u>7,655,382</u>	<u>2,231,851</u>	<u>84,739,903</u>	<u>63,371,572</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unamortized gain on refunding of debt	-	171,835	-	-	171,835	-
OPEB related items	67,221	12,040	19,063	7,023	105,347	35,116
Pension related items	444,740	229,452	169,115	45,041	888,348	230,869
Total deferred inflows	<u>511,961</u>	<u>413,327</u>	<u>188,178</u>	<u>52,064</u>	<u>1,165,530</u>	<u>265,985</u>
<b>NET POSITION</b>						
Net investment in capital assets	77,485,309	52,034,478	18,447	3,132,711	132,670,945	13,178,310
Unrestricted	<u>(6,189,466)</u>	<u>37,631,069</u>	<u>(4,910,909)</u>	<u>8,200,287</u>	<u>34,730,981</u>	<u>62,026,240</u>
Total net position	<u>\$ 71,295,843</u>	<u>\$ 89,665,547</u>	<u>\$ (4,892,462)</u>	<u>\$ 11,332,998</u>	<u>167,401,926</u>	<u>\$ 75,204,550</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					2,994,039	
Net position of business-type activities					<u>\$ 170,395,965</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, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water Utility</b>	<b>Sewage Collection</b>
<b>Operating revenues:</b>		
Charges for services	\$ -	\$ -
Water sales	38,565,353	-
Section 8 grant revenue	-	-
Solid waste disposal fees	-	-
Property assessments	-	3,338,682
Sewer user fees	-	7,739,449
Other	9,950	8,381
Total operating revenues	<u>38,575,303</u>	<u>11,086,512</u>
<b>Operating expenses:</b>		
Salaries and benefits	5,709,042	3,344,388
Contractual services	6,796,346	1,556,439
Liability claims	-	-
Materials and supplies	407,088	92,664
Water production expenses	18,662,451	-
Housing	-	-
Golf course operations	-	-
Depreciation and amortization	3,508,780	1,764,005
Total operating expenses	<u>35,083,707</u>	<u>6,757,496</u>
Operating income	<u>3,491,596</u>	<u>4,329,016</u>
<b>Nonoperating revenues (expenses):</b>		
Investment income	711,351	1,587,117
(Loss) on disposal of assets	(1,618,303)	(308,964)
Other nonoperating revenues	203,392	-
Interest expense	(1,234,068)	(638,219)
Total nonoperating (expenses) revenues	<u>(1,937,628)</u>	<u>639,934</u>
Income before transfers and capital contributions	1,553,968	4,968,950
Capital contributions	-	-
Transfers In	-	-
Transfers out	(100,000)	(150,000)
Change in net position	1,453,968	4,818,950
<b>Total net position (deficit), beginning of year, as restated</b>	<u>69,841,875</u>	<u>84,846,597</u>
<b>Total net position (deficit), end of year</b>	<u>\$ 71,295,843</u>	<u>\$ 89,665,547</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.*



<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities -</b>
<b>Housing Authority</b>	<b>Total Nonmajor Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
\$ -	\$ 1,242,980	\$ 1,242,980	\$ 66,906,557
-	-	38,565,353	-
37,344,591	-	37,344,591	-
-	2,255,155	2,255,155	-
-	441,514	3,780,196	-
-	-	7,739,449	-
31,546	630,202	680,079	46,164
<u>37,376,137</u>	<u>4,569,851</u>	<u>91,607,803</u>	<u>66,952,721</u>
2,348,181	955,907	12,357,518	50,084,402
294,416	1,122,734	9,769,935	2,567,538
-	-	-	7,086,427
55,630	11,643	567,025	1,487,871
-	-	18,662,451	-
34,339,577	-	34,339,577	-
-	1,478,752	1,478,752	-
-	-	5,272,785	1,703,089
<u>37,037,804</u>	<u>3,569,036</u>	<u>82,448,043</u>	<u>62,929,327</u>
<u>338,333</u>	<u>1,000,815</u>	<u>9,159,760</u>	<u>4,023,394</u>
26,869	332,661	2,657,998	2,610,869
-	-	(1,927,267)	(906,669)
-	-	203,392	-
-	-	(1,872,287)	(34,945)
<u>26,869</u>	<u>332,661</u>	<u>(938,164)</u>	<u>1,669,255</u>
365,202	1,333,476	8,221,596	5,692,649
-	-	-	17,039
350,000	-	350,000	3,550,000
-	-	(250,000)	(673,159)
715,202	1,333,476	8,321,596	8,586,529
<u>(5,607,664)</u>	<u>9,999,522</u>		<u>66,618,021</u>
<u>\$ (4,892,462)</u>	<u>\$ 11,332,998</u>		<u>\$ 75,204,550</u>
		<u>134,236</u>	
		<u>\$ 8,455,832</u>	

**CITY OF GARDEN GROVE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water Utility</b>	<b>Sewage Collection</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and user departments	\$ 38,635,668	\$ 12,498,376
Payments to suppliers	(27,514,083)	(2,046,267)
Payments to employees	(7,219,602)	(3,306,038)
Payments for employee benefits	-	-
Net cash provided by operating activities	<u>3,901,983</u>	<u>7,146,071</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash received from other funds	-	-
Cash paid to other funds	(100,000)	(150,000)
Net cash (used) provided by noncapital financing activities	<u>(100,000)</u>	<u>(150,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(4,983,000)	(3,722,128)
Proceeds of sale of capital assets	-	-
Principal paid on capital debt	(2,345,877)	(555,000)
Interest paid on capital debt	(1,059,456)	(639,376)
Net cash (used) by capital and related financing activities	<u>(8,388,333)</u>	<u>(4,916,504)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earnings	356,062	712,955
Increase in fair value of investments	376,832	874,758
Net cash provided by investing activities	<u>732,894</u>	<u>1,587,713</u>
Net (decrease) increase in cash and cash equivalents	<u>(3,853,456)</u>	<u>3,667,280</u>
Cash and cash equivalents, beginning of year	<u>23,774,764</u>	<u>40,985,729</u>
Cash and cash equivalents, end of year	<u>\$ 19,921,308</u>	<u>\$ 44,653,009</u>

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

**Supplemental schedule of noncash financing activities:**

During the year-ended June 30, 2020, there were \$167,039 in noncash financing activities in the Fleet Internal Service Fund.

<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities -</b>
<b>Housing Authority</b>	<b>Total Nonmajor Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
\$ 37,880,252	\$ 6,428,894	\$ 95,443,190	\$ 64,371,820
(34,626,988)	(4,706,467)	(68,893,805)	(10,661,414)
(2,394,955)	(803,482)	(13,724,077)	(15,488,254)
-	-	-	(30,530,438)
858,309	918,945	12,825,308	7,691,714
350,000	-	350,000	9,495,367
-	-	(250,000)	(8,680,221)
350,000	-	100,000	815,146
(18,447)	-	(8,723,575)	(3,073,016)
-	-	-	204,882
-	-	(2,900,877)	(111,507)
-	-	(1,698,832)	(1,952)
(18,447)	-	(13,323,284)	(2,981,593)
3,973	142,557	1,215,547	1,627,885
19,377	186,096	1,457,063	1,147,230
23,350	328,653	2,672,610	2,775,115
1,213,212	1,247,598	2,274,634	8,300,382
411,155	8,514,645	73,686,293	104,220,765
<u>\$ 1,624,367</u>	<u>\$ 9,762,243</u>	<u>\$ 75,960,927</u>	<u>\$ 112,521,147</u>

(continued)

**CITY OF GARDEN GROVE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water Utility</b>	<b>Sewage Collection</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 3,491,596	\$ 4,329,016
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	3,508,780	1,764,005
Other nonoperating revenues (expenses)	26,489	-
Decrease (increase) in taxes receivable	-	(10,738)
Decrease (increase) in accounts receivable	113,202	(274,371)
Decrease (increase) in intergovernmental receivable	-	-
Decrease (increase) in notes receivable	-	752
Decrease (increase) in inventory	-	-
Decrease (increase) in prepaid expenses	(1,563)	(20,065)
Increase (decrease) in accounts payable	(3,017,421)	700,998
Increase (decrease) in accrued compensated absences	-	-
Increase (decrease) in accrued liabilities	(44,325)	116,781
Increase (decrease) in refundable deposits	(5,627)	-
Increase (decrease) in other current liabilities	-	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in OPEB liability and related changes in deferred outflows and inflows of resources	242,590	43,450
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	(411,738)	496,243
Total adjustments	<u>410,387</u>	<u>2,817,055</u>
Net cash provided by operating activities	<u>\$ 3,901,983</u>	<u>\$ 7,146,071</u>

*There were no noncash financing, capital or investing activities for the fiscal year ended June 30, 2020.*

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

<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities-</b>
<b>Housing Authority</b>	<b>Total Nonmajor Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
\$ 338,333	\$ 1,000,815	\$ 9,159,760	\$ 4,023,394
-	-	5,272,785	1,703,089
-	-	26,489	-
-	(21,533)	(32,271)	-
5,166	4,647	(151,356)	(22,939)
2,700	-	2,700	-
-	-	752	-
-	(4,791)	(4,791)	36,222
(15,581)	(51,413)	(88,622)	544,176
47,644	(132,160)	(2,400,939)	223,705
-	-	-	667,844
43,755	(12,449)	103,762	(28,406)
36,456	165,500	196,329	-
397,429	(167,449)	229,980	-
-	-	-	149,717
68,795	25,345	380,180	126,727
(66,388)	112,433	130,550	268,185
519,976	(81,870)	3,665,548	3,668,320
\$ 858,309	\$ 918,945	\$ 12,825,308	\$ 7,691,714

**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, 2020**

**ASSETS**

Current assets:

Cash and cash investments	\$ 25,806,592
Cash and cash investments with fiscal agents	4,091,020
Accounts receivable	10,000
Interest receivable	66,612
Total current assets	<u>29,974,224</u>

Noncurrent assets:

Prepaid bond insurance costs	503,565
Land held for resale	25,249,639
Total noncurrent assets	<u>25,753,204</u>

Total assets	<u>55,727,428</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Unamortized loss on refunding of debt	<u>320,014</u>
Total deferred outflows	<u>320,014</u>

**LIABILITIES**

Current liabilities:

Accounts payable	161,561
Accrued liabilities	17,460
Interest payable	715,000
Due to other funds	15,442
Current portion of long-term obligations	5,486,557
Total current liabilities	<u>6,396,020</u>

Noncurrent liabilities:

Noncurrent portion of long-term obligations:	
Long-term debt	<u>73,979,123</u>
Total noncurrent liabilities	<u>73,979,123</u>

Total liabilities	<u>80,375,143</u>
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**NET POSITION**

Held in trust for redevelopment dissolution	<u>\$ (24,327,701)</u>
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*The notes to basic financial statements are an integral part of this statement.*

**CITY OF GARDEN GROVE  
STATEMENT OF CHANGES IN FIDUCIARY NET 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, 2020**

**ADDITIONS**

Taxes	\$	18,868,786
Investment earnings		342,920
Other revenues		17,280
Total additions		19,228,986

**DEDUCTIONS**

Program expenses		768,562
Administrative expenses		395,153
Interest and fiscal agency expenses		2,938,939
Total deductions		4,102,654

**CHANGE IN NET POSITION** 15,126,332

**NET POSITION, BEGINNING OF YEAR** (39,454,033)

**NET POSITION, END OF YEAR** \$ (24,327,701)

*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, 2020**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Garden Grove (the "City") was incorporated June 18, 1956 as a general law full service city. The City operates under a council-manager form of government and provides the following services: public safety (police, fire, and paramedics), highways and streets, social services, culture and recreation, parks, planning, zoning, housing, water, solid waste collection and disposal, sewage services and general administration. On May 10, 2016, the City of Garden Grove adopted Ordinance No. 2866 changing the City's current at-large system of electing City Council Members to a by-district system took effect in fiscal year 2016-2017. The Mayor is elected at-large. City Council members are elected by six districts, and he or she must reside within the designated district boundary.

**1. Reporting Entity**

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

Blended component units:

- a.** The Garden Grove Housing Authority (the "Housing Authority") was established in October 1975, pursuant to the provisions of the Housing and Community Development Act of 1974 and is reported as an enterprise fund as if it were part of the primary government because the governing board is comprised of the City Council, although acting in a different capacity, and two Housing Authority tenants. The Housing Authority governing board approves the Housing Authority budget and the City provides staffing.
- b.** The Garden Grove Sanitary District (the "Sanitary District") began its operations in 1924 as a special district operating under the authority of the State of California. The Health and Safety Code of California (the Sanitary District Act of 1923) is the governing law. The Garden Grove Sanitary District provides the City of Garden Grove, a portion of the City of Santa Ana and County of Orange unincorporated areas with sewer maintenance services including cleaning of sewage collection lines, inspection of sewage lines built within the district by developers. Garden Grove has an agreement with Republic Services to provide an exclusive franchise for Solid Waste Handling Services for residents and commercial establishments within the Garden Grove Sanitary District. The district became a subsidiary district and component unit of the City of Garden Grove on May 30, 1997. The Sanitary District is reported as two enterprise funds, the Sewage Collection enterprise fund and Solid Waste Disposal enterprise fund as if it were part of the primary government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Sanitary District budget and the City provides staffing.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**1. Reporting Entity (continued)**

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

Separate reports are not issued for the Garden Grove Housing Authority, the Garden Grove Sanitary District, or the Garden Grove Public Financing Authority.

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

**2. Government-wide and Fund Financial Statements**

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

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

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

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

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

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

The City reports the following major governmental and enterprise funds:

***General Fund***

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

***Housing Successor Agency Capital Project Fund***

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

***Water Utility Fund***

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

***Sewage Collection Fund***

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

***Housing Authority Fund***

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

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Additionally, the City reports the following fund types:

***Nonmajor Enterprise Funds***

Other nonmajor enterprise funds consists of Solid Waste Disposal Fund and Golf Course Fund. The Solid Waste Disposal Fund accounts for the operation of trash and solid waste collections and disposal services. The Golf Course Fund was established to account for the operations of the Willowick Golf Course.

***Internal Service Funds***

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

***Private-Purpose Trust Fund***

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

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

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

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

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

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4. Assets, Liabilities, and Net Position or Fund Balance**

**a. Deposits and Investments**

The City pools idle cash from all funds in order to maximize income from investment activities. Investments are recorded on the City's books at fair value (quoted market price or best available estimate thereof). Interest income on investments is allocated to individual funds on the basis of monthly cash and investment balances except for the Employee Benefits, Warehouse Operations, and Telephone System Internal Service Funds by management decision.

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

The City Council adopted a Pension Funding Policy in 2019. Accordingly, an Internal Revenue Services Section 115 Trust was established to prefund pension obligations. The trust is a tax-exempt irrevocable trust, trust assets are to be used exclusive for payment of pension liabilities. Assets held in the trust are reported as restricted cash investments in the General Fund.

**b. Receivables and Payables**

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

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

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

**c. Taxes Receivable**

Property taxes in California are levied in accordance with Article 13A of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to state law to appropriate units of local government. A voter-approved property tax of eight cents per hundred dollars actual value is levied against all property in the City for the purpose of providing emergency medical services. Furthermore, the voters approved a one-cent sale tax measure that commits 100% of the revenue to the City.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**c. Taxes Receivable (continued)**

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):

October 25, 2019	7% - 10%
November 15, 2019	5% - 10%
December 11, 2019	30% - 35%
December 27, 2019	1% - 5%
February 28, 2020	5% - 7%
April 13, 2020	30% - 35%
May 8, 2020	1% - 5%
June 30, 2020	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, 2020 and is located in the General Fund, Housing Successor Agency Capital Projects Fund, and the Successor Agency Trust Fund.

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

**e. Capital Assets**

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

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

**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2020**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**e. Capital Assets (continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to the implementation GASB 89, the net interest cost incurred in the financing of projects during the construction period was only capitalized in the enterprise funds. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds of tax-exempt debt over the same period.

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

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	20
Street infrastructure	
Pavement	30
Curbs & gutters	50
Sidewalks	50
Medians	50
Traffic signals	20
Walls	50
Driveways	50
Storm drain infrastructure	50
Water infrastructure	
Fire hydrants	45
Pump stations	10
Reservoirs	65
Water mains	77
Water meters	25
Water pumps & meters	20
Wells	40
Sewer infrastructure	60
Vehicles	3-20
Furniture and Equipment	10

**f. Deferred Outflows/Inflows of Resources**

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

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**f. Deferred Outflows/Inflows of Resources (continued)**

In addition to liabilities, the statement of net position or balance sheet of governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of items which qualify for reporting in this category. Two of the items, are deferred items from pension related items and deferred charges related to OPEB. The third item, unamortized gain on refunding of debt, are presented on the government-wide statement of net position and on the proprietary funds' statement of net position. The fourth item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from notes, accounts, and grant receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**g. Accrued Compensated Absences**

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

**h. Long Term Obligation**

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

**i. Fair Value Measurements**

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

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

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



**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**i. Fair Value Measurements (continued)**

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

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

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

**1. Government-wide Financial Statements**

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

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

Restricted resources are used first to fund appropriations.

**2. Fund Balances**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2020, fund balance for governmental funds are made up of the followings:

- Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

**2. Fund Balances (continued)**

- Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action via an ordinance that imposed the constraint originally.
- Assigned Fund Balance – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council to which the City Council has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

**k. Estimates**

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

**l. Pensions**

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

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**l. Pensions (continued)**

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

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 - June 30, 2019

**m. Other Post-Employment Benefits (OPEB)**

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

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 - June 30, 2019

**B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**1. Budgetary Information**

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

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

The legal level of budgetary control is considered to be at the fund level since management can reassign resources within a fund without special approval from City Council. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions which alter the total appropriations of any fund must be approved by City Council. During the year ended June 30, 2020, the Street Lighting and Park Maintenance Special Revenue Funds reported expenditure in excess of appropriations of \$1,762 and \$3,759, respectively.

**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2020**

**B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

**2. Deficit Fund Balance**

The following funds had a deficit at June 30, 2020:

Fund	Type of Fund	Deficit Fund Balance
Housing Authority	Enterprise	\$ (4,892,462)
Successor Redevelopment Agency	Fiduciary	\$ (24,327,701)
GG Tourism Improvement District	Nonmajor Governmental Fund	\$ (59,297)

The Housing Authority fund, an enterprise fund, has a deficit fund balance of \$4,892,462. The deficit is due to prior period costs related to the revised allocation of the net pension liability in accordance with GASB 68 and due to prior period costs related to the revised allocation of the OPEB liability in accordance with GASB 75. Until Section 8 administrative revenue granted to the Housing Authority from the Department of Housing and Urban Development increases to enable the Housing Authority to pay down its pension and OPEB liability, there will continue to be a deficit in the Housing Authority Fund.

The City of Garden Grove as Successor Agency to the Garden Grove Redevelopment Agency Private Purpose Trust Fund (Successor Agency), a fiduciary fund, has a deficit balance of \$24,327,701. The deficit is due to covenant obligations pursuant to developer disposition agreements and Education Revenue Augmentation Fund and Supplemental Education Revenue Augmentation Fund payables to the Housing Successor Agency.

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

The Garden Grove Tourism Improvement District has a deficit fund balance of \$59,297 due to delay in the collection of the business operations taxes due from a couple of hotels as a result of the COVID-19 pandemic.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**C. DETAILED NOTES ON ALL FUNDS**

**1. Cash and Investments**

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of net position	
City of Garden Grove	
Cash and investments	\$ 285,077,421
Cash and investments with fiscal agent	2,266,407
Cash and investments for pension trust	661,578
	<u>288,005,406</u>
Successor Agency (Private Purpose Trust Fund)	
Cash and investments	25,806,592
Cash and investments with fiscal agent	4,091,020
	<u>29,897,612</u>
Total Cash and Investments	<u>\$ 317,903,018</u>
Cash on hand	\$ 44,330
Deposits with financial institutions	23,704,785
Investments	<u>294,153,903</u>
Total Cash and Investments	<u>\$ 317,903,018</u>

**Investments Authorized by the City's Investment Policy**

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

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**1. Cash and Investments (continued)**

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

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

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

**Investments Authorized by the Debt Agreements**

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

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

**Disclosures Relating to Interest Rate Risk**

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

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**1. Cash and Investments (continued)**

<u>Authorized Investment Type</u>	<u>Amount</u>	<u>Weighted Average</u>
U.S. Treasury	\$ 70,992,120	1.97
U.S. Agency Securities		
FHLB	62,880,795	2.13
FFCB	56,568,960	2.89
FNMA	15,194,460	0.87
FHLMC	3,009,510	2.13
FM	3,167,220	4.01
Local Agency Investment Fund (LAIF)	75,321,751	0.50
Restricted cash and investments:		
Investment Pool (PARS)	661,578	2.10
Held by fiscal Agent:		
Money Market Funds	6,357,509	0.50
<b>Total</b>	<b>\$ 294,153,903</b>	

**Disclosures Relating to Credit Risk**

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

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Ratings as of Year End</u>	
				<u>AAA</u>	<u>Not Rated</u>
U.S. Treasury	\$ 70,992,120	N/A	\$ 70,992,120	\$ -	\$ -
U.S. Agency Securities					
FHLB	62,880,795	N/A	-	62,880,795	-
FFCB	56,568,960	N/A	-	56,568,960	-
FNMA	15,194,460	N/A	-	15,194,460	-
FHLMC	3,009,510	N/A	-	3,009,510	-
FM	3,167,220	N/A	-	3,167,220	-
Local Agency Investment Fund (LAIF)	75,321,751	N/A	-	-	75,321,751
Restricted cash and investments:					
Investment Pool (PARS)	661,578	N/A	-	-	661,578
Held by fiscal agent:					
Money Market Fund	6,357,509	AAA	-	6,357,509	-
<b>Total</b>	<b>\$ 294,153,903</b>		<b>\$ 70,992,120</b>	<b>\$ 147,178,454</b>	<b>\$ 75,983,329</b>

**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2020**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**1. Cash and Investments (continued)**

**Concentration of Credit Risk**

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Investment Amount</u>
FHLB	U.S. Agency Securities	\$ 62,880,795
FFCB	U.S. Agency Securities	56,568,960
FNMA	U.S. Agency Securities	15,194,460

**Custodial Credit Risk**

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



**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**1. Cash and Investments (continued)**

**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, 2020 was \$32.1 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2020 had a balance of \$100.9 billion.

**Investment in Pension Trust Pool**

The City has established a Section 115 Trust to accumulate resources to stabilize the City's pension liability and offset potential volatility in annual contributions to CalPERS. As of June 30, 2020, the City reported \$661,578 in cash and investments for pension trust. The pension trust assets are managed by with the City's pension trust administrator, Public Agency Retirement Services (PARS). PARS is an external investment pool, is not rated and is not registered with the Securities Exchange Commission. The City selects the investment strategy and the pool is managed by the PARS Board. The fair value of the City's investments in the pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by PARS for the entire PARS portfolio.

**Fair Value Measurement and Application**

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

Investment Type	Total	Quoted Process in Active Markets for Identical Assets (Level 1)	Ratings as of Year End	
			Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury	\$ 70,992,120	\$ 70,992,120	\$ -	\$ -
U.S. Agency Securities				
FHLB	62,880,795	-	62,880,795	-
FFCB	56,568,960	-	56,568,960	-
FNMA	15,194,460	-	15,194,460	-
FHLMC	3,009,510	-	3,009,510	-
FM	3,167,220	-	3,167,220	-
Total	<u>\$ 211,813,065</u>	<u>\$ 70,992,120</u>	<u>\$ 140,820,945</u>	<u>\$ -</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**2. Intercity Loans Receivable/Payable at June 30, 2020 consisted of the following:**

**a. Loan from General fund to the Water Utility fund:**

On July 1, 1998, the City established an intercity loan between the General fund and Water Utility fund in the amount of \$14,145,092 for the repayment from the Water Utility fund to the General fund for street damage repairs throughout the City that have been a benefit to the Water Utility. The loan accrues interest at 4.1% per annum. Beginning July 1, 2018 monthly payments are \$100,208 which includes principal and interest to be paid thru June 2033. \$ 12,101,948

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

The General fund has loaned to the former redevelopment agency a total of \$2,863,113 to assist in funding the Agency's operating budget since 2004. The loans accrue interest at a rate of 6.5% per annum. On March 8, 2011, City Council authorized a loan amortization schedule. Principal payments ranging from \$699,984 to \$900,505 are due annually. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012. 2,539,990

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

On May 21, 1984 the City Council approved an agreement between the City and the Agency for Community Development Community Project capital projects fund wherein the Agency agreed to reimburse the City \$2,405,511, plus any accruing unpaid interest at the annual rate of 10%, for capital improvements within the Agency's redevelopment area which were initially paid for by the General fund. On March 8, 2011, the City Council authorized a loan amortization schedule. Principal payments ranging from \$761,037 to \$1,114,235 are due annually. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012. 3,048,030

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**2. Intercity Loans Receivable/Payable at June 30, 2020 (continued)**

**d. Loan from the General fund to the former redevelopment**

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 of issuance costs related to the Certificates of Participation. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.

\$ 18,970,000

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

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

750,000

**f. Loan from Vehicle Replacement Fund to the Communications Replacement Fund:**

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

2,403,036

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

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

2,553,273

**Total Intercity Loans Receivable**

42,366,277

**Less Allowance**

(25,308,020)

**Total Intercity Loans Receivable, net**

\$ 17,058,257

**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**3. Due From Successor Agency**

The former Redevelopment Agency has five loans from the Low Income Housing Assets Capital Project Fund, that were used to make the fiscal year 2005-06 (\$621,376) mandated Educational Revenue Augmentation Fund (ERAF) payments and "Supplemental" Educational Revenue Augmentation (SERAF) payments for the fiscal year 2009-10 (\$7,906,610) and 2010-11 (\$1,626,274). These loans were due 10 years from when the loans were originally established except for 2009-10 and 2010-11 loans which are due on May 10, 2015 and June 30, 2016, respectively. These loans which were previously invalidated, have been approved as an allowable Recognized Obligation payment by the State of California Department of Finance (DOF).

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

At June 30, 2020 the Successor Agency repaid \$3,100,000 of the loan balance. The amount due from the Successor Agency at June 30, 2020 is \$10,154,260, which represents \$621,376 ERAF payment and \$9,532,884 of SERAF. \$ 10,154,260

**4. Interfund Receivables, Payables, and Transfers**

**a. The composition of interfund receivable/payable balances as of June 30, 2020 is as follows:**

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 7,500	\$ 1,982,515
Housing Successor Agency		1,082
Nonmajor Governmental Funds	-	2,577,593
Internal Service Funds	5,020,272	108,807
Water Utility	-	182,795
Sewage Collection	-	79,119
Housing Authority	-	61,993
Nonmajor Enterprise Funds	-	18,426
Fiduciary Funds	-	15,442
	<u>\$ 5,027,772</u>	<u>\$ 5,027,772</u>
Total		

The interfund payable balances represent routine and temporary cash flow assistance from the Workers' Compensation internal service fund until the amounts receivable are collected to reimburse eligible expenditures. They also include fringe collected from other funds that are due to the Employee Benefit and Workers' Compensation internal service funds.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

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

**b. The composition of interfund transfer balances for the year ended June 30, 2020 is**

Transfers out:	Transfers in:					Total
	General Fund	Housing Successor Agency Capital Project Funds	Nonmajor Governmental Funds	Internal Service Funds	Housing Authority Funds	
General Fund	\$ -	\$ 475,000	\$ 329,092	\$ 3,300,000	\$ 350,000	\$ 4,454,092
Housing Successor Agency Capital Project Fund	2,300,000	-	-	-	-	2,300,000
Nonmajor Governmental Funds	603,332	-	-	-	-	603,332
Internal service funds	673,159	-	-	-	-	673,159
Water Utility Fund	-	-	-	100,000	-	100,000
Sewage Collection Fund	-	-	-	150,000	-	150,000
Total	<u>\$ 3,576,491</u>	<u>\$ 475,000</u>	<u>\$ 329,092</u>	<u>\$ 3,550,000</u>	<u>\$ 350,000</u>	<u>\$ 8,280,583</u>

Transfers from the General Fund were made to subsidize the Garden Grove Cable Fund in the amount of \$325,332 and to subsidize the Park Maintenance Assessment District in the amount of \$3,760. In addition, the General Fund made a transfer to the Housing Authority Fund in the amount of \$350,000 to subsidize the administrative costs.

Transfers to the General Fund generated by the Garden Grove Tourism Improvement District Special Revenue Fund in the amount of \$603,332 were made to fund future City projects.

There was an exchange between the Housing Successor Agency Fund and the City for properties in various locations around the Civic Center area. The exchange resulted in a transfer into the General Fund from the Housing Successor Agency Fund for the amount of \$2,300,000. In addition, \$475,000 was transferred from the General Fund into the Housing Successor Agency Fund. This exchange helped to ensure the Historic Main Street and the Civic Center area continue to thrive by preserving the shared-use parking and reducing the need to park in the adjacent residential areas.

The Sewer Fund transferred \$150,000 to the Fleet Management Internal Service Fund to partially pay for a new vehicle maintained by the Fleet Fund. The rest of the vehicle cost is paid for by the Fleet Management Internal Service Fund.

A total of \$3,400,000 transfer was made to the Information Technology Internal Service Fund. The transfer consisted of \$100,000 from the Water Utility Fund and \$3,300,000 from the General Fund for the purpose of the City's acquisition and the implementation of a new financial and human resources enterprise resource planning software.

Transfers from the Employee Benefit Internal Service Fund were made in the amount of \$673,159 to the General Fund for deposit into the Section 115 Pension Trust.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**5. Notes receivable at June 30, 2020, consisted of the following:**

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

At June 30, 2020, thirteen NSP Agreements remain, which are reflected in the nonmajor governmental funds. These loans provide up to \$40,000 in down payment assistance in the form of a silent loan that requires no payment for 30 years. The loans carry 0% interest charges.

\$ 471,623

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

At June 30, 2020, nine MAP agreements are reflected in the Housing Successor Agency fund. These loans provide up to \$40,000 in down payment assistance in the form of a silent loan that requires no payment for 5 up to 30 years. The loans carry interest between 0 to 3% annually.

153,916

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

At June 30, 2020, twenty-eight CalHome Agreements are reflected in the nonmajor governmental funds. These loans provide up to \$60,000 in down payment assistance in the form of a silent loan that requires no payment for 30 years. The loans carry 3% interest charges.

1,532,102

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

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

1,308,000

**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2020**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**5. Notes receivable at June 30, 2020, consisted of the following: (continued)**

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

At June 30, 2020 eight Deferred Loan Agreements remain, which are reflected in the Housing Successor Agency fund. These loans provide up to \$20,000 in down payment assistance in the form of a silent loan that requires no payment for 15 or 30 years. The loans carry 3% or 5% interest charges. There are five Homebuyer Assistance Loans that were issues for \$50,000 each. These loans have a term of 45 years and bear a simple interest of 3%. At each anniversary, 1/45th of the principal and interest are forgiven.

\$ 355,216

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

At June 30, 2020, fourteen ADDI Agreements utilizing the American Dream Down payment Initiative funds are reflected in nonmajor governmental funds. These loans provide up to \$30,000 in down payment assistance in the form of a silent loan that requires no payment for 15 years. The loans carry 0% interest charges. These loans are forgivable if the recipient complies with all conditions.

209,170

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

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

3,433,049

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

The City has entered into thirteen Housing Rehabilitation Agreements utilizing CDBG funds, which are reflected in the Housing Successor Agency fund and other nonmajor governmental funds. 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.

14,071,185

**i. Affordable housing agreement - General fund:**

The City has entered into three Affordable Housing Agreements with developers wherein the developers have agreed to comply to certain affordability covenants including the reimbursement to the City of forgone property taxes which would have been payable for the property, increasing at the rate of approximately 2% annually.

2,312,404

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**5. Notes receivable at June 30, 2020, consisted of the following: (continued)**

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

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

\$ 4,148,548

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

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

On December 10, 2019 the City Council approved an amendment to defer interest payments for a period of 30 months. The new interest payment of \$9,476 will begin on July, 2020. Principal and interest payment of \$19,476 will begin on July 1, 2025. A balloon payment in the amount of \$2,453,304.58 will be due at the end of the loan term or the maturity date of December 1, 2029.

2,765,885

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

The City has entered into loan agreements through the Small Business Assistance Program utilizing CDBG funds as well as General Fund monies for a total loan amount of \$75,000. The note bears an interest rate equal to 0% or the highest rate permitted by applicable law compounded annually.

68,334

**m. Private Sewer Lateral Loan Agreement – Sewer Fund:**

The Garden Grove Sanitary District has entered into a Private Sewer Lateral Loan Agreement with The Helen Brooks Montgomery Revocable Trust on October 1, 2012, for an original amount of \$10,000. The loan is due and payable at the simple annual interest rate of 2.24%. Monthly payments in the amount of \$65.47 are required. Loan principal is amortized over the 15-year life and the principal portion of monthly payment reduces the loan payable.

4,641

**Total Notes Receivable**

30,834,073

**Less Allowance**

(1,065,624)

**Total Notes Receivable, net**

\$ 29,768,449



**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**6. Land Held for Resale**

The City and the Successor Agency land held for resale is an inventory of land intended to be sold to developers. The land is carried at the lower of cost or estimated net realizable value, as determined upon execution of a disposition and development agreement.

City land held for resale is comprised of inventory held by the Housing Successor Agency capital projects fund. City and Successor Agency land held for resale balances at June 30, 2020 are \$2,819,063 and \$25,249,639, respectively.

**7. Capital Assets**

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance *</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 413,049,233	\$ -	\$ (95,551)	\$ 412,953,682
Construction in progress	4,283,191	15,325,832	(14,185,022)	5,424,001
Total capital assets, not being depreciated	<u>417,332,424</u>	<u>15,325,832</u>	<u>(14,280,573)</u>	<u>418,377,683</u>
Capital assets, being depreciated:				
Infrastructure				
Street system	404,455,520	7,881,907	(3,780,032)	408,557,395
Storm drain assets	72,107,931	5,230,839	(1,487,097)	75,851,673
Buildings and park assets	55,723,442	193,599	(46,885)	55,870,156
Furniture and equipment	32,344,247	2,329,269	(3,843,536)	30,829,980
Total capital assets, being depreciated	<u>564,631,140</u>	<u>15,635,614</u>	<u>(9,157,550)</u>	<u>571,109,204</u>
Less accumulated depreciated for:				
Infrastructure				
Street system	(246,353,172)	(10,798,622)	3,560,950	(253,590,844)
Storm drain assets	(49,266,237)	(1,422,064)	1,446,963	(49,241,338)
Buildings and park assets	(28,023,093)	(1,632,424)	37,128	(29,618,389)
Furniture and equipment	(17,133,541)	(2,111,977)	3,388,296	(15,857,222)
Total accumulated depreciation	<u>(340,776,043)</u>	<u>(15,965,087)</u>	<u>8,433,337</u>	<u>(348,307,793)</u>
Total capital assets, being depreciated, net	<u>223,855,097</u>	<u>(329,473)</u>	<u>(724,213)</u>	<u>222,801,411</u>
Governmental activities capital assets, net	<u>\$ 641,187,521</u>	<u>\$ 14,996,359</u>	<u>\$ (15,004,786)</u>	<u>\$ 641,179,094</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 5,142,500	\$ -	\$ -	\$ 5,142,500
Construction in progress	3,766,166	7,915,056	(11,201,243)	479,979
Total capital assets, not being depreciated	<u>8,908,666</u>	<u>7,915,056</u>	<u>(11,201,243)</u>	<u>5,622,479</u>
Capital assets, being depreciated:				
Building and structures	570,726	-	-	570,726
Water system	146,635,513	6,888,084	(2,936,426)	150,587,171
Sewer system	117,357,124	4,313,159	(1,226,206)	120,444,077
Machinery and equipment	528,039	191,786	(150,033)	569,792
Total capital assets, being depreciated	<u>265,091,402</u>	<u>11,393,029</u>	<u>(4,312,665)</u>	<u>272,171,766</u>
Less accumulated depreciated for:				
Building and structures	(288,792)	(10,442)	-	(299,234)
Water system	(58,895,920)	(3,528,782)	2,065,597	(60,359,105)
Sewer system	(53,492,540)	(1,842,732)	936,502	(54,398,770)
Machinery and equipment	(352,708)	(17,464)	33	(370,139)
Total accumulated depreciation	<u>(113,029,960)</u>	<u>(5,399,420)</u>	<u>3,002,132</u>	<u>(115,427,248)</u>
Total capital assets, being depreciated, net	<u>152,061,442</u>	<u>5,993,609</u>	<u>(1,310,533)</u>	<u>156,744,518</u>
Business-type activities capital assets, net	<u>\$ 160,970,108</u>	<u>\$ 13,908,665</u>	<u>\$ (12,511,776)</u>	<u>\$ 162,366,997</u>

\* As restated (see note 17)

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**7. Capital Assets (continued)**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Fire Protection	\$ 49,584	\$ -
Police Protection	270,750	-
Traffic safety	850,425	-
Right of way	10,001,396	-
Drainage	1,422,064	-
Community buildings	1,632,424	-
Municipal support	35,354	-
Water	-	3,552,163
Sewage collection	-	1,847,257
Solid waste disposal	-	-
Housing Authority	-	-
Internal service fund	1,703,090	-
Total	<u>\$ 15,965,087</u>	<u>\$ 5,399,420</u>

**8. Long-term Debt**

**a. Following is a summary of long-term debt transactions for the City for the year ended June 30, 2020:**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Lease Revenue Bonds, Series 2015A	\$ 22,725,000	\$ -	\$ (465,000)	\$ 22,260,000	\$ 490,000
Add: Premium	1,395,394	-	(54,366)	1,341,028	54,366
Capital lease payable	373,317	-	(143,389)	229,928	115,965
Governmental activities long-term debt	24,493,711	-	(662,755)	23,830,956	660,331
Other non-current liabilities:					
Claims payable	41,382,441	1,564,324	(1,414,607)	41,532,158	7,381,839
Compensated absences	7,148,888	8,366,881	(7,699,037)	7,816,732	7,582,230
Governmental activities long-term liabilities	<u>\$ 73,025,040</u>	<u>\$ 9,931,205</u>	<u>\$ (9,776,399)</u>	<u>\$ 73,179,846</u>	<u>\$ 15,624,400</u>
<b>Business-type activities</b>					
Water Revenue COP 2015	\$ 4,730,000	\$ -	\$ (925,000)	\$ 3,805,000	\$ 935,000
Water Revenue Bond 2010	11,360,000	-	(730,000)	10,630,000	770,000
Add: Premium/(Discount)	291,152	-	(58,230)	232,922	58,230
Sewer Revenue Refunding Bond 2017	14,310,000	-	(555,000)	13,755,000	590,000
Add: Premium/(Discount)	1,225,716	-	(72,456)	1,153,260	72,456
Business-type activities long-term liabilities	<u>\$ 31,916,868</u>	<u>\$ -</u>	<u>\$ (2,340,686)</u>	<u>\$ 29,576,182</u>	<u>\$ 2,425,686</u>
<b>Private-purpose trust fund</b>					
2016 Tax Allocation Bond	\$ 36,540,000	\$ -	\$ -	\$ 36,540,000	\$ 1,900,000
Add: Premium/(Discount)	5,141,617	-	(360,815)	4,780,802	360,815
2014 Tax Allocation Bond	26,630,000	-	(2,685,000)	23,945,000	2,795,000
Add: Premium/(Discount)	3,236,360	-	(315,742)	2,920,618	315,742
2008 Subordinate note	1,230,000	-	(105,000)	1,125,000	115,000
Agreements payable	3,666,667	-	(3,666,667)	-	-
Loan Payable to City	13,254,260	-	(3,100,000)	10,154,260	-
Private-purpose trust fund long-term liabilities	<u>\$ 89,698,904</u>	<u>\$ -</u>	<u>\$ (10,233,224)</u>	<u>\$ 79,465,680</u>	<u>\$ 5,486,557</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**8. Long-term Debt**

**b. Governmental Long-term Debt at June 30, 2020 Consisted of the Following:**

**Lease Revenue Bonds, Series 2015 A**

On November 10, 2015, the Garden Grove Public Financing Authority issued \$24,790,000 of Lease Revenue Bonds, Series 2015A. The Bonds were issued for the current refunding of \$17,100,000 of outstanding Certificates of Participation Series A (2002 Financing Project) and to finance the acquisition/construction of a fire station, police building renovations and other public capital improvements. Principal payments on the Bonds are due annually on March 1 each year, ranging from \$490,000 to \$1,435,000, and continuing until March 1, 2045. Interest is payable semiannually, beginning on March 1, 2016, with an interest rate ranging from 2.00% to 5.00% over the life of the Bonds. Such bonds are subject to Federal arbitrage regulations, however, no arbitrage liability is reported at June 30, 2020.

	\$ 22,260,000
Unamortized bond premium	<u>1,341,028</u>
<b>Total lease revenue bonds</b>	<b><u>\$ 23,601,028</u></b>

**Capital Leases Payable**

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

4,621

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

126,061

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

99,246

<b>Total capital leases payable</b>	<b><u>229,928</u></b>
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<b>Total Governmental Long Term Debt</b>	<b><u>\$ 23,830,956</u></b>
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**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**8. Long-term Debt (continued)**

**c. Proprietary long-term debt at June 30, 2020 consisted of the following items:**

**2015 Revenue Certificates of Participation - Water Utility Enterprise Fund**

\$8,150,000 Refunding Revenue Bonds, Series 2015 were issued on October 1, 2015, for the current refunding of the remaining outstanding balance of the previously issued \$16,845,000 of the Refunding Certificate of Participation Series 2004. The refunding was undertaken to achieve debt service savings. Principal payments for 2015 Revenue certificates range from \$930,000 to \$985,000 and are due annually each December 15 through 2023. Interest is payable semi-annually on June 15 and December 15, at rates ranging from 1.0% to 5.0% over the life of the certificate. Such certificates are subject to Federal arbitrage regulations; however, no arbitrage liability is reported at June 30, 2020.

\$ 3,805,000

**Total 2015 refunding revenue bonds**

\$ 3,805,000

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

The Refunding Revenue Certificates of Participation were issued on October 1, 2015 for the current refunding of the 2004 Water Revenue Bond Refunding. The prior Refunding Revenue Certificates of Participation were issued on April 20, 2004 for prior refunding of the Water Revenue Bonds, Series 1993. These certificates of participation are to be secured and to be serviced from revenues derived by the ownership and operations of the water system including all connection charges and fees collected by the City through the fiscal year 2023. At June 30, 2020 total interest and principal remaining on the certificates is \$4,967,700. The Utility covenants that rates and charges for the water service will be sufficient to yield net revenues equal to 125% of the debt service coming due and payable during the next succeeding bond year. Revenue recognized during the year was \$37.8 million against debt service payments of \$998,550. The following analysis shows the test result for compliance with this covenant:

Operating Revenue	\$ 38,575,303
Non-operating revenues	<u>914,743</u>
Gross revenue	39,490,046
Less: Expenses (excluding depreciation amortization, interest and fiscal charges)	<u>(31,574,927)</u>
Net revenues	<u>\$ 7,915,119</u>
Debt service requirement for next year: \$1,001,750 x 125%	<u>\$ 1,252,188</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**8. Long-term Debt (continued)**

**c. Proprietary long-term debt at June 30, 2020 consisted of the following items:  
(continued)**

**2010 Revenue Bonds - Water Utility Enterprise Fund**

\$16,625,000 Revenue Bonds, Series 2010, were issued on April 30, 2010 to finance the acquisition, expansion, construction and improvement of certain additional water facilities of the water system of the City. The remaining principal and interest requirements on the debt is \$18,037,880. The Bonds are due in annual principal installments of \$770,000 to \$4,125,000 beginning December 15, 2010 and is payable semiannually on June 15 and December 15 through December 2030 at rates ranging from 2.0% to 6.389% over the life of the certificates. Such certificates are subject to Federal arbitrage regulations; however no arbitrage liability is reported at June 30, 2020.

	\$ 10,630,000
Unamortized bond premium	232,922
<b>Total 2010 revenue bonds</b>	<b>\$ 10,862,922</b>

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

The Revenue Bonds, Series 2010, were issued on April 30, 2010 are secured and to be serviced from net revenues derived from the ownership or operation of the water system excluding proceeds from customers' deposits and any proceeds assessments restricted by law to be used by the City to pay parity obligations or other obligations. The remaining principal and interest requirements on the debt at June 30, 2020 is \$16,661,141. The Utility covenants that rates and charges for the water service will be sufficient to yield net revenues equal to 125% of the debt service coming and due payable during the next succeeding bond year. Revenue recognized during the year was \$37.8 million against debt service payments of \$1,376,740. The following analysis shows the test result for compliance with this covenant:

Operating Revenue	\$ 38,575,303
Non-operating revenues	914,743
Gross revenue	39,490,046
Less: Expenses (excluding depreciation amortization, interest and fiscal charges)	(31,574,927)
Net revenues	\$ 7,915,119
Debt service requirement for next year: \$1,371,891 x 125%	\$ 1,714,864

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**8. Long-term Debt (continued)**

**c. Proprietary long-term debt at June 30, 2020 consisted of the following items:  
(continued)**

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

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On March 1, 2017, the Garden Grove Sanitary District issued \$15,970,000 in bonds to provide funds to refinance the District's obligations to the 2006 Sewer Revenue Certificate of Participation. The Certificates were issued to finance the rehabilitation, replacement and improvement of the wastewater collection system of the Garden Grove Sanitation District. The 2017 Bonds are due in annual principal installments of \$590,000 to \$1,160,000 beginning June 15, 2017 through 2036. Interest rates range from 2.0% to 5.0% and is payable semiannually on June 15 and December 15.

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

The certificates are secured and to be serviced from the total revenues for the fiscal year excluding any proceeds of taxes or assessments restricted by law and less the operations and maintenance costs excluding depreciation through the fiscal year 2036.

	\$ 13,755,000
Unamortized bond premium	<u>1,153,260</u>
<b>Total 2017 revenue refunding bond</b>	<u><b>\$ 14,908,260</b></u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**8. Long-term Debt (continued)**

**c. Proprietary long-term debt at June 30, 2020 consisted of the following items:  
(continued)**

**2017 Refunding Sewer Revenue Bond – Sewage Collection  
Enterprise fund - Debt Service Coverage**

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

Operating Revenue	\$ 11,086,512
Non-operating revenues	<u>1,587,117</u>
Gross revenue	12,673,629
Less: Expenses (excluding depreciation amortization, interest and fiscal charges)	<u>(4,993,491)</u>
Net revenues	<u><u>\$ 7,680,138</u></u>
Debt service requirement for next year: \$1,201,625 x 115%	<u><u>\$ 1,381,869</u></u>

**Total Proprietary Long Term Debt** \$ 29,576,182

**Total Long Term Debt** \$ 53,407,138

**d. Private-purpose trust activity long-term debt at June 30, 2020 consisted of the following items:**

**Tax Allocation Bonds Issue of 2016**

\$42,000,000 Tax allocation bonds were issued on March 17, 2016. The SRDA issued the "2016 Bonds" in the aggregate principal amount necessary to provide net proceeds of \$42,000,000 to fund the Water Park Hotel pursuant to the first amended and restated disposition and development agreement dated April 13, 2010. The bonds are due in annual principal installments of \$1,900,000 to \$3,450,000. Interest on the bonds will be payable semiannually each April 1 and October 1, commencing October 1, 2016. The rates ranging from 1.0% to 5.0%. The "2016 Bonds" will be payable on a parity with the debt service on the 2014 Bonds to the extent set forth in the 2016 Bond Indenture. Such certificates are subject to federal arbitrage regulations. No arbitrage liability is reported at June 30, 2020.

	\$ 36,540,000
Unamortized bond premium	<u>4,780,802</u>
<b>Total Tax Allocation Bond Issue of 2016</b>	<u><u>\$ 41,320,802</u></u>

**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**8. Long-term Debt (continued)**

**d. Private-purpose trust activity long-term debt at June 30, 2020 consisted of the following items: (continued)**

**Tax Allocation Refunding Bonds Issue of 2014**

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

Principal payments ranging from \$1,580,000 to \$3,330,000 are due annually through the year 2029. Interest is due semi-annually on October 1 and April 1, at rates ranging from 1.0% to 5.0%. Such bonds are subject to Federal arbitrage regulations; however, no liability is reported at June 30, 2020.

\$ 23,945,000

Unamortized bond premium

2,920,618

**Total Tax Allocation Bond Issue of 2014**

\$ 26,865,618

**Subordinate Note**

On June 1, 2008, the former redevelopment agency for Community Development entered into a note purchase agreement in the amount of \$2,015,000, to refund a note issued to Katella Cottages LLC under a Disposition and Development Agreement dated May 11, 2004. The Note has an annual interest rate of 6% with principal payments due annually on October 1 through October 1, 2027. Principal payments range from \$105,000 to \$170,000. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the bonds was transferred to the Successor Agency.

1,125,000



**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**8. Long-term Debt (continued)**

**d. Private-purpose trust activity long-term debt at June 30, 2020 consisted of the following items: (continued)**

**Loan Payable to City**

The former redevelopment agency has five loans from the Low Income Housing Assets capital project fund, that were used to make the fiscal year 2005-06 (\$621,376) mandated Educational Revenue Augmentation Fund payments and "Supplemental" Education Revenue Augmentation Fund payments for the fiscal year 2009-10 (\$7,906,610) and 2010-11 (\$1,626,274). In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have previously been invalidated. In fiscal year 2017-18, the California Department of Finance changed its previous determination and has now approved the repayment of the ERAF and SERAF loans (\$13,254,260) as an enforceable obligation. At June 30, 2020 the Successor Agency repaid \$3,100,000 of the loan balance. The amount due to the City at June 30, 2020 is \$10,154,260, which represents \$621,376 ERAF payment and \$9,532,884 of SERAF.

10,154,260

**Total Private Purpose Trust Funds Long Term Debt**

\$ 79,465,680

**e. The scheduled annual requirements to amortize all governmental long-term debt outstanding as of June 30, 2020 including interest payments are as follows:**

<b>Year Ending</b>	<b>Lease Revenue Bonds 2015A</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 490,000	\$ 1,017,200	\$ 1,507,200
2022	515,000	992,700	1,507,700
2023	540,000	966,950	1,506,950
2024	565,000	939,950	1,504,950
2025	595,000	911,700	1,506,700
2026-2030	3,455,000	4,081,250	7,536,250
2031-2035	4,325,000	3,213,400	7,538,400
2036-2040	5,255,000	2,277,000	7,532,000
2041-2045	6,520,000	1,009,750	7,529,750
Total	<u>\$ 22,260,000</u>	<u>\$ 15,409,900</u>	<u>\$ 37,669,900</u>

<b>Year Ending</b>	<b>Capital Leases Payable</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 115,965	\$ 2,198	\$ 118,163
2022	113,963	672	114,635
Total	<u>\$ 229,928</u>	<u>\$ 2,870</u>	<u>\$ 232,798</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**8. Long-term Debt (continued)**

f. The scheduled annual requirements to amortize all proprietary long-term debt outstanding as of June 30, 2020 including interest payments are as follows:

<b>Year Ending June 30</b>	<b>2015 Refunding Water Revenue Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 935,000	\$ 66,750	\$ 1,001,750
2022	955,000	47,850	1,002,850
2023	985,000	28,450	1,013,450
2024	930,000	9,300	939,300
Total	<u>\$ 3,805,000</u>	<u>\$ 152,350</u>	<u>\$ 3,957,350</u>

<b>Year Ending June 30</b>	<b>2010 Water Revenue Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 770,000	\$ 601,891	\$ 1,371,891
2022	805,000	562,515	1,367,515
2023	850,000	523,984	1,373,984
2024	885,000	484,027	1,369,027
2025	-	462,477	462,477
2026-2030	4,125,000	1,924,863	6,049,863
2031	3,195,000	101,994	3,296,994
Total	<u>\$ 10,630,000</u>	<u>\$ 4,661,751</u>	<u>\$ 15,291,751</u>

<b>Year Ending June 30</b>	<b>2017 Sewer Refunding Revenue Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 590,000	\$ 611,625	\$ 1,201,625
2022	615,000	582,125	1,197,125
2023	645,000	551,375	1,196,375
2024	680,000	519,125	1,199,125
2025	715,000	485,125	1,200,125
2026-2030	4,140,000	1,853,125	5,993,125
2031-2035	5,210,000	788,325	5,998,325
2036	1,160,000	40,600	1,200,600
Total	<u>\$ 13,755,000</u>	<u>\$ 5,431,425</u>	<u>\$ 19,186,425</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**8. Long-term Debt (continued)**

**g. The scheduled annual requirements to amortize all the Successor Agency long-term debt outstanding as of June 30, 2020 including interest payments are as follows:**

<b>Year Ending June 30</b>	<b>Tax Allocation Refunding Bonds Issue of 2016</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 1,900,000	\$ 1,614,250	\$ 3,514,250
2022	1,975,000	1,536,750	3,511,750
2023	2,055,000	1,445,875	3,500,875
2024	2,160,000	1,340,500	3,500,500
2025	2,265,000	1,229,875	3,494,875
2026-2030	13,155,000	4,286,125	17,441,125
2031-2034	13,030,000	928,750	13,958,750
Total	<u>\$ 36,540,000</u>	<u>\$ 12,382,125</u>	<u>\$ 48,922,125</u>

<b>Year Ending June 30</b>	<b>Tax Allocation Refunding Bonds Issue of 2014</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 2,795,000	\$ 1,084,350	\$ 3,879,350
2022	2,905,000	970,350	3,875,350
2023	3,015,000	836,875	3,851,875
2024	3,170,000	682,250	3,852,250
2025	3,330,000	519,750	3,849,750
2026-2030	8,730,000	1,040,000	9,770,000
Total	<u>\$ 23,945,000</u>	<u>\$ 5,133,575</u>	<u>\$ 29,078,575</u>

<b>Year Ending June 30</b>	<b>Subordinate Note 2008</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 115,000	\$ 64,050	\$ 179,050
2022	120,000	57,000	177,000
2023	130,000	49,500	179,500
2024	135,000	41,550	176,550
2025	145,000	33,150	178,150
2026-2028	480,000	44,400	524,400
Total	<u>\$ 1,125,000</u>	<u>\$ 289,650</u>	<u>\$ 1,414,650</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**9. Compensated Absences**

The City accounts for compensated absences (unpaid vacation, annual leave, unused holiday, compensated time off, and sick leave) in the Employee Benefit internal service fund. The balance for accrued compensated absences at June 30, 2020 is \$7,816,732.

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

Annual leave accrues for all firemen at 18 hours per month from date of hire through 1 year, 22 hours per month after 1 year, 24 hours per month after 4 years, 26 hours per month after 9 years, 28 hours per month after 14 years, 30 hours per month after 19 years, and 33 hours per month after 24 years. Annual leave accrues for all fire management at 17 hours per month from date of hire through 1 year, 22 hours per month after 1 year, 25 hours per month after 9 years, 28 hours per month after 14 years, 31.25 hours per month after 19 years, 34.5 hours per month after 24 years. The maximum a fire employee may accumulate is an amount equivalent to 2 full calendar years of service plus 72 hours. Accumulated vacation, annual leave benefits and comp time, payable in future years when used by City employees, totaled \$6,271,865 at June 30, 2020.

Sick leave is accumulated on the basis of 8 hours for each month of service beginning from the date of hire for all employee groups other than police and fire. Police employees accumulate on the basis of 10 hours for each month of service beginning from the date of hire. Fire employees do not accumulate sick leave benefits since converting to the annual leave benefit. The City has adopted a policy for payment of unused sick leave benefits at time of retirement. Employees can be paid 50% for all unused hours up to 1,000, police employees 100% of up to 750 unused hours, and management employees 50% of all unused hours. Studies have indicated that only 12.1% of all accumulated sick leave is actually used by employees, therefore, the sick leave liability is estimated at 12.1% of the total accumulated benefit, or \$1,544,867 at June 30, 2020.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Vacation, Annual Leave, Benefits, and Comp Time	\$ 5,884,354	\$ 6,830,568	\$ (6,443,057)	\$ 6,271,865	\$ 6,083,710
Sick Leave	1,264,534	1,536,314	(1,255,981)	1,544,867	1,498,520
Total	<u>\$ 7,148,888</u>	<u>\$ 8,366,882</u>	<u>\$ (7,699,038)</u>	<u>\$ 7,816,732</u>	<u>\$ 7,582,230</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**10. Risk Management**

The City utilizes a program to self-insure for workers' compensation liability for the first \$1 million, per occurrence, for injury or occupational illness to City employees pursuant to Workers' Compensation Laws of the State of California. The City contracts with a third party who administers the program and acts as the representative of the City in claim hearings and litigation. Excess coverage is placed with a joint powers authority for losses from \$1 million up to the statutory limit per occurrence. This self-insurance program is accounted for in the Workers' Compensation internal service fund. There is an estimated liability of \$34,780,527 for workers' claims outstanding including claims incurred but not reported on June 30, 2020, which has been included as liabilities in the Workers' Compensation internal service fund.

The City also has a self-insured program for its tort and civil liabilities. The City is self-insured for the first \$2 million per occurrence. Excess liability insurance is carried thereafter to \$33 million per occurrence with commercial insurers. Claims administration and adjusting services are provided by contract with a third-party administrator specializing in public entity liability. Representation in matters of litigation is performed through the retaining of outside law firms and is supervised by the city attorney. This self-insurance program is accounted for in the Risk Management internal service fund.

The City estimates a general liability for claims outstanding, including claims incurred but not reported, on June 30, 2020, in the amount of \$6,751,631 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, 2020. Changes in the aggregate liability for claims for fiscal year ended June 30, 2020 and June 30, 2019 are as follows:

<u>Worker's Compensation</u>	<u>2020</u>	<u>2019</u>
Liability, July 1	\$ 35,928,000	\$ 33,345,000
Cost and claims incurred	2,558,562	7,118,036
Claim payments	(3,706,035)	(4,535,036)
Liability, June 30	<u>\$ 34,780,527</u>	<u>\$ 35,928,000</u>
Due within one year	\$ 4,830,588	\$ 5,348,000
Due in more than one year	<u>29,949,939</u>	<u>30,580,000</u>
	<u>\$ 34,780,527</u>	<u>\$ 35,928,000</u>
<u>Risk Management</u>		
Liability, July 1	\$ 5,454,441	\$ 4,033,000
Cost and claims incurred	2,503,574	1,654,934
Claim payments	(1,206,384)	(233,493)
Liability, June 30	<u>\$ 6,751,631</u>	<u>\$ 5,454,441</u>
Due within one year	\$ 2,551,251	\$ 2,776,441
Due in more than one year	<u>4,200,380</u>	<u>2,678,000</u>
	<u>\$ 6,751,631</u>	<u>\$ 5,454,441</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**11. Public Employees' Retirement System**

**a. General Information about the Pension Plans**

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

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

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

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

The required employer contribution rates for fiscal year ended June 30, 2020 under PEPRA are the same as the employer contribution rates for existing miscellaneous employees and public safety employees.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**11. Public Employees' Retirement System (continued)**

**a. General Information about the Pension Plans (continued)**

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

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<b>Miscellaneous</b>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.00%
Required employer contribution rates	33.954%	33.954%

	<b>Safety</b>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9.00%	11.00%
Required employer contribution rates	61.113%	61.113%

**Employees covered** - At June 30, 2018 (actuarial valuation date), the following employees were covered by the benefit terms for each Plan:

	<b>Misc</b>	<b>Safety</b>
Inactive employees or beneficiaries currently receiving benefits	623	462
Inactive employees entitled to but not yet receiving benefits	461	105
Active employees	410	249
<b>Total</b>	<b>1,494</b>	<b>816</b>

**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**11. Public Employees' Retirement System (continued)**

**a. General Information about the Pension Plans (continued)**

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

**b. Net Pension Liability**

**Actuarial Methods and Assumptions Used to Determine Total**

The June 30, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liability, based on the following actuarial methods and assumptions:

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

<sup>1</sup> The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.



**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**11. Public Employees' Retirement System (continued)**

**b. Net Pension Liability (continued)**

**Long-term Expected Rate of Return**

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

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

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

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

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

<sup>2</sup> An expected inflation of 2.0% used for this period.

<sup>3</sup> An expected inflation of 2.92% used for this period.

**Discount Rate**

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

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**11. Public Employees' Retirement System (continued)**

**b. Net Pension Liability (continued)**

**Subsequent Events**

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

**Amortization of Deferred Outflows and Deferred Inflows of Resources**

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

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

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

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

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

**c. Changes in Net Pension Liability**

The following table shows the balances related to pension at June 30, 2020:

	<b>Miscellaneous Plan</b>	<b>Safety Plan</b>	<b>Total</b>
Net Pension Liability	\$ 97,669,489	\$ 194,229,089	\$ 291,898,578
Deferred outflows	\$ 12,552,645	\$ 23,751,686	\$ 36,304,331
Deferred inflows	\$ 2,832,739	\$ 3,376,577	\$ 6,209,316
Pension Expense	\$ 14,687,068	\$ 32,831,108	\$ 47,518,176

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**11. Public Employees' Retirement System (continued)  
c. Changes in Net Pension Liability (continued)**

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

<b>Miscellaneous Plan:</b>	<b>Increase(Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability/(Asset) (c) = (a) - (b)</b>
<b>Balance at June 30, 2018</b>	\$ 317,029,012	\$ 225,182,432	\$ 91,846,580
Changes in the year:			
Service cost	5,475,558	-	5,475,558
Interest on the total pension liability	22,545,983	-	22,545,983
Changes of benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between actual and expected experience	3,673,870	-	3,673,870
Plan to Plan Resource Movement	-	(10,044)	10,044
Contribution - employer	-	9,162,242	(9,162,242)
Contribution - employee	-	2,158,717	(2,158,717)
Net Investment income	-	14,721,760	(14,721,760)
Benefit payments, including refunds of employee contributions	(16,224,456)	(16,224,456)	-
Administrative expense	-	(160,695)	160,695
Other Miscellaneous Income/(Expense)	-	522	(522)
<b>Net changes</b>	<b>15,470,955</b>	<b>9,648,046</b>	<b>5,822,909</b>
<b>Balance at June 30, 2019</b>	<b>\$ 332,499,967</b>	<b>\$ 234,830,478</b>	<b>\$ 97,669,489</b>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**11. Public Employees' Retirement System (continued)**

**c. Changes in Net Pension Liability (continued)**

<i>Safety Plan:</i>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability/(Asset) (c) = (a) - (b)</b>
<b>Balance at June 30, 2018</b>	\$ 532,149,791	\$ 348,036,514	\$ 184,113,277
Changes in the year:			
Service cost	9,117,082	-	9,117,082
Interest on the total pension liability	37,632,892	-	37,632,892
Changes of benefit terms	-	-	-
Changes in assumptions	4,129,559	-	4,129,559
Difference between actual and expected experience	-	-	-
Plan to Plan Resource Movement	-	10,044	(10,044)
Contribution - employer	-	15,698,349	(15,698,349)
Contribution - employee	-	2,644,271	(2,644,271)
Net Investment income	-	22,658,615	(22,658,615)
Benefit payments, including refunds of employee contributions	(29,007,470)	(29,007,470)	-
Administrative Expense	-	(248,366)	248,366
Other Miscellaneous Income/(Expense)	-	808	(808)
<b>Net changes</b>	<b>21,872,063</b>	<b>11,756,251</b>	<b>10,115,812</b>
<b>Balance at June 30, 2019</b>	<b>\$ 554,021,854</b>	<b>\$ 359,792,765</b>	<b>\$ 194,229,089</b>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**11. Public Employees' Retirement System (continued)  
c. Changes in Net Pension Liability (continued)**

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

	<u>Miscellaneous</u>	<u>Safety</u>
1% Lower	6.15%	6.15%
Net Pension Liability	\$ 142,631,315	\$ 269,073,484
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 97,669,489	\$ 194,229,089
1% Higher	8.15%	8.15%
Net Pension Liability	\$ 60,630,247	\$ 132,837,565

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

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

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

For the year ended June 30, 2020, the City recognized pension expenses of \$14,687,068 and \$32,831,108 for Miscellaneous Plan and Safety Plan, respectively. At June 30, 2020, 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	\$ 10,190,871	\$ -
Changes in assumptions	-	(539,101)
Differences between expected and actual experiences	2,361,774	(1,259,235)
Net difference between projected and actual earnings on pension plan investments	-	(1,034,403)
Total	<u>\$ 12,552,645</u>	<u>\$ (2,832,739)</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**11. Public Employees' Retirement System (continued)**

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

	<b>Safety Plan</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 15,875,859	\$ -
Changes in assumptions	4,926,142	(987,114)
Differences between expected and actual experiences	2,949,685	(773,997)
Net difference between projected and actual earnings on pension plan investments	-	(1,615,466)
<b>Total</b>	<b>\$ 23,751,686</b>	<b>\$ (3,376,577)</b>

The \$10,190,871 and \$15,875,859 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods Ended June 30	<b>Miscellaneous Plan</b>	<b>Safety Plan</b>
	Deferred Outflow/(Inflows) of Resources	Deferred Outflow/(Inflows) of Resources
2020	\$ 422,694	\$ 6,339,050
2021	(822,254)	(2,299,345)
2022	(307,363)	101,354
2023	235,958	358,191

**12. Other Postemployment Benefits**

**a. Plan Descriptions**

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

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

**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2020**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**12. Other Postemployment Benefits (continued)**

**b. Employees Covered**

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

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the City plan:

	<b>Number of Participants</b>
Inactive Employees Receiving Benefit Payments	298
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Participating Active Employees	<u>617</u>
Total Number of Participants	<u><u>915</u></u>

**c. Contributions**

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

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree’s coverage. The City’s contribution rates were \$139 and \$136 per month for each retiree for the calendar years ended 2020 and 2019, respectively.

For the fiscal year ended June 30, 2020, the City contributed \$487,137 to the plan.

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

The City’s total OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

**ACTUARIAL METHODS AND ASSUMPTIONS:**

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

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

**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**12. Other Postemployment Benefits (continued)**

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

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

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

IMPLICIT RATE SUBSIDY: GASB 74/75 require use of claims costs or age-adjusted premiums approximating claims costs to determine the plan's liability. Adjusting premiums for age creates an Implicit Subsidy and is reflected as part of the plan's liability. In addition, the common approach amongst actuaries in California is to include an implicit subsidy as part of the liability and as such the City requested to have reflected age-adjusted premiums in the calculation of the actuarial values. Implicit Subsidy is considered a benefit and should be included in OPEB valuation and its recognition will increase OPEB liability.

**ECONOMIC ASSUMPTIONS:**

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

INVESTMENT RETURN/DISCOUNT RATE: 3.5% per year net of expenses. This is based on the Bond Buyer 20 Bond Index. The interest assumption changed from 3.8% to 3.5%.

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

PAYROLL INCREASE: 2.75% per year.

**MORTALITY**

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



**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**12. Other Postemployment Benefits (continued)**

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

**RETIREMENT RATES**

<b><u>Employee Type</u></b>	<b><u>Retirement Rate Tables</u></b>
Police Officers	2009 CalPERS 3%@50 Rates for Sworn Police Employees or PEPRA rates, as appropriate
Firefighters	2009 CalPERS 3%@50 Rates for Sworn Fire Employees or PEPRA rates, as appropriate
General Employees	2009 CalPERS 2.5%@55 Rates for Miscellaneous Employees or PERPRA rates, as appropriate

**SERVICE REQUIREMENT**

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

**COSTS FOR RETIREE COVERAGE**

Retiree liabilities are based on actual retiree premium plus an implicit rate subsidy of 81.6% of non-Medicare medical premium. Liabilities for active participants are based on the first year costs shown below, which include the implicit rate subsidy. Subsequent years' costs are based on first year costs adjusted for trend and limited by any City contribution caps.

<b><u>Participant Type</u></b>	<b><u>Future Retirees Pre-65</u></b>	<b><u>Future Retirees Post -65</u></b>
Fire Fighters	PEMHCA Minimum: \$1,650 Implicit Subsidy: \$13,239	\$1,650
Police Officers	PEMHCA Minimum: \$1,650 Implicit Subsidy: \$12,708	\$1,650
General Employees	PEMHCA Minimum: \$1,650 Implicit Subsidy: \$10,040	\$1,650

The participation rates per the actuarial report for all employee types for the group that is less than age 65 (Non-Medicare) and for the group that is more than age 65 (Medicare) is 70 percent.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**12. Other Postemployment Benefits (continued)**

**e. Recognition of Deferred Outflows and Inflows of Resources**

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

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

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

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

**OPEB Expense a Deferred Outflow/Inflow of Resources to OPEB**

For the fiscal year ended June 30, 2020, the City recognized OPEB expenses of \$3,800,130. As of fiscal year ended June 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to measurement date	\$ 487,137	\$ -
Changes of assumptions	24,306,750	(743,248)
Difference between expected and actual experience		(174,765)
	<b>Total \$ 24,793,887</b>	<b>\$ (918,013)</b>

The \$487,137 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2021.

<b>Measurement Periods Ended June 30</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2020	\$ 2,477,683
2021	2,964,820
2022	2,477,683
2023	2,477,683
2024	2,182,180
Thereafter	11,295,825

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**12. Other Postemployment Benefits (continued)**

**f. Total OPEB Liability**

If actuarial assumptions are borne out by experience, the City will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability (TOL). The TOL is calculated as the APVPBP (Actuarial Present Value of Projected Benefit Payments) minus the present value of future service costs.

**g. Changes in the OPEB Liability**

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

<b>Changes in Net OPEB Liability as of June 30, 2019</b>	
	<b>Increase (Decrease)</b>
	<b>Net OPEB</b>
	<b>Liability (NOL)</b>
<b>Balance at June 30, 2018</b>	<b>\$ 18,203,123</b>
<b>Changes recognized for the measurement period:</b>	
Service Cost	627,266
Interest on TOL	695,181
Employer Contributions as Benefits	(467,790)
Employee Contributions	-
Expected Minus Actual Benefit Payments	22,763
Experience (Gains)/Losses	(216,121)
Assumption Changes	26,892,575
Actual Investment Income	-
Administrative Expense	-
Benefit Payments	-
<b>Net Changes</b>	<b>27,553,874</b>
<b>Balance at June 30, 2019</b>	<b>\$ 45,756,997</b>

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

The following presents the OPEB liability with a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
OPEB Liability	\$51,376,857	\$45,756,997	\$41,064,198

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**12. Other Postemployment Benefits (continued)**

**i. Sensitivity of OPEB Liability to Changes in the Trend Rate**

The following presents the OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	<u>Trend Rate 1%</u>	<u>Valuation Trend</u>	<u>Trend Rate 1%</u>
OPEB Liability	<u>\$41,478,914</u>	<u>\$45,756,997</u>	<u>\$50,387,725</u>

**13. Non-committal debt**

- a. Garden Grove Housing Authority Variable Rate Demand Multifamily Housing Revenue Bonds, Series A of 1990, for \$12,000,000 were issued as an obligation of the Housing Authority. These bonds are not reflected in the City's financial statements since the use and disposition of the bond proceeds are controlled by an outside trustee, rather than the City, and since neither the Housing Authority, nor the City, is, in any event, liable for the payment of the principal or interest on the bonds. The bonds were issued to provide funds for the cost of developing the Valley View Senior Village, a multifamily rental housing project in the City. As of June 30, 2020, the balance outstanding was \$9,100,000.

**14. Commitments and Contingencies**

**a. Grants**

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

**b. Construction Commitments**

The City has active construction projects as of June 30, 2020. City project commitments includes street improvements, storm drain improvements, traffic improvements, and park improvements. Proprietary fund project commitments include water main improvements, water reservoir rehabilitation projects and sewer main improvements. At fiscal year-end, the City's construction project commitments with contractors are as follows:

	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Street Improvements	\$ 3,365,630	\$ 5,358,719
Storm Drain Improvements	164,383	83,305
Park Improvements	166,952	262,410
Water Improvements	1,002,284	926,523
Sewer Improvements	<u>457,095</u>	<u>2,784,996</u>
Total	<u>\$ 5,156,344</u>	<u>\$ 9,415,953</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**14. Commitments and Contingencies (continued)**

**c. Contract Commitments**

The City entered into an agreement with the Orange County Fire Authority (OCFA) on April 9, 2019 for OCFA to provide fire and emergency medical services to the City starting on August 16, 2019. OCFA will lease specified apparatus at no cost and fire stations at \$1 per year per station. Annually, the City will pay its share of OCFA's vehicle replacement program. The City will also pay a monthly fee of \$1,931,500 for the fire and emergency medical services. The monthly amount is subject to change on an annual basis and is due at the beginning of each month.

**d. Uncertainties**

The effects of the COVID-19 outbreak and governmental actions responsive to it are altering the behavior of businesses and consumers in a manner that is having significant impacts on global and local economies. In addition, financial markets in the United States and globally have seen significant declines and experienced significant volatility attributed to COVID-19 concerns. Potential impacts to the City associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to maintain a safe community, cancellations of public events, and disruption of the regional and local economy with corresponding decreases in the City's revenues.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the City is unknown. The City implemented various cost containment measures during the year and amended its Fiscal Year 2020-21 budget, which includes consideration of the effect of the COVID-19 outbreak and an anticipated recession. The City continues to actively monitor the regional and local economy so that any further financial impacts can be anticipated and disruption to services can be avoided.

**15. Joint Venture**

The City participates in the Anaheim-Garden Grove-Orange Fire Training Facility 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 is 22.0%. Because the City is not financially accountable, the training facility is not considered part of the City's reporting entity. Separate financial statements are not issued.

**16. Tax Abatements**

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

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**16. Tax Abatements (continued)**

In 2016, the City approved an Amended and Restated Operating Covenant Agreement with California Fuels and Lubricants for business retention purposes pursuant to Senate Bill 562. The Amended Agreement effective July 1, 2016 provides for economic development assistance in form of varying revenue sharing ratios of the amount of sales tax revenue generated in excess of \$200,000 annually for a period of 20 years. For Fiscal Year 2019-20, California Fuels and Lubricants received assistance payments of \$539,638.

In 2010, the Successor Agency entered into an agreement with Garden Grove MXD, LLC for the construction of the Great Wolf Lodge. The performance based assistance began in 2015-16 and is based on the Transient Occupancy Tax rate. If the Transient Occupancy Tax rate charged by the City impacts an agreed upon Transient Occupancy Tax rate differential with a neighboring City, an amount will be rebated to the developer equal to the total room revenue multiplied by that Transient Occupancy Tax differential. The amount of Transient Occupancy Tax rebated to Garden Grove MXD, LLC for the Fiscal Year 2019-20 is \$516,477. This amount is an approved enforceable obligation of the Successor Agency, and will be paid via the State of California approved Recognized Obligation Payments Schedule.

In 2017, the City entered into an agreement with Garden Grove Automotive, Inc (GGA) to acquire the site and continue to sell Kia automobiles. Subject to the contingency that GGA fulfills the covenants of the agreement and generate enough sales tax revenue during the fiscal year, the City has agreed to pay an amount equal to 35% of the sales tax revenue in excess of \$150,000. The amount paid at June 30, 2020 was \$102,893.

**17. Prior Period Adjustment**

**GOVERNMENT WIDE AND PROPRIETARY FUNDS STATEMENTS**

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

A total prior period adjustment of \$3,650,464, was made to decrease the beginning fund balance of the Golf Course fund, due to the conversion from special revenue fund to enterprise fund at June 30, 2019.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2020**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**17. Prior Period Adjustment (continued)**

The aforementioned adjustments resulted in the following restatement to net position at June 30, 2019:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position at June 30, 2019, as previously reported	\$ 586,007,464	\$ 158,289,669
Prior period adjustments:		
Land	(3,132,711)	3,132,711
Capital assets	(242,466)	242,466
Accumulated depreciation	242,466	(242,466)
Reclass Golf Course Net Position	<u>(517,753)</u>	<u>517,753</u>
Net position at June 30, 2019, as restated	<u>\$ 582,357,000</u>	<u>\$ 161,940,133</u>

**18. Subsequent Event**

On November 3, 2020, Garden Grove Public Financing Authority issued the 2020 Water Revenue Bonds, Series A to to refund the Authority's 2010 Water Revenue Bonds, Series A, B and C, and finance the acquisition and construction of certain water system improvements. The 2020 Water Revenue Bonds was issued at a premium with the par amount of \$23,220,000. The refunding resulted in a net present value savings of \$1.63 million, or 15.3% of the refunded bonds.

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# **Required Supplemental Information**

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

Measurement Period	Miscellaneous					
	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>						
Service cost	\$ 5,475,558	\$ 5,401,390	\$ 5,295,064	\$ 4,717,431	\$ 4,505,053	\$ 4,722,338
Interest on total pension liability	22,545,983	21,444,843	20,965,466	20,513,676	19,499,703	18,697,528
Changes of assumptions	-	(1,737,101)	17,855,824	-	(4,893,202)	-
Difference between expected and actual experience	3,673,870	(4,057,535)	(5,244,453)	1,501,168	(1,007,886)	-
Benefit payments, including refunds of employee contributions	(16,224,456)	(14,088,814)	(13,540,154)	(12,581,087)	(12,134,038)	(11,490,804)
Net change in total pension liability	15,470,955	6,962,783	25,331,747	14,151,188	5,969,630	11,929,062
Total pension liability - beginning	317,029,012	310,066,229	284,734,482	270,583,294	264,613,664	252,684,602
<b>Total pension liability - ending (a)</b>	<b>\$ 332,499,967</b>	<b>\$ 317,029,012</b>	<b>\$ 310,066,229</b>	<b>\$ 284,734,482</b>	<b>\$ 270,583,294</b>	<b>\$ 264,613,664</b>
<b>PLAN FIDUCIARY NET POSITION</b>						
Contribution - Employer	\$ 9,162,242	\$ 8,199,628	\$ 7,579,342	\$ 6,646,792	\$ 5,948,472	\$ 5,101,581
Contribution - Employee	2,158,717	2,429,785	2,308,262	2,242,990	2,281,790	2,070,127
Net investment income	14,721,760	17,695,861	21,554,042	1,004,774	4,419,570	29,571,239
Benefit payments, including refunds of employee contributions	(16,224,456)	(14,088,814)	(13,540,154)	(12,581,087)	(12,134,038)	(11,490,804)
Net Plan to Plan Resource Movement	(10,044)	36,458	(64,848)	(69,973)	-	-
Administrative Expense	(160,695)	(330,147)	(286,986)	(120,179)	(221,880)	-
Other Miscellaneous Income/(Expense) 1	522	(626,954)	-	-	-	-
Net change in fiduciary net position	9,648,046	13,315,817	17,549,658	(2,876,683)	294,094	25,252,143
Plan fiduciary net position - beginning 2	225,182,432	211,866,615	194,316,867	197,193,550	196,899,456	171,647,313
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 234,830,478</b>	<b>\$ 225,182,432</b>	<b>\$ 211,866,525</b>	<b>\$ 194,316,867</b>	<b>\$ 197,193,550</b>	<b>\$ 196,899,456</b>
<b>Plan net pension liability - ending (a) - (b)</b>	<b>\$ 97,669,489</b>	<b>\$ 91,846,580</b>	<b>\$ 98,199,704</b>	<b>\$ 90,417,615</b>	<b>\$ 73,389,744</b>	<b>\$ 67,714,208</b>
Plan fiduciary net position as a percentage of the total pension liability	70.63%	71.03%	68.33%	68.24%	72.88%	74.41%
Covered payroll 3	\$ 30,347,270	\$ 29,746,612	\$ 29,037,915	\$ 28,573,176	\$ 27,094,801	\$ 27,060,561
Plan net pension liability as a percentage of covered payroll	321.84%	308.76%	338.18%	316.44%	270.86%	250.23%

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

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

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

<sup>2</sup> Includes any beginning of year adjustment.

<sup>3</sup> Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19, 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

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

**Benefit Changes:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes of Assumptions:** None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

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

Measurement Period	Safety					
	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>						
Service cost	\$ 9,117,082	\$ 8,706,648	\$ 8,648,153	\$ 7,378,575	\$ 7,025,519	\$ 7,433,857
Interest on total pension liability	37,632,892	36,094,312	35,007,255	33,944,797	32,447,673	31,439,433
Changes of assumptions	-	(2,221,006)	29,556,856	-	(4,660,010)	-
Difference between expected and actual experience	4,129,559	(961,074)	(2,081,126)	2,203,036	(8,032,852)	-
Benefit payments, including refunds of employee contributions	(29,007,470)	(26,226,816)	(24,371,140)	(22,718,361)	(21,846,674)	(20,185,546)
Net change in total pension liability	21,872,063	15,392,064	46,759,998	20,808,047	4,933,656	18,687,744
Total pension liability - beginning	532,149,791	516,757,727	469,997,729	449,189,682	444,256,026	425,568,282
<b>Total pension liability - ending (a)</b>	<b>\$ 554,021,854</b>	<b>\$ 532,149,791</b>	<b>\$ 516,757,727</b>	<b>\$ 469,997,729</b>	<b>\$ 449,189,682</b>	<b>\$ 444,256,026</b>
Contribution - Employer	\$ 15,698,349	\$ 14,147,727	\$ 13,302,274	\$ 11,468,654	\$ 10,155,643	\$ 9,427,732
Contribution - Employee	2,644,271	2,873,704	2,823,680	2,915,098	2,611,738	2,439,710
Net investment income	22,658,615	27,492,574	33,837,324	1,532,436	6,960,883	47,553,580
Benefit payments, including refunds of employee contributions	(29,007,470)	(26,226,816)	(24,371,140)	(22,718,361)	(21,846,674)	(20,185,546)
Net Plan to Plan Resource Movement	10,044	(37,788)	-	-	-	-
Administrative Expense	(248,366)	(516,231)	(452,000)	(190,840)	(352,473)	-
Other Miscellaneous Income/(Expense) 1	808	(980,332)	-	-	-	-
Net change in fiduciary net position	11,756,251	16,752,838	25,140,138	(6,993,013)	(2,470,883)	39,235,476
Plan fiduciary net position - beginning 2	348,036,514	331,283,676	306,143,539	313,136,552	315,607,435	276,371,959
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 359,792,765</b>	<b>\$ 348,036,514</b>	<b>\$ 331,283,677</b>	<b>\$ 306,143,539</b>	<b>\$ 313,136,552</b>	<b>\$ 315,607,435</b>
<b>Plan net pension liability - ending (a) - (b)</b>	<b>\$ 194,229,089</b>	<b>\$ 184,113,277</b>	<b>\$ 185,474,050</b>	<b>\$ 163,854,190</b>	<b>\$ 136,053,130</b>	<b>\$ 128,648,591</b>
Plan fiduciary net position as a percentage of the total pension liability	64.94%	65.40%	64.11%	65.14%	69.71%	71.04%
Covered payroll 3	\$ 29,663,516	\$ 28,541,707	\$ 28,636,267	\$ 27,481,750	\$ 26,325,623	\$ 26,592,225
Plan net pension liability as a percentage of covered payroll	654.77%	645.07%	647.69%	596.23%	516.81%	483.78%

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

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

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

2 Includes any beginning of year adjustment.

3 Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

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

Schedule of Plan Contributions for the Fiscal Years Ended June 30

	Miscellaneous						
	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 10,190,871	\$ 9,153,245	\$ 8,199,628	\$ 7,579,342	\$ 6,646,792	\$ 5,948,472	\$ 5,101,581
Contributions in relation to the actuarially determined contributions	(10,190,871)	(9,153,245)	(8,199,628)	(7,579,342)	(6,646,792)	(5,948,472)	(5,101,581)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 29,122,884	\$ 28,044,597	\$ 29,746,612	\$ 29,037,915	\$ 28,573,176	\$ 27,094,801	\$ 27,060,561
Contributions as a percentage of covered payroll	34.99%	32.64%	27.56%	26.10%	23.26%	21.95%	18.85%

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

**Notes to Schedule of Plan Contributions:**

Valuation date: 6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method/period	For details, see June 30, 2017 Funding Valuation Report.
Asset valuation method	Market value of assets. For details, see June 30, 2017 Funding Valuation Report.
Inflation	2.625%
Salary Increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.25%, net of pension plan investment administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study which are incorporated in the current valuation.
Mortality	The probabilities of retirement are based on the 2017 CalPERS Experience Study which are incorporated in the current valuation. The pre-retirement mortality non-industrial death rates vary by age and gender. Industrial death rates vary by age. The non-industrial death rates are used for all plans. The industrial death rates are used for safety plans. Miscellaneous plans usually have industrial death rates set to zero unless the agency has specifically contracted for industrial death benefits. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.
Other information	For changes to previous year's information, refer to past GASB 68 reports.

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

Schedule of Plan Contributions for the Fiscal Years Ended June 30

	Safety						
	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 15,875,859	\$ 15,691,168	\$ 14,147,727	\$ 13,302,273	\$ 11,468,654	\$ 10,155,643	\$ 9,427,732
Contributions in relation to the actuarially determined contributions	(15,875,859)	(15,691,168)	(14,147,727)	(13,302,273)	(11,468,654)	(10,155,643)	(9,427,732)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 27,646,663	\$ 27,659,707	\$ 28,541,707	\$ 28,636,267	\$ 27,481,750	\$ 26,325,623	\$ 26,592,225
Contributions as a percentage of covered payroll	57.42%	56.73%	49.57%	46.45%	41.73%	38.58%	35.45%

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

**Notes to Schedule:**

Valuation date: 6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method/period	For details, see June 30, 2017 Funding Valuation Report.
Asset valuation method	Market value of assets. For details, see June 30, 2017 Funding Valuation Report.
Inflation	2.625%
Salary Increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.25%, net of pension plan investment administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study which are incorporated in the current valuation.
Mortality	The probabilities of retirement are based on the 2017 CalPERS Experience Study which are incorporated in the current valuation. The pre-retirement mortality non-industrial death rates vary by age and gender. Industrial death rates vary by age. The non-industrial death rates are used for all plans. The industrial death rates are used for safety plans. Miscellaneous plans usually have industrial death rates set to zero unless the agency has specifically contracted for industrial death benefits. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.
Other information	For changes to previous year's information, refer to past GASB 68 reports.

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

<b>Measurement Period</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>TOTAL OPEB LIABILITY</b>			
Service cost	\$ 627,266	\$ 669,889	\$ 651,960
Interest on Total OPEB Liability	695,181	695,599	610,096
Employer Contributions	(467,790)	(420,642)	-
Expected Minus Actual Benefit Payments	22,763	-	-
Experience (Gains)/Losses	(216,121)	-	-
Changes in Assumptions	26,892,575	(922,346)	-
Benefit payments	-	-	(391,489)
<b>Net change in total OPEB liability</b>	<u>27,553,874</u>	<u>22,500</u>	<u>870,567</u>
<b>Total OPEB liability - beginning</b>	<u>18,203,123</u>	<u>18,180,623</u>	<u>17,310,056</u>
<b>Total OPEB liability - ending</b>	<u>\$ 45,756,997</u> **	<u>\$ 18,203,123</u>	<u>\$ 18,180,623</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll	55,122,260	55,704,304	57,674,182
Net OPEB liability as a percentage of covered-employee payroll	<u>83.01%</u>	<u>32.68%</u>	<u>31.52%</u>

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

\*\* Liabilities reflect an implicit rate subsidy for Pre-Medicare retirees. GASB 74 and 75 require use of claims costs or age-adjusted premiums approximating claims costs to determine the plan's liability. Adjusting premiums for age creates Implicit Subsidy and is reflected as part of the plan's liability.

**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, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 120,469,244	\$ 120,469,244	\$ 116,998,382	\$ (3,470,862)
Licenses and permits	1,324,120	1,324,120	2,576,315	1,252,195
Fines, forfeits and penalties	1,806,606	1,806,606	2,192,274	385,668
Investment earnings	811,619	811,619	4,983,917	4,172,298
Charges for current services	7,250,026	7,250,026	6,850,280	(399,746)
From other agencies	249,305	4,570,686	2,199,652	(2,371,034)
Other revenues	4,444,413	4,444,413	4,326,611	(117,802)
Total revenues	<u>136,355,333</u>	<u>140,676,714</u>	<u>140,127,431</u>	<u>(549,283)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	27,747,871	27,747,871	27,974,934	(227,063)
Police	64,631,012	65,048,361	63,552,625	1,495,736
Traffic safety	2,312,886	2,312,886	2,444,723	(131,837)
Public right of way	5,357,154	5,505,992	4,918,691	587,301
Community buildings	3,378,262	3,378,262	2,780,717	597,545
Community services	4,221,361	4,221,361	4,328,159	(106,798)
Economic development	1,671,987	5,566,158	1,146,165	4,419,993
Parks and greenbelts	1,370,681	1,370,681	1,335,268	35,413
Community planning and development	6,734,957	7,684,654	6,055,605	1,629,049
Municipal support	8,040,301	11,843,083	8,220,207	3,622,876
Capital outlay:				
Fire	-	-	-	-
Police	395,000	488,632	8,848	479,784
Traffic safety	-	-	-	-
Public right of way	234,000	992,088	506,934	485,154
Community buildings	46,439	46,439	-	46,439
Community services	-	-	6,000	(6,000)
Parks and greenbelts	-	-	-	-
Community planning and development	-	495,000	-	495,000
Municipal support	-	-	-	-
Debt service:				
Principal retirement	532,293	532,293	495,034	37,259
Interest	1,136,795	1,136,795	1,136,795	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>127,810,999</u>	<u>138,370,556</u>	<u>124,910,705</u>	<u>13,459,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,544,334</u>	<u>2,306,158</u>	<u>15,216,726</u>	<u>12,910,568</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	903,663	903,663	3,576,491	2,672,828
Transfers out	(4,022,259)	(4,022,259)	(4,454,092)	(431,833)
Proceeds from sale of capital assets	-	-	873,620	873,620
Total other financing sources (uses)	<u>(3,118,596)</u>	<u>(3,118,596)</u>	<u>(3,981)</u>	<u>3,114,615</u>
Net change in fund balance	5,425,738	(812,438)	15,212,745	16,025,183
Fund balance, beginning of year	<u>67,117,328</u>	<u>67,117,328</u>	<u>67,117,328</u>	<u>-</u>
Fund balance, end of year	<u>\$ 72,543,066</u>	<u>\$ 66,304,890</u>	<u>\$ 82,330,073</u>	<u>\$ 16,025,183</u>

See accompanying note to required supplementary information.



**CITY OF GARDEN GROVE**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

### ***Developer Fees Fund***

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

### ***Garden Grove Cable Fund***

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

### ***Street Lighting Fund***

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

### ***Park Maintenance***

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

### ***Main Street District Fund***

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

### ***Air Quality Improvement Fund***

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

### ***Other Grants and Contributions Fund***

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

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

***Garden Grove Tourism Improvement District***

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

***Street Rehabilitation Fund***

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

***HOME Grant Special Revenue Fund***

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

**CAPITAL PROJECTS FUNDS**

***Major Fund:***

***Housing Successor Agency Fund***

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

***Nonmajor Funds:***

***Housing Authority Assets Fund***

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

***Public Safety Fund***

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

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**CITY OF GARDEN GROVE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<b>Special Revenue Funds</b>			
	<b>Public Safety</b>	<b>State Gas Tax</b>	<b>Developer Fees</b>	<b>Garden Grove Cable</b>
<b>ASSETS</b>				
Cash and investments	\$ 1,988,339	\$ 6,546,806	\$ 9,990,073	\$ 5,428
Cash with fiscal agents	-	-	-	-
Taxes receivable	47,158	463,257	-	-
Accounts receivable	-	-	-	12,311
Interest receivable	5,213	26,533	39,561	-
Deposits and prepaid items	190,860	-	-	3,749
Intergovernmental receivable	-	-	-	-
Notes receivable, net	-	-	-	-
Total assets	<u>\$ 2,231,570</u>	<u>\$ 7,036,596</u>	<u>\$ 10,029,634</u>	<u>\$ 21,488</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,273	\$ 1,099,714	\$ 232,046	\$ 2,258
Accrued liabilities	-	233,901	35,280	3,727
Unearned revenue	-	-	-	-
Due to other funds	-	39,810	2,148	3,192
Total liabilities	<u>1,273</u>	<u>1,373,425</u>	<u>269,474</u>	<u>9,177</u>
Deferred Inflows of Resources:				
Unavailable Revenue	-	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Non-Spendable:				
Prepaid items	190,860	-	-	3,749
Restricted:				
Public safety	2,039,437	-	-	-
Public right of way	-	5,663,171	2,020,929	-
Drainage	-	-	75,654	-
Community planning and development	-	-	2,084,532	-
Community services	-	-	5,579,045	8,562
Unassigned	-	-	-	-
Total fund balances	<u>2,230,297</u>	<u>5,663,171</u>	<u>9,760,160</u>	<u>12,311</u>
Total liabilities and fund balances	<u>\$ 2,231,570</u>	<u>\$ 7,036,596</u>	<u>\$ 10,029,634</u>	<u>\$ 21,488</u>



<b>Special Revenue Funds</b>			
<b>Street Lighting</b>	<b>Park Maintenance</b>	<b>Main Street District</b>	<b>Air Quality Improvement</b>
\$ 205,888	\$ 51,499	\$ 223,665	\$ 244,167
-	-	-	-
16,551	8,226	-	-
-	33,476	-	-
-	277	900	2,664
-	-	-	-
-	-	-	54,818
-	-	-	-
<u>\$ 222,439</u>	<u>\$ 93,478</u>	<u>\$ 224,565</u>	<u>\$ 301,649</u>
\$ 164,220	\$ 11,165	\$ 2,591	\$ 1,720
2,916	4,005	-	789
-	-	-	-
2,701	4,478	-	690
<u>169,837</u>	<u>19,648</u>	<u>2,591</u>	<u>3,199</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
52,602	-	221,974	298,450
-	-	-	-
-	73,830	-	-
-	-	-	-
-	-	-	-
<u>52,602</u>	<u>73,830</u>	<u>221,974</u>	<u>298,450</u>
<u>\$ 222,439</u>	<u>\$ 93,478</u>	<u>\$ 224,565</u>	<u>\$ 301,649</u>

**CITY OF GARDEN GROVE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2020**

	<b>Special Revenue Funds</b>		
	<b>Other Grants and Contributions</b>	<b>GG Tourism Improvement District</b>	<b>Street Rehabilitation</b>
<b>ASSETS</b>			
Cash and investments	\$ 4,202,855	\$ 90,818	\$ 1,359,669
Cash with fiscal agents	-	-	-
Taxes receivable	-	139,618	-
Accounts receivable	49,217	-	537,176
Interest receivable	1,550	-	3,847
Deposits and prepaid items	-	-	-
Intergovernmental receivable	2,275,251	-	338,207
Notes receivable, net	3,147,236	-	-
Total assets	<u>\$ 9,676,109</u>	<u>\$ 230,436</u>	<u>\$ 2,238,899</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 526,485	\$ -	\$ 745,936
Accrued liabilities	93,168	166,273	15,101
Unearned revenue	49,252	-	-
Due to other funds	2,104,462	7,500	410,660
Total liabilities	<u>2,773,367</u>	<u>173,773</u>	<u>1,171,697</u>
Deferred Inflows of Resources:			
Unavailable Revenue	2,178,815	115,960	-
Total Deferred Inflows	<u>2,178,815</u>	<u>115,960</u>	<u>-</u>
Fund balances:			
Non-Spendable:			
Prepaid items	-	-	-
Restricted			
Public safety	429,489	-	-
Public right of way	1,031,215	-	1,067,202
Drainage	-	-	-
Community planning and development	3,009,480	-	-
Community services	253,743	-	-
Unassigned	-	(59,297)	-
Total fund balances	<u>4,723,927</u>	<u>(59,297)</u>	<u>1,067,202</u>
Total liabilities and fund balances	<u>\$ 9,676,109</u>	<u>\$ 230,436</u>	<u>\$ 2,238,899</u>

<b>Special Revenue</b>			
<b>Fund</b>	<b>Capital Project Funds</b>		<b>Total</b>
<b>HOME Grant Special Revenue Fund</b>	<b>Housing Authority Assets</b>	<b>Public Safety</b>	<b>Nonmajor Governmental Funds</b>
\$ 154,844	\$ 698,209	\$ 69,962	\$ 25,832,222
-	-	1,564,125	1,564,125
-	-	-	674,810
-	1,714	-	633,894
634	2,782	-	83,961
-	-	-	194,609
309,701	-	-	2,977,977
16,848,560	1,776,212	-	21,772,008
<u>\$ 17,313,739</u>	<u>\$ 2,478,917</u>	<u>\$ 1,634,087</u>	<u>\$ 53,733,606</u>
\$ 167,610	\$ -	\$ -	\$ 2,955,018
2,226	-	-	557,386
-	-	-	49,252
1,952	-	-	2,577,593
<u>171,788</u>	<u>-</u>	<u>-</u>	<u>6,139,249</u>
309,701	-	-	2,604,476
<u>309,701</u>	<u>-</u>	<u>-</u>	<u>2,604,476</u>
-	-	-	194,609
-	-	1,634,087	4,103,013
-	-	-	10,355,543
-	-	-	75,654
16,832,250	2,478,917	-	24,479,009
-	-	-	5,841,350
-	-	-	(59,297)
<u>16,832,250</u>	<u>2,478,917</u>	<u>1,634,087</u>	<u>44,989,881</u>
<u>\$ 17,313,739</u>	<u>\$ 2,478,917</u>	<u>\$ 1,634,087</u>	<u>\$ 53,733,606</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, 2020**

	<b>Special Revenue Funds</b>			
	<b>Public Safety</b>	<b>State Gas Tax</b>	<b>Developer Fees</b>	<b>Garden Grove Cable</b>
<b>REVENUES:</b>				
Taxes	\$ 688,161	\$ -	\$ -	\$ 82,144
Licenses and permits	-	-	70,282	-
Fines, forfeits and penalties	98,939	-	-	-
Investment earnings	40,958	173,511	347,149	-
Charges for current services	56,160	-	2,189,482	-
From other agencies	416,024	7,026,854	-	-
Other revenues	-	604	-	55,027
Total revenues	<u>1,300,242</u>	<u>7,200,969</u>	<u>2,606,913</u>	<u>137,171</u>
<b>EXPENDITURES:</b>				
Current:				
Police	604,573	-	-	-
Traffic safety	-	374,894	-	-
Public right of way	-	1,763,664	-	-
Community services	-	-	26,973	362,641
Economic development	-	-	-	-
Parks and greenbelts	-	-	22,624	-
Community planning and development	-	-	149,740	41,289
Municipal support	-	-	-	6,530
Capital outlay:				
Police	43,700	-	-	-
Traffic safety	-	16,978	-	-
Public right of way	-	5,498,464	360,879	-
Drainage	-	-	52,154	-
Community buildings	-	-	28,370	-
Community services	-	-	-	-
Parks and greenbelts	-	-	311,120	-
Total expenditures	<u>648,273</u>	<u>7,654,000</u>	<u>951,860</u>	<u>410,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>651,969</u>	<u>(453,031)</u>	<u>1,655,053</u>	<u>(273,289)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	325,332
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,332</u>
Net change in fund balances	651,969	(453,031)	1,655,053	52,043
Fund balance (deficit), beginning of year, as restated	<u>1,578,328</u>	<u>6,116,202</u>	<u>8,105,107</u>	<u>(39,732)</u>
Fund balance (deficit), end of year	<u>\$ 2,230,297</u>	<u>\$ 5,663,171</u>	<u>\$ 9,760,160</u>	<u>\$ 12,311</u>

<b>Special Revenue Funds</b>			
<b>Street Lighting</b>	<b>Park Maintenance</b>	<b>Main Street District</b>	<b>Air Quality Improvement</b>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
4,617	1,387	8,006	14,646
1,352,117	706,167	26,371	-
-	-	-	222,157
-	-	-	404
<u>1,356,734</u>	<u>707,554</u>	<u>34,377</u>	<u>237,207</u>
-	-	-	-
1,245,022	-	-	-
68,612	-	20,810	10,000
-	-	-	-
-	-	-	-
-	699,010	-	-
-	-	-	3,948
23,405	4,749	-	132,945
-	-	-	-
-	-	-	-
-	-	-	400,000
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,337,039</u>	<u>703,759</u>	<u>20,810</u>	<u>546,893</u>
<u>19,695</u>	<u>3,795</u>	<u>13,567</u>	<u>(309,686)</u>
-	3,760	-	-
-	-	-	-
-	<u>3,760</u>	-	-
19,695	7,555	13,567	(309,686)
<u>32,907</u>	<u>66,275</u>	<u>208,407</u>	<u>608,136</u>
<u>\$ 52,602</u>	<u>\$ 73,830</u>	<u>\$ 221,974</u>	<u>\$ 298,450</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, 2020**

	Special Revenue Funds		
	Other Grants and Contributions	GG Tourism Improvement District	Street Rehabilitation
<b>REVENUES:</b>			
Taxes	\$ -	\$ 2,084,297	\$ -
Licenses and permits	-	-	-
Fines, forfeits and penalties	865,554	-	-
Investment earnings	34,495	-	41,578
Charges for current services	-	-	-
From other agencies	4,189,132	-	3,782,749
Other revenues	993	-	-
Total revenues	<u>5,090,174</u>	<u>2,084,297</u>	<u>3,824,327</u>
<b>EXPENDITURES:</b>			
Current:			
Police	613,149	-	-
Traffic safety	406,056	-	-
Public right of way	63,370	-	310,330
Community services	462,325	-	153,227
Economic Development	-	1,802,915	-
Parks and greenbelts	-	-	-
Community planning and development	1,310,331	-	-
Municipal support	47,500	-	-
Capital outlay:			
Police	9,290	-	-
Traffic safety	-	-	-
Public right of way	3,268,786	-	3,503,456
Drainage	-	-	-
Community buildings	-	-	-
Community services	5,977	-	-
Parks and greenbelts	-	-	-
Total expenditures	<u>6,186,784</u>	<u>1,802,915</u>	<u>3,967,013</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,096,610)</u>	<u>281,382</u>	<u>(142,686)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	-	(603,332)	-
Total other financing sources (uses)	<u>-</u>	<u>(603,332)</u>	<u>-</u>
Net change in fund balances	(1,096,610)	(321,950)	(142,686)
Fund balance (deficit), beginning of year, as restated	<u>5,820,537</u>	<u>262,653</u>	<u>1,209,888</u>
Fund balance (deficit), end of year	<u>\$ 4,723,927</u>	<u>\$ (59,297)</u>	<u>\$ 1,067,202</u>

<b>Special Revenue Fund</b>	<b>Capital Project Funds</b>		<b>Total Nonmajor Governmental Funds</b>
<b>HOME Grant</b>	<b>Housing Authority Assets</b>	<b>Public Safety</b>	
\$ -	\$ -	\$ -	\$ 2,854,602
-	-	-	70,282
-	-	-	964,493
395,876	95,918	2,268	1,160,409
-	-	-	4,330,297
47,155	-	-	15,684,071
2,806	-	-	59,834
<u>445,837</u>	<u>95,918</u>	<u>2,268</u>	<u>25,123,988</u>
-	-	-	1,217,722
-	-	-	2,025,972
-	-	-	2,236,786
-	-	-	1,005,166
-	696	-	1,803,611
-	-	-	721,634
408,222	-	-	1,913,530
-	-	-	215,129
-	-	-	52,990
-	-	-	16,978
-	-	-	13,031,585
-	-	-	52,154
-	-	-	28,370
-	-	-	5,977
-	-	-	311,120
<u>408,222</u>	<u>696</u>	<u>-</u>	<u>24,638,724</u>
<u>37,615</u>	<u>95,222</u>	<u>2,268</u>	<u>485,264</u>
-	-	-	329,092
-	-	-	(603,332)
-	-	-	(274,240)
37,615	95,222	2,268	211,024
<u>16,794,635</u>	<u>2,383,695</u>	<u>1,631,819</u>	<u>44,778,857</u>
<u>\$ 16,832,250</u>	<u>\$ 2,478,917</u>	<u>\$ 1,634,087</u>	<u>\$ 44,989,881</u>

**CITY OF GARDEN GROVE  
PUBLIC SAFETY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 750,000	\$ 750,000	\$ 688,161	\$ (61,839)
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	38,000	38,000	98,939	60,939
Investment earnings	2,000	2,000	40,958	38,958
Charges for current services	55,000	55,000	56,160	1,160
From other agencies	250,000	250,000	416,024	166,024
Other revenues	-	-	-	-
Total revenues	<u>1,095,000</u>	<u>1,095,000</u>	<u>1,300,242</u>	<u>205,242</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	567,146	719,541	604,573	114,968
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	307,615	720,681	43,700	676,981
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>874,761</u>	<u>1,440,222</u>	<u>648,273</u>	<u>791,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>220,239</u>	<u>(345,222)</u>	<u>651,969</u>	<u>997,191</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	220,239	(345,222)	651,969	997,191
Fund balance, beginning of year	<u>1,578,328</u>	<u>1,578,328</u>	<u>1,578,328</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,798,567</u>	<u>\$ 1,233,106</u>	<u>\$ 2,230,297</u>	<u>\$ 997,191</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, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	51,000	51,000	173,511	122,511
Charges for current services	-	-	-	-
From other agencies	6,495,489	6,495,489	7,026,854	531,365
Other revenues	-	-	604	604
Total revenues	<u>6,546,489</u>	<u>6,546,489</u>	<u>7,200,969</u>	<u>654,480</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	305,430	382,430	374,894	7,536
Public right of way	1,941,053	2,710,228	1,763,664	946,564
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	10,895	16,978	(6,083)
Public right of way	4,415,000	8,887,550	5,498,464	3,389,086
Drainage	-	53,404	-	53,404
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,661,483</u>	<u>12,044,507</u>	<u>7,654,000</u>	<u>4,390,507</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(114,994)</u>	<u>(5,498,018)</u>	<u>(453,031)</u>	<u>5,044,987</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(114,994)	(5,498,018)	(453,031)	5,044,987
Fund balance, beginning of year	<u>6,116,202</u>	<u>6,116,202</u>	<u>6,116,202</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,001,208</u>	<u>\$ 618,184</u>	<u>\$ 5,663,171</u>	<u>\$ 5,044,987</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, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	29,000	29,000	70,282	41,282
Fines, forfeits and penalties	-	-	-	-
Investment earnings	42,000	42,000	347,149	305,149
Charges for current services	319,000	319,000	2,189,482	1,870,482
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>390,000</u>	<u>390,000</u>	<u>2,606,913</u>	<u>2,216,913</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	3,406	26,973	(23,567)
Economic development	-	-	-	-
Parks and greenbelts	30,000	41,547	22,624	18,923
Community planning and development	239,091	640,853	149,740	491,113
Municipal support	3,462	3,462	-	3,462
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	32,924	-	32,924
Public right of way	320,000	947,749	360,879	586,870
Drainage	-	35,265	52,154	(16,889)
Community buildings	700,000	818,619	28,370	790,249
Community services	450,000	450,000	-	450,000
Parks and greenbelts	525,000	1,110,661	311,120	799,541
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,267,553</u>	<u>4,084,486</u>	<u>951,860</u>	<u>3,132,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,877,553)</u>	<u>(3,694,486)</u>	<u>1,655,053</u>	<u>5,349,539</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,877,553)	(3,694,486)	1,655,053	5,349,539
Fund balance, beginning of year	8,105,107	8,105,107	8,105,107	-
Fund balance, end of year	<u>\$ 6,227,554</u>	<u>\$ 4,410,621</u>	<u>\$ 9,760,160</u>	<u>\$ 5,349,539</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, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 82,144	\$ 82,144
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	90,000	90,000	55,027	(34,973)
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>137,171</u>	<u>47,171</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	418,110	418,110	362,641	55,469
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	36,977	36,977	41,289	(4,312)
Municipal support	7,172	7,172	6,530	642
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>462,259</u>	<u>462,259</u>	<u>410,460</u>	<u>51,799</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(372,259)</u>	<u>(372,259)</u>	<u>(273,289)</u>	<u>98,970</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	372,259	372,259	325,332	(46,927)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>372,259</u>	<u>372,259</u>	<u>325,332</u>	<u>(46,927)</u>
Net change in fund balance	-	-	52,043	52,043
Fund balance, beginning of year	<u>(39,732)</u>	<u>(39,732)</u>	<u>(39,732)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (39,732)</u>	<u>\$ (39,732)</u>	<u>\$ 12,311</u>	<u>\$ 52,043</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, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	4,617	4,617
Charges for current services	1,335,277	1,335,277	1,352,117	16,840
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>1,335,277</u>	<u>1,335,277</u>	<u>1,356,734</u>	<u>21,457</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	1,278,886	1,278,886	1,245,022	33,864
Public right of way	34,510	34,510	68,612	(34,102)
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	21,881	21,881	23,405	(1,524)
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,335,277</u>	<u>1,335,277</u>	<u>1,337,039</u>	<u>(1,762)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>19,695</u>	<u>19,695</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	19,695	19,695
Fund balance, beginning of year	<u>32,907</u>	<u>32,907</u>	<u>32,907</u>	<u>-</u>
Fund balance, end of year	<u>\$ 32,907</u>	<u>\$ 32,907</u>	<u>\$ 52,602</u>	<u>\$ 19,695</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, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	1,387	1,387
Charges for current services	706,740	706,740	706,167	(573)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>706,740</u>	<u>706,740</u>	<u>707,554</u>	<u>814</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	700,000	700,000	699,010	990
Community planning and development	-	-	-	-
Municipal support	-	-	4,749	(4,749)
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>700,000</u>	<u>700,000</u>	<u>703,759</u>	<u>(3,759)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,740</u>	<u>6,740</u>	<u>3,795</u>	<u>(2,945)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	3,760	3,760
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,760</u>	<u>3,760</u>
Net change in fund balance	6,740	6,740	7,555	815
Fund balance, beginning of year	66,275	66,275	66,275	-
Fund balance, end of year	<u>\$ 73,015</u>	<u>\$ 73,015</u>	<u>\$ 73,830</u>	<u>\$ 815</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, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	8,006	8,006
Charges for current services	26,700	26,700	26,371	(329)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>26,700</u>	<u>26,700</u>	<u>34,377</u>	<u>7,677</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	37,993	140,899	20,810	120,089
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>37,993</u>	<u>140,899</u>	<u>20,810</u>	<u>120,089</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,293)</u>	<u>(114,199)</u>	<u>13,567</u>	<u>127,766</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(11,293)	(114,199)	13,567	127,766
Fund balance, beginning of year	<u>208,407</u>	<u>208,407</u>	<u>208,407</u>	<u>-</u>
Fund balance, end of year	<u>\$ 197,114</u>	<u>\$ 94,208</u>	<u>\$ 221,974</u>	<u>\$ 127,766</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, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	14,646	14,646
Charges for current services	-	-	-	-
From other agencies	220,000	220,000	222,157	2,157
Other revenues	-	-	404	404
Total revenues	<u>220,000</u>	<u>220,000</u>	<u>237,207</u>	<u>17,207</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	12,000	10,000	2,000
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	21,260	21,260	3,948	17,312
Municipal support	200,834	200,834	132,945	67,889
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	139,000	539,000	400,000	139,000
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>361,094</u>	<u>773,094</u>	<u>546,893</u>	<u>226,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(141,094)</u>	<u>(553,094)</u>	<u>(309,686)</u>	<u>243,408</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(141,094)	(553,094)	(309,686)	243,408
Fund balance, beginning of year	<u>608,136</u>	<u>608,136</u>	<u>608,136</u>	<u>-</u>
Fund balance, end of year	<u>\$ 467,042</u>	<u>\$ 55,042</u>	<u>\$ 298,450</u>	<u>\$ 243,408</u>

**CITY OF GARDEN GROVE  
OTHER GRANTS AND CONTRIBUTIONS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	700,000	700,000	865,554	165,554
Investment earnings	-	-	34,495	34,495
Charges for current services	-	-	-	-
From other agencies	5,859,489	7,831,763	4,189,132	(3,642,631)
Other revenues	-	-	993	993
Total revenues	<u>6,559,489</u>	<u>8,531,763</u>	<u>5,090,174</u>	<u>(3,441,589)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	389,599	863,768	613,149	250,619
Traffic safety	497,720	497,720	406,056	91,664
Public right of way	91,232	262,981	63,370	199,611
Community buildings	-	-	-	-
Community services	572,672	594,482	462,325	132,157
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	1,733,060	4,741,896	1,310,331	3,431,565
Municipal support	-	-	47,500	(47,500)
Capital outlay:				
Fire	-	-	-	-
Police	-	-	9,290	(9,290)
Traffic safety	-	407,522	-	407,522
Public right of way	3,291,000	5,910,746	3,268,786	2,641,960
Drainage	-	-	-	-
Community buildings	-	5,603	-	5,603
Community services	-	-	5,977	(5,977)
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,575,283</u>	<u>13,284,718</u>	<u>6,186,784</u>	<u>7,097,934</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,794)</u>	<u>(4,752,955)</u>	<u>(1,096,610)</u>	<u>3,656,345</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(15,794)	(4,752,955)	(1,096,610)	3,656,345
Fund balance, beginning of year	<u>5,820,537</u>	<u>5,820,537</u>	<u>5,820,537</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,804,743</u>	<u>\$ 1,067,582</u>	<u>\$ 4,723,927</u>	<u>\$ 3,656,345</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, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 3,801,931	\$ 3,801,931	\$ 2,084,297	\$ (1,717,634)
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>3,801,931</u>	<u>3,801,931</u>	<u>2,084,297</u>	<u>(1,717,634)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	2,898,317	2,898,317	1,802,915	1,095,402
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,898,317</u>	<u>2,898,317</u>	<u>1,802,915</u>	<u>1,095,402</u>
Excess (deficiency) of revenues over (under) expenditures	<u>903,614</u>	<u>903,614</u>	<u>281,382</u>	<u>(622,232)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(903,663)	(903,663)	(603,332)	300,331
Total other financing sources (uses)	<u>(903,663)</u>	<u>(903,663)</u>	<u>(603,332)</u>	<u>300,331</u>
Net change in fund balance	(49)	(49)	(321,950)	(321,901)
Fund balance, beginning of year	<u>262,653</u>	<u>262,653</u>	<u>262,653</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 262,604</u>	<u>\$ 262,604</u>	<u>\$ (59,297)</u>	<u>\$ (321,901)</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, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	25,000	25,000	41,578	16,578
Charges for current services	-	-	-	-
From other agencies	3,495,000	3,495,000	3,782,749	287,749
Other revenues	-	-	-	-
Total revenues	<u>3,520,000</u>	<u>3,520,000</u>	<u>3,824,327</u>	<u>304,327</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	310,330	(310,330)
Community buildings	-	-	-	-
Community services	185,000	185,000	153,227	31,773
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	28,591	-	28,591
Public right of way	3,515,000	4,635,581	3,503,456	1,132,125
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,700,000</u>	<u>4,849,172</u>	<u>3,967,013</u>	<u>882,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(180,000)</u>	<u>(1,329,172)</u>	<u>(142,686)</u>	<u>1,186,486</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(180,000)	(1,329,172)	(142,686)	1,186,486
Fund balance, beginning of year	<u>1,209,888</u>	<u>1,209,888</u>	<u>1,209,888</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 1,029,888</u>	<u>\$ (119,284)</u>	<u>\$ 1,067,202</u>	<u>\$ 1,186,486</u>

**CITY OF GARDEN GROVE  
HOME GRANT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	395,876	395,876
Charges for current services	-	-	-	-
From other agencies	819,096	819,096	47,155	(771,941)
Other revenues	-	-	2,806	2,806
Total revenues	<u>819,096</u>	<u>819,096</u>	<u>445,837</u>	<u>(373,259)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	819,096	2,946,255	408,222	2,538,033
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>819,096</u>	<u>2,946,255</u>	<u>408,222</u>	<u>2,538,033</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(2,127,159)</u>	<u>37,615</u>	<u>2,164,774</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(2,127,159)</u>	<u>37,615</u>	<u>2,164,774</u>
Fund balance, beginning of year	<u>16,794,635</u>	<u>16,794,635</u>	<u>16,794,635</u>	<u>-</u>
Fund balance, end of year	<u>\$ 16,794,635</u>	<u>\$ 14,667,476</u>	<u>\$ 16,832,250</u>	<u>\$ 2,164,774</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, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	105,890	105,890	257,419	151,529
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>105,890</u>	<u>105,890</u>	<u>257,419</u>	<u>151,529</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	105,890	205,890	160,971	44,919
Municipal support	-	-	31,491	(31,491)
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>105,890</u>	<u>205,890</u>	<u>192,462</u>	<u>13,428</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(100,000)</u>	<u>64,957</u>	<u>164,957</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	475,000	475,000
Transfers out	-	-	<u>(2,300,000)</u>	<u>(2,300,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,825,000)</u>	<u>(1,825,000)</u>
Net change in fund balance	-	(100,000)	(1,760,043)	(1,660,043)
Fund balance, beginning of year	<u>22,251,964</u>	<u>22,251,964</u>	<u>22,251,964</u>	<u>-</u>
Fund balance, end of year	<u>\$ 22,251,964</u>	<u>\$ 22,151,964</u>	<u>\$ 20,491,921</u>	<u>\$ (1,660,043)</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, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	37,000	37,000	95,918	58,918
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>37,000</u>	<u>37,000</u>	<u>95,918</u>	<u>58,918</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	37,000	108,127	696	107,431
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>37,000</u>	<u>108,127</u>	<u>696</u>	<u>107,431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(71,127)</u>	<u>95,222</u>	<u>166,349</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(71,127)	95,222	166,349
Fund balance, beginning of year	<u>2,383,695</u>	<u>2,383,695</u>	<u>2,383,695</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,383,695</u>	<u>\$ 2,312,568</u>	<u>\$ 2,478,917</u>	<u>\$ 166,349</u>

**CITY OF GARDEN GROVE  
PUBLIC SAFETY CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	2,268	2,268
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	2,268	2,268
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	1,550,000	1,550,000	-	1,550,000
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,550,000	1,550,000	-	1,550,000
Excess (deficiency) of revenues over (under) expenditures	(1,550,000)	(1,550,000)	2,268	1,552,268
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(1,550,000)	(1,550,000)	2,268	1,552,268
Fund balance, beginning of year	1,631,819	1,631,819	1,631,819	-
Fund balance, end of year	\$ 81,819	\$ 81,819	\$ 1,634,087	\$ 1,552,268

**CITY OF GARDEN GROVE  
NONMAJOR ENTERPRISE FUNDS**

***Solid Waste Disposal Fund***

The Solid Waste Disposal fund accounts for the operation of trash and solid waste collections and disposal services.

***Golf Course Fund***

The fund was established to account for operations of the Willowick Golf Course.

**CITY OF GARDEN GROVE  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2020**

	<b>Solid Waste Disposal</b>	<b>Golf Course</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash investments	\$ 9,487,523	\$ 274,720	\$ 9,762,243
Taxes receivable	39,980	12,340	52,320
Accounts receivable	182,407	-	182,407
Interest receivable	37,818	-	37,818
Inventory	-	8,734	8,734
Prepaid Items	-	51,413	51,413
Total current assets	<u>9,747,728</u>	<u>347,207</u>	<u>10,094,935</u>
Noncurrent Assets:			
Capital assets			
Land	-	3,132,711	3,132,711
Total noncurrent assets	<u>-</u>	<u>3,132,711</u>	<u>3,132,711</u>
Total assets	<u>9,747,728</u>	<u>3,479,918</u>	<u>13,227,646</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB related	189,680	-	189,680
Pension related	199,587	-	199,587
Total Deferred Outflows	<u>389,267</u>	<u>-</u>	<u>389,267</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	25,108	33,203	58,311
Accrued liabilities	54,437	32,023	86,460
Refundable deposits	165,500	-	165,500
Due to other funds	18,426	-	18,426
Total current liabilities	<u>263,471</u>	<u>65,226</u>	<u>328,697</u>
Noncurrent liabilities:			
Net pension liability	1,552,945	-	1,552,945
OPEB liability	350,209	-	350,209
Total noncurrent liabilities	<u>1,903,154</u>	<u>-</u>	<u>1,903,154</u>
Total liabilities	<u>2,166,625</u>	<u>65,226</u>	<u>2,231,851</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB related	7,023	-	7,023
Pension related	45,041	-	45,041
Total Deferred Inflows	<u>52,064</u>	<u>-</u>	<u>52,064</u>
<b>NET POSITION</b>			
Investment in capital assets	-	3,132,711	3,132,711
Unrestricted	7,918,306	281,981	8,200,287
Total net position	<u>\$ 7,918,306</u>	<u>\$ 3,414,692</u>	<u>\$ 11,332,998</u>



**CITY OF GARDEN GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Solid Waste Disposal</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Operating revenues:</b>			
Charges for services	\$ -	\$ 1,242,980	\$ 1,242,980
Solid waste disposal fees	2,255,155	-	2,255,155
Property assessments	441,514	-	441,514
Other	630,202	-	630,202
Total operating revenues	<u>3,326,871</u>	<u>1,242,980</u>	<u>4,569,851</u>
<b>Operating expenses:</b>			
Salaries and benefits	955,907	-	955,907
Contractual services	1,122,734	-	1,122,734
Materials and supplies	11,643	-	11,643
Golf course operations	-	1,478,752	1,478,752
Total operating expenses	<u>2,090,284</u>	<u>1,478,752</u>	<u>3,569,036</u>
Operating income (loss)	<u>1,236,587</u>	<u>(235,772)</u>	<u>1,000,815</u>
<b>Nonoperating revenues:</b>			
Investment income	332,661	-	332,661
Total nonoperating revenue	<u>332,661</u>	<u>-</u>	<u>332,661</u>
Income (loss)	<u>1,569,248</u>	<u>(235,772)</u>	<u>1,333,476</u>
Change in net position	1,569,248	(235,772)	1,333,476
<b>Total net position, beginning of year, as restated</b>	<u>6,349,058</u>	<u>3,650,464</u>	<u>9,999,522</u>
<b>Total net position, end of year</b>	<u>\$ 7,918,306</u>	<u>\$ 3,414,692</u>	<u>\$ 11,332,998</u>

**CITY OF GARDEN GROVE  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Solid Waste Disposal</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from user departments	\$ 5,185,914	\$ 1,242,980	\$ 6,428,894
Payments to suppliers	(3,041,686)	(1,664,781)	(4,706,467)
Payments to employees	(803,482)	-	(803,482)
Net cash provided (used) by operating activities	<u>1,340,746</u>	<u>(421,801)</u>	<u>918,945</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earnings	142,557	-	142,557
Increase in fair value of investments	<u>186,096</u>	<u>-</u>	<u>186,096</u>
Net cash provided by investing activities	<u>328,653</u>	<u>-</u>	<u>328,653</u>
Net increase (decrease) in cash and cash equivalents	1,669,399	(421,801)	1,247,598
Cash and cash equivalents, beginning of year	<u>7,818,124</u>	<u>696,521</u>	<u>8,514,645</u>
Cash and cash equivalents, end of year	<u>\$ 9,487,523</u>	<u>\$ 274,720</u>	<u>\$ 9,762,243</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	<u>\$ 1,236,587</u>	<u>\$ (235,772)</u>	<u>\$ 1,000,815</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
(Increase) decrease in taxes receivable	(9,193)	(12,340)	(21,533)
(Increase) decrease in accounts receivable	4,647	-	4,647
(Increase) decrease in inventory	-	(4,791)	(4,791)
(Increase) decrease in prepaid expense	-	(51,413)	(51,413)
Increase (decrease) in accounts payable	(6,866)	(125,294)	(132,160)
Increase (decrease) in accrued liabilities	(20,258)	7,809	(12,449)
Increase (decrease) in refundable deposits	165,500	-	165,500
Increase (decrease) in other current liabilities	(167,449)	-	(167,449)
Increase (decrease) in OPEB liability and related changes in deferred outflows and inflows of resources	25,345	-	25,345
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	112,433	-	112,433
Total adjustments	<u>104,159</u>	<u>(186,029)</u>	<u>(81,870)</u>
Net cash provided (used) by operating activities	<u>\$ 1,340,746</u>	<u>\$ (421,801)</u>	<u>\$ 918,945</u>

*There were no noncash financing, capital or investing activities for the fiscal year ended June 30, 2020.*

**CITY OF GARDEN GROVE  
INTERNAL SERVICE FUNDS**

***Workers' Compensation Fund***

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

***Fleet Management Fund***

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

***Employee Benefits Fund***

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

***Information Systems Fund***

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

***Warehouse Operations Fund***

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

***Telephone System Fund***

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

***Risk Management Fund***

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

***Communication Replacement Fund***

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

**CITY OF GARDEN GROVE  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2020**

	<b>Workers' Compensation</b>	<b>Fleet Management</b>	<b>Employee Benefits</b>	<b>Information Systems</b>
<b>ASSETS</b>				
Current Assets:				
Cash and cash investments	\$ 39,766,707	\$ 37,133,119	\$ 11,518,996	\$ 6,938,220
Accounts receivable, net	-	54,760	48,032	-
Interest receivable	137,789	-	-	13,894
Due from other funds	2,731,143	-	2,289,129	-
Inventory	-	38,932	-	-
Prepaid Items	-	82,654	-	101,423
Total current assets	<u>42,635,639</u>	<u>37,309,465</u>	<u>13,856,157</u>	<u>7,053,537</u>
Noncurrent Assets:				
Deposits	-	-	-	1,720
Intercity loans receivable	-	2,403,036	-	-
Capital assets				
Construction in progress	-	384,193	-	-
Depreciable capital assets, net	-	10,484,407	-	204,890
Total noncurrent assets	<u>-</u>	<u>13,271,636</u>	<u>-</u>	<u>206,610</u>
Total assets	<u>42,635,639</u>	<u>50,581,101</u>	<u>13,856,157</u>	<u>7,260,147</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
OPEB related	-	325,166	-	623,234
Pension related	-	365,282	-	657,759
Total Deferred Outflows	<u>-</u>	<u>690,448</u>	<u>-</u>	<u>1,280,993</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	450	388,421	678,239	138,129
Accrued liabilities	41,709	31,048	270,018	51,416
Interest payable	-	-	-	39
Due to other funds	8,947	30,499	-	45,389
Current portion of long term liabilities				
Capital leases	-	-	-	62,645
Accrued compensated absences	-	-	7,582,230	-
Claims payable	4,830,588	-	-	-
Total current liabilities	<u>4,881,694</u>	<u>449,968</u>	<u>8,530,487</u>	<u>297,618</u>
Noncurrent liabilities:				
Capital leases	-	-	-	63,416
Accrued compensated absences	-	-	234,502	-
Claims payable	29,949,939	-	-	-
Intercity loans payable	-	-	-	-
Net pension liability	-	2,842,182	-	5,117,881
OPEB liability	-	519,097	-	1,150,686
Total noncurrent liabilities	<u>29,949,939</u>	<u>3,361,279</u>	<u>234,502</u>	<u>6,331,983</u>
Total liabilities	<u>34,831,633</u>	<u>3,811,247</u>	<u>8,764,989</u>	<u>6,629,601</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB related	-	12,040	-	23,076
Pension related	-	82,433	-	148,436
Total Deferred Inflows	<u>-</u>	<u>94,473</u>	<u>-</u>	<u>171,512</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	10,868,600	-	78,829
Unrestricted	7,804,006	36,497,229	5,091,168	1,661,198
Total net position	<u>\$ 7,804,006</u>	<u>\$ 47,365,829</u>	<u>\$ 5,091,168</u>	<u>\$ 1,740,027</u>

<b>Warehouse Operations</b>	<b>Telephone System</b>	<b>Risk Management</b>	<b>Communication Replacement</b>	<b>Total</b>
\$ 566,937	\$ 1,842,081	\$ 13,775,986	\$ 979,101	\$ 112,521,147
-	-	-	-	102,792
-	-	45,916	-	197,599
-	-	-	-	5,020,272
417,011	-	-	-	455,943
-	8,783	18,407	-	211,267
<u>983,948</u>	<u>1,850,864</u>	<u>13,840,309</u>	<u>979,101</u>	<u>118,509,020</u>
-	-	-	-	1,720
-	-	2,553,273	-	4,956,309
-	-	-	-	384,193
-	124,057	-	2,206,070	13,019,424
-	124,057	2,553,273	2,206,070	18,361,646
<u>983,948</u>	<u>1,974,921</u>	<u>16,393,582</u>	<u>3,185,171</u>	<u>136,870,666</u>
-	-	-	-	948,400
-	-	-	-	1,023,041
-	-	-	-	1,971,441
277	10,086	19,180	-	1,234,782
8,841	4,029	13,804	-	420,865
-	-	-	-	39
8,521	3,496	11,955	-	108,807
-	49,623	-	-	112,268
-	-	-	-	7,582,230
-	-	2,551,251	-	7,381,839
<u>17,639</u>	<u>67,234</u>	<u>2,596,190</u>	<u>-</u>	<u>16,840,830</u>
-	49,623	-	-	113,039
-	-	-	-	234,502
-	-	4,200,380	-	34,150,319
-	-	-	2,403,036	2,403,036
-	-	-	-	7,960,063
-	-	-	-	1,669,783
-	49,623	4,200,380	2,403,036	46,530,742
<u>17,639</u>	<u>116,857</u>	<u>6,796,570</u>	<u>2,403,036</u>	<u>63,371,572</u>
-	-	-	-	35,116
-	-	-	-	230,869
-	-	-	-	265,985
-	24,811	-	2,206,070	13,178,310
<u>966,309</u>	<u>1,833,253</u>	<u>9,597,012</u>	<u>(1,423,935)</u>	<u>62,026,240</u>
<u>\$ 966,309</u>	<u>\$ 1,858,064</u>	<u>\$ 9,597,012</u>	<u>\$ 782,135</u>	<u>\$ 75,204,550</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, 2020**

	<b>Workers'</b> <b>Compensation</b>	<b>Fleet</b> <b>Management</b>	<b>Employee</b> <b>Benefits</b>	<b>Information</b> <b>Systems</b>
<b>Operating revenues:</b>				
Charges for services	\$ 5,290,865	\$ 7,055,746	\$ 48,967,945	\$ 2,574,305
Other	-	46,164	-	-
Total operating revenues	<u>5,290,865</u>	<u>7,101,910</u>	<u>48,967,945</u>	<u>2,574,305</u>
<b>Operating expenses:</b>				
Salaries and benefits	1,021,536	1,503,816	44,568,835	2,112,260
Contractual services	23,762	739,684	71,902	182,475
Liability claims	3,226,914	218,900	-	26,896
Materials and supplies	139	1,216,061	177,929	90,151
Depreciation	-	1,231,828	-	107,736
Total operating expenses	<u>4,272,351</u>	<u>4,910,289</u>	<u>44,818,666</u>	<u>2,519,518</u>
Operating income (loss)	<u>1,018,514</u>	<u>2,191,621</u>	<u>4,149,279</u>	<u>54,787</u>
<b>Nonoperating revenues (expenses):</b>				
Investment income	1,720,157	33,012	-	195,753
(Loss) on disposal of assets	-	(97,353)	-	(809,316)
Interest expense	-	-	-	(1,934)
Total nonoperating revenue (expenses)	<u>1,720,157</u>	<u>(64,341)</u>	<u>-</u>	<u>(615,497)</u>
Income (loss) before transfers and capital contributions	2,738,671	2,127,280	4,149,279	(560,710)
Capital contributions	-	17,039	-	-
Transfers in	-	150,000	-	3,400,000
Transfers out	-	-	(673,159)	-
Change in net position	<u>2,738,671</u>	<u>2,294,319</u>	<u>3,476,120</u>	<u>2,839,290</u>
<b>Total net position (deficit), beginning of year</b>	<u>5,065,335</u>	<u>45,071,510</u>	<u>1,615,048</u>	<u>(1,099,263)</u>
<b>Total net position, end of year</b>	<u>\$ 7,804,006</u>	<u>\$ 47,365,829</u>	<u>\$ 5,091,168</u>	<u>\$ 1,740,027</u>

<b>Warehouse Operations</b>	<b>Telephone System</b>	<b>Risk Management</b>	<b>Communication Replacement</b>	<b>Total</b>
\$ 345,028	\$ 508,869	\$ 1,563,799	\$ 600,000	\$ 66,906,557
-	-	-	-	46,164
<u>345,028</u>	<u>508,869</u>	<u>1,563,799</u>	<u>600,000</u>	<u>66,952,721</u>
311,581	140,172	426,202	-	50,084,402
-	320,379	1,229,336	-	2,567,538
35,766	-	3,577,951	-	7,086,427
2,121	-	1,470	-	1,487,871
-	62,028	-	301,497	1,703,089
<u>349,468</u>	<u>522,579</u>	<u>5,234,959</u>	<u>301,497</u>	<u>62,929,327</u>
(4,440)	(13,710)	(3,671,160)	298,503	4,023,394
-	-	661,947	-	2,610,869
-	-	-	-	(906,669)
-	-	-	(33,011)	(34,945)
-	-	661,947	(33,011)	1,669,255
(4,440)	(13,710)	(3,009,213)	265,492	5,692,649
-	-	-	-	17,039
-	-	-	-	3,550,000
-	-	-	-	(673,159)
(4,440)	(13,710)	(3,009,213)	265,492	8,586,529
970,749	1,871,774	12,606,225	516,643	66,618,021
<u>\$ 966,309</u>	<u>\$ 1,858,064</u>	<u>\$ 9,597,012</u>	<u>\$ 782,135</u>	<u>\$ 75,204,550</u>

**CITY OF GARDEN GROVE  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Workers' Compensation</b>	<b>Fleet Management</b>	<b>Employee Benefits</b>	<b>Information Systems</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from user departments	\$ 5,284,613	\$ 7,001,587	\$ 46,514,683	\$ 2,666,301
Payments to suppliers	(4,400,797)	(1,985,288)	-	(380,028)
Payments to employees	(1,011,507)	(1,247,147)	(10,440,909)	(1,930,178)
Payments for employee benefits	-	-	(30,530,438)	-
Net cash (used) provided by operating activities	<u>(127,691)</u>	<u>3,769,152</u>	<u>5,543,336</u>	<u>356,095</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>				
Cash received from other funds	1,600,535	400,506	1,503,794	3,400,000
Cash paid to other funds	(2,731,143)	-	(2,962,288)	-
Net cash (used) provided by non capital financing activities	<u>(1,130,608)</u>	<u>400,506</u>	<u>(1,458,494)</u>	<u>3,400,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	-	(2,263,700)	-	(809,316)
Proceeds from sale of capital assets	-	204,882	-	-
Payments on lease purchase agreement	-	-	-	(61,884)
Interest paid	-	-	-	(1,952)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(2,058,818)</u>	<u>-</u>	<u>(873,152)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest earnings	1,118,250	33,012	-	63,246
Increase in fair value of investments	740,059	-	-	136,092
Net cash provided by investing activities	<u>1,858,309</u>	<u>33,012</u>	<u>-</u>	<u>199,338</u>
Net increase (decrease) in cash and cash equivalents	600,010	2,143,852	4,084,842	3,082,281
Cash and cash equivalents, beginning of year	<u>39,166,697</u>	<u>34,989,267</u>	<u>7,434,154</u>	<u>3,855,939</u>
Cash and cash equivalents, end of year	<u>\$ 39,766,707</u>	<u>\$ 37,133,119</u>	<u>\$ 11,518,996</u>	<u>\$ 6,938,220</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 1,018,514	\$ 2,191,621	\$ 4,149,279	\$ 54,787
Adjustments to reconcile operating income (income) to net cash (used) provided by operating activities:				
Depreciation expense	-	1,231,828	-	107,736
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	(49,956)	27,017	-
(Increase) decrease in inventory	-	47,495	-	-
(Increase) decrease in prepaid expense	-	(82,654)	685,873	(59,043)
Increase (decrease) in accounts payable	(2,250)	173,501	110,728	70,219
Increase (decrease) in compensated absences	-	-	667,844	-
Increase (decrease) in accrued liabilities	3,518	20,384	(97,405)	24,417
Increase (decrease) in claims payable	(1,147,473)	-	-	-
Increase (decrease) in OPEB liability and related changes in deferred outflows and inflows of resources	-	43,449	-	83,278
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	-	193,484	-	74,701
Total adjustments	<u>(1,146,205)</u>	<u>1,577,531</u>	<u>1,394,057</u>	<u>301,308</u>
Net cash (used) provided by operating activities	<u>\$ (127,691)</u>	<u>\$ 3,769,152</u>	<u>\$ 5,543,336</u>	<u>\$ 356,095</u>

**Supplemental schedule of noncash financing activities:**

During the year-ended June 30, 2020, there were \$167,039 in noncash financing activities in the Fleet Internal Service Fund.



	<b>Warehouse Operations</b>	<b>Telephone System</b>	<b>Risk Management</b>	<b>Communication Replacement</b>	<b>Total</b>
\$	281,594	\$ 507,009	\$ 1,516,033	\$ 600,000	\$ 64,371,820
	(33,789)	(317,209)	(3,544,303)	-	(10,661,414)
	(307,887)	(138,478)	(412,148)	-	(15,488,254)
	-	-	-	-	(30,530,438)
	(60,082)	51,322	(2,440,418)	600,000	7,691,714
	-	-	2,590,532	-	9,495,367
	-	-	(2,553,273)	(433,517)	(8,680,221)
	-	-	37,259	(433,517)	815,146
	-	-	-	-	(3,073,016)
	-	-	-	-	204,882
	-	(49,623)	-	-	(111,507)
	-	-	-	-	(1,952)
	-	(49,623)	-	-	(2,981,593)
	-	-	413,377	-	1,627,885
	-	-	271,079	-	1,147,230
	-	-	684,456	-	2,775,115
	(60,082)	1,699	(1,718,703)	166,483	8,300,382
	627,019	1,840,382	15,494,689	812,618	104,220,765
\$	566,937	\$ 1,842,081	\$ 13,775,986	\$ 979,101	\$ 112,521,147
\$	(4,440)	\$ (13,710)	\$ (3,671,160)	\$ 298,503	\$ 4,023,394
	-	62,028	-	301,497	1,703,089
	-	-	-	-	(22,939)
	(29,681)	-	18,408	-	36,222
	-	-	-	-	544,176
	(30,896)	1,311	(98,908)	-	223,705
	-	-	-	-	667,844
	4,935	1,693	14,052	-	(28,406)
	-	-	1,297,190	-	149,717
	-	-	-	-	126,727
	-	-	-	-	268,185
	(55,642)	65,032	1,230,742	301,497	3,668,320
\$	(60,082)	\$ 51,322	\$ (2,440,418)	\$ 600,000	\$ 7,691,714

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# Statistical Section

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## Statistical Section

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

### Financial Trends

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

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

### Revenue Capacity

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

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

### Debt Capacity

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

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

### Demographics and Economic Information

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

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

### Operating Information

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

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

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

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

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

The City implemented GASB 65 in FY 2013; as a result, effective FY 2013, the names of Schedule I and Schedule II are changed to "Net Position by Component" and "Changes in Net Position", respectively.

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

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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
Net investment in				
capital assets	\$ 560,993	\$ 643,306	\$ 643,095	\$ 644,220
Restricted	97,634	29,975	22,114	22,150
Unrestricted	<u>129,866</u>	<u>119,190</u>	<u>123,504</u>	<u>117,646</u>
Total governmental activities net position	<u>\$ 788,493</u>	<u>\$ 792,471</u>	<u>\$ 788,713</u>	<u>\$ 784,016</u>
Business-type activities:				
Net investment in				
capital assets	\$ 88,713	\$ 89,607	\$ 97,657	\$ 107,299
Restricted	-	-	-	-
Unrestricted	<u>45,395</u>	<u>36,861</u>	<u>39,457</u>	<u>44,291</u>
Total business-type activities net position	<u>\$ 134,108</u>	<u>\$ 126,468</u>	<u>\$ 137,114</u>	<u>\$ 151,590</u>
Primary government:				
Net investment in				
capital assets	\$ 649,706	\$ 732,913	\$ 740,752	\$ 751,519
Restricted	97,634	29,975	22,114	22,150
Unrestricted	<u>175,261</u>	<u>156,051</u>	<u>162,961</u>	<u>161,937</u>
Total primary government net position	<u>\$ 922,601</u>	<u>\$ 918,939</u>	<u>\$ 925,827</u>	<u>\$ 935,606</u>

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

Source: Finance Department, City of Garden Grove

<b>Fiscal Year</b>					
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 642,786	\$ 641,661	\$ 631,964	\$ 622,932	\$ 621,163	\$ 619,138
17,848	21,967	24,613	65,456	69,820	72,470
<u>(83,857)</u>	<u>(88,223)</u>	<u>(86,633)</u>	<u>(111,538)</u>	<u>(104,976)</u>	<u>(108,833)</u>
<u>\$ 576,777</u>	<u>\$ 575,405</u>	<u>\$ 569,944</u>	<u>\$ 576,850</u>	<u>\$ 586,007</u>	<u>\$ 582,775</u>
\$ 111,947	\$ 117,488	\$ 118,371	\$ 119,954	\$ 125,805	\$ 132,671
-	-	-	-	-	-
<u>29,703</u>	<u>26,011</u>	<u>28,288</u>	<u>29,677</u>	<u>32,485</u>	<u>37,725</u>
<u>\$ 141,650</u>	<u>\$ 143,499</u>	<u>\$ 146,659</u>	<u>\$ 149,631</u>	<u>\$ 158,290</u>	<u>\$ 170,396</u>
\$ 754,733	\$ 759,149	\$ 750,335	\$ 742,886	\$ 746,968	\$ 751,809
17,848	21,967	24,613	65,456	69,820	72,470
<u>(54,154)</u>	<u>(62,212)</u>	<u>(58,345)</u>	<u>(81,861)</u>	<u>(72,491)</u>	<u>(71,108)</u>
<u>\$ 718,427</u>	<u>\$ 718,904</u>	<u>\$ 716,603</u>	<u>\$ 726,481</u>	<u>\$ 744,297</u>	<u>\$ 753,171</u>

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

	Fiscal Year			
	2011	2012	2013	2014
<b>Expenses:</b>				
Governmental activities:				
Fire	\$ 18,710	\$ 19,497	\$ 20,273	\$ 20,876
Police	44,899	44,751	45,467	49,289
Traffic safety	2,905	3,197	3,097	3,872
Public right of way	13,013	14,768	16,541	14,051
Drainage	1,374	1,417	1,426	1,284
Community buildings	4,319	4,961	4,596	4,504
Community services	4,088	4,430	4,452	4,679
Economic Development	-	-	-	-
Parks and greenbelts	1,584	1,785	1,838	1,973
Community planning and development	49,088	10,945	7,938	8,491
Municipal support	3,154	6,443	6,344	7,112
Interest on long-term debt	5,132	3,783	1,815	1,305
Total governmental activities expenses	<u>148,266</u>	<u>115,977</u>	<u>113,787</u>	<u>117,436</u>
Business-type activities:				
Water	26,152	24,213	26,419	26,761
Sanitary District	8,708	7,672	8,641	7,092
Mobile home parks/RV park	1,497	565	-	-
Housing authority	-	30,894	31,586	30,489
Golf course	-	-	-	-
Total business-type activities expenses	<u>36,357</u>	<u>63,344</u>	<u>66,646</u>	<u>64,342</u>
Total primary government expenses	<u>184,623</u>	<u>179,321</u>	<u>180,433</u>	<u>181,778</u>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
Fire	3,400	1,051	1,106	1,422
Police	3,607	3,321	3,486	3,169
Traffic safety	1,342	1,343	1,349	1,349
Public right of way	146	137	249	358
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	915	856	851	859
Economic development	-	-	-	-
Parks and greenbelts	1,368	1,346	1,319	1,282
Community planning and development	1,384	1,303	1,491	2,128
Municipal support	2,636	2,540	2,553	2,693
Operating grants and contributions	46,464	19,574	10,012	13,277
Capital grants and contributions	6,361	4,847	5,789	5,435
Total governmental activities program revenues	<u>67,623</u>	<u>36,318</u>	<u>28,205</u>	<u>31,972</u>
Business-type activities:				
Charges for services:				
Water	30,261	34,318	33,738	35,186
Sanitary District	12,187	12,294	13,204	12,051
Mobile home parks	318	1	-	-
Golf course	-	-	-	-
Operating grants and contributions	-	30,662	30,582	30,656
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>42,766</u>	<u>77,275</u>	<u>77,524</u>	<u>77,893</u>
Total primary government program revenues	<u>110,389</u>	<u>113,593</u>	<u>105,729</u>	<u>109,865</u>
<b>Net revenues (expenses):</b>				
Governmental activities	(80,643)	(79,659)	(85,582)	(85,464)
Business-type activities	6,409	13,931	10,878	13,551
Total net revenues (expenses)	<u>\$ (74,234)</u>	<u>\$ (65,728)</u>	<u>\$ (74,704)</u>	<u>\$ (71,913)</u>



Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 21,939	\$ 20,700	\$ 23,934	\$ 27,428	\$ 27,053	\$ 32,910
50,837	47,309	53,783	64,245	62,965	76,176
3,517	3,001	4,425	5,088	5,214	5,734
16,903	16,917	18,456	18,952	19,108	17,499
1,445	1,453	1,438	1,561	1,464	1,396
4,973	4,691	4,998	5,096	4,552	4,802
4,797	4,606	5,184	5,677	5,684	6,268
1,944	2,333	4,271	3,099	3,235	2,950
2,146	1,957	1,861	5,628	2,367	2,190
7,837	5,633	6,989	9,590	8,235	9,352
7,609	6,151	8,434	8,721	10,812	9,914
862	1,962	1,212	1,133	1,049	1,112
<u>124,809</u>	<u>116,713</u>	<u>134,985</u>	<u>156,218</u>	<u>151,738</u>	<u>170,303</u>
30,003	26,982	31,109	35,410	34,062	37,937
8,128	8,095	8,709	9,671	9,554	9,509
-	-	-	-	-	-
30,707	36,947	30,390	33,130	34,218	37,038
68,838	72,024	70,208	78,211	77,834	85,963
<u>193,647</u>	<u>188,737</u>	<u>205,193</u>	<u>234,429</u>	<u>229,572</u>	<u>256,266</u>
1,011	1,683	1,347	1,830	1,329	698
3,019	2,717	3,150	3,599	3,293	3,470
1,351	1,347	1,356	1,355	1,350	1,352
272	391	394	406	450	362
-	-	-	-	-	-
-	-	401	-	510	508
986	768	1,015	1,145	1,446	761
-	-	108	-	-	-
1,264	1,226	1,265	834	678	776
1,839	2,320	2,031	3,605	4,360	3,275
2,656	3,109	3,555	3,730	3,646	3,256
13,295	15,819	14,868	14,771	21,660	22,125
6,032	3,569	497	2,329	3,739	3,036
<u>31,725</u>	<u>32,949</u>	<u>29,987</u>	<u>33,604</u>	<u>42,461</u>	<u>39,619</u>
33,145	29,158	32,130	35,595	36,966	38,575
12,095	12,339	12,939	12,837	14,002	14,413
-	-	-	-	-	-
-	-	-	-	-	1,243
30,726	31,730	31,379	31,461	34,417	37,376
-	-	-	-	-	-
<u>75,966</u>	<u>73,227</u>	<u>76,448</u>	<u>79,893</u>	<u>85,385</u>	<u>91,607</u>
<u>107,691</u>	<u>106,176</u>	<u>106,435</u>	<u>113,497</u>	<u>127,846</u>	<u>131,226</u>
(93,084)	(83,764)	(104,998)	(122,614)	(109,277)	(130,684)
7,128	1,203	6,240	1,682	7,551	5,644
<u>\$ (85,956)</u>	<u>\$ (82,561)</u>	<u>\$ (98,758)</u>	<u>\$ (120,932)</u>	<u>\$ (101,726)</u>	<u>\$ (125,040)</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			
	2011	2012	2013	2014
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Sales taxes	\$ 16,776	\$ 18,461	\$ 19,805	\$ 20,285
Property taxes	52,268	43,920	35,145	35,286
Transient occupancy taxes	11,697	12,320	14,448	16,443
Other taxes	5,775	7,297	7,316	7,438
Motor vehicle taxes, levied for general purposes	801	87	90	75
Investment income	4,240	760	1,757	1,945
Other general revenues	425	651	1,210	297
Gain/(Loss) on sale of capital assets	-	(18,941) <sup>1</sup>	-	(1,002) <sup>5</sup>
Transfers	-	20,373 <sup>3</sup>	-	-
Capital Contribution	-	-	2,309 <sup>4</sup>	-
Special Item	-	-	-	-
Total governmental activities	<u>91,982</u>	<u>84,928</u>	<u>82,080</u>	<u>80,767</u>
Business-type activities:				
Investment income	1,510	334	437	715
Gain/(Loss) on sale of capital assets	12,886	-	-	41
Other general revenues	-	95	-	169
Discontinued operations	-	(2,918) <sup>2</sup>	-	-
Transfers	-	(20,373) <sup>3</sup>	-	-
Total business-type activities	<u>14,396</u>	<u>(22,862)</u>	<u>437</u>	<u>925</u>
Total primary government	<u>106,378</u>	<u>62,066</u>	<u>82,517</u>	<u>81,692</u>
Changes in net position				
Governmental activities	11,339	5,269	(3,502)	(4,697)
Business-type activities	20,805	(8,931)	11,315	14,476
Total primary government	<u>\$ 32,144</u>	<u>\$ (3,662)</u>	<u>\$ 7,813</u>	<u>\$ 9,779</u>

Source: Finance Department, City of Garden Grove

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

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

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

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

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

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

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 19,251	\$ 22,052	\$ 21,793	\$ 20,737	\$ 24,612	\$ 43,122
36,972	40,574	42,113	47,033	49,356	50,765
17,217	20,897	25,121	25,983	26,285	18,277
7,761	8,214	8,314	8,660	8,350	8,010
72	71	79	93	85	139
2,005	3,344	1,337	1,870	7,666	9,067
534	7,270	488	622	766	1,672
3	2,774	-	-	-	-
(7)	-	292	581	1,000	50
-	-	-	-	-	-
-	-	-	30,058	-	-
<u>83,808</u>	<u>105,196</u>	<u>99,537</u>	<u>135,637</u>	<u>118,120</u>	<u>131,102</u>
523	428	142	410	1,917	2,658
169	59	-	-	-	-
29	159	182	208	191	204
-	-	-	-	-	-
7	-	(292)	(581)	(1,000)	(50)
<u>728</u>	<u>646</u>	<u>32</u>	<u>37</u>	<u>1,108</u>	<u>2,812</u>
<u>84,536</u>	<u>105,842</u>	<u>99,569</u>	<u>135,674</u>	<u>119,228</u>	<u>133,914</u>
(9,276)	21,432	(5,461)	13,023	8,843	418
7,856	1,849	6,272	1,719	8,659	8,456
<u>\$ (1,420)</u>	<u>\$ 23,281</u>	<u>811</u>	<u>14,742</u>	<u>\$ 17,502</u>	<u>\$ 8,874</u>

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

	Fiscal Year			
	2011	2012	2013	2014
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Non-Spendable:				
Agency reimbursement agreement	-	-	-	-
COP reimbursement agreement	-	-	-	-
Intercity loan	40,056	13,375	13,375	13,375
Land held for resale	-	-	-	-
Prepaid items	135	-	-	-
Deposits	-	-	-	-
Restricted:				
Public safety	-	-	-	-
Public right of way	-	-	-	-
Community services	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Pension Trust	-	-	-	-
Committed:				
Post-Employment Benefits	1,000	-	-	-
Community planning and development	-	-	-	-
Stability reserve	-	-	-	-
Assigned:				
Post-Employment Benefits	-	1,000	1,000	1,000
Garden Grove tourism improvement	-	53	139	231
Property tax lawsuit	500	500	500	500
Building improvements	1,300	1,300	1,300	1,300
General Plan	-	113	132	223
Paramedic Tax	-	-	-	-
Other purposes	384	-	-	-
Unreserved	-	-	-	-
Unassigned	4,566	18,444	16,016	16,217
Total general fund	<u>\$ 47,941</u>	<u>\$ 34,785</u>	<u>\$ 32,462</u>	<u>\$ 32,846</u>
All other governmental funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Non-Spendable:				
Intercity loan	13,829	-	-	-
Land held for resale	-	-	-	-
Prepaid items	4	-	-	-
Deposits	815	-	-	-
Restricted:				
Fire	1	-	-	-
Police	2,457	2,680	2,793	2,814
Public right of way	13,080	11,783	8,433	3,665
Drainage	287	354	453	569
Community services	1,450	207	650	-
Community planning and development	97,109	12,185	12,200	12,695
Municipal support	199	229	242	304
Committed:				
Community planning and development	994	-	-	-
Assigned:				
Post-Employment Benefits	-	-	-	-
Property tax lawsuit	-	-	-	-
Building improvements	-	-	-	-
Other purposes	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Unassigned	(31,170)	(3,055)	(67)	(551)
Total all other governmental funds	<u>\$ 99,055</u>	<u>\$ 24,383</u>	<u>\$ 24,704</u>	<u>\$ 19,496</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						
2015	2016	2017	2018	2019	2020	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
13,375	13,375	13,414	13,456	12,793	12,102	
-	13	10	17	21	40	
-	-	-	-	-	-	
-	-	103	84	90	90	
-	-	-	-	-	-	
-	-	161	166	177	177	
-	-	7	2,764	3,469	4,039	
-	-	15	35	57	57	
-	-	-	-	-	662	
-	-	-	-	-	-	
-	-	-	-	-	22,500	
1,000	1,000	1,000	1,000	1,000	1,000	
231	314	404	-	-	-	
500	500	500	500	500	500	
1,300	1,300	1,300	1,300	1,300	1,300	
273	239	325	301	262	357	
-	-	-	617	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
16,330	18,331	22,629	29,428	47,448	39,506	
<u>\$ 33,009</u>	<u>\$ 35,072</u>	<u>\$ 39,868</u>	<u>\$ 49,668</u>	<u>\$ 67,117</u>	<u>\$ 82,330</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	195	
-	-	-	-	-	-	
-	-	-	-	-	-	
1,754	9,260	9,521	5,336	3,210	4,103	
5,358	7,639	8,434	9,021	11,502	10,355	
647	754	529	412	273	76	
180	196	945	2,370	4,505	5,841	
10,385	16,712	18,080	48,376	48,098	44,971	
-	755	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
(755)	(4)	466	-	(40)	(59)	
<u>\$ 17,569</u>	<u>\$ 35,312</u>	<u>\$ 37,975</u>	<u>\$ 65,515</u>	<u>\$ 67,548</u>	<u>\$ 65,482</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		
	2011	2012	2013
Revenues:			
Taxes	\$ 91,330	\$ 82,531	\$ 77,231
Licenses and permits	962	946	1,128
Fines, forfeitures and penalties	2,911	2,673	2,960
Investment earnings	4,859	1,560	1,800
Charges for current services	12,002	10,401	10,084
From other agencies	50,336	15,617	13,324
Other revenues	6,393	1,612	3,332
Total revenues	<u>168,793</u>	<u>115,340</u>	<u>109,859</u>
Expenditures			
Current:			
Fire	18,862	19,996	20,447
Police	44,727	45,558	45,478
Traffic safety	2,733	2,894	2,595
Public right of way	5,865	5,880	5,730
Drainage	-	-	-
Community buildings	3,188	3,519	3,082
Community services	4,037	4,449	4,453
Economic development	-	-	-
Parks and greenbelts	1,664	1,883	1,927
Community planning and development	51,950	10,871	7,761
Municipal support	7,359	8,805	6,797
Capital outlay	15,754	15,569	10,366
Debt service:			
Principal retirement	4,214	4,434	1,939
Interest	4,938	3,226	1,383
Total expenditures	<u>165,291</u>	<u>127,084</u>	<u>111,958</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,502</u>	<u>(11,744)</u>	<u>(2,099)</u>
Other financing sources (uses):			
Transfers in	41,588	78,846	1,239
Transfers out	(41,492)	(57,373)	(1,139)
Issuance of debt	2,500	-	-
Proceeds of debt	-	1,856	-
Gain/(Loss) on sale of capital assets	-	-	-
Contribution to Housing Authority	-	-	-
Extraordinary Gain/(Loss)	-	(98,139)	-
Payment to bond escrow agent	-	-	-
Total other financing sources (uses)	<u>2,596</u>	<u>(74,810)</u>	<u>100</u>
Special Item			
Net change in fund balances	<u>\$ 6,098</u>	<u>\$ (86,554)</u>	<u>\$ (1,999)</u>
Debt service as a percentage of noncapital expenditures	6.1%	6.9%	3.3%

Source: Finance Department, City of Garden Grove

Fiscal Year							
	2014	2015	2016	2017	2018	2019	2020
\$	80,010	\$ 81,823	\$ 92,268	\$ 98,042	\$ 103,090	\$ 114,078	\$ 119,853
	1,405	1,139	1,554	1,687	2,005	2,645	2,647
	2,755	2,629	2,222	2,622	3,134	2,850	3,157
	1,780	1,546	1,285	1,275	1,846	4,344	6,402
	10,267	9,528	9,943	10,041	11,945	15,122	11,180
	12,857	15,945	15,991	11,640	12,047	13,599	17,884
	1,991	2,079	11,071	3,847	4,193	3,940	4,386
	<u>111,065</u>	<u>114,689</u>	<u>134,334</u>	<u>129,154</u>	<u>138,260</u>	<u>156,578</u>	<u>165,509</u>
	20,143	21,672	23,195	23,707	25,067	24,483	27,975
	47,027	49,389	51,942	53,168	56,128	56,282	64,770
	3,105	3,102	2,959	4,215	3,925	4,282	4,471
	5,662	6,886	7,515	7,257	7,197	7,107	7,155
	-	-	-	-	66	-	-
	3,086	3,408	3,317	3,185	3,421	3,007	2,781
	4,562	4,793	5,470	4,852	4,687	4,855	5,333
	-	1,944	2,333	2,757	3,099	3,212	2,950
	2,019	2,247	2,217	1,939	2,325	2,300	2,057
	8,156	7,359	7,229	6,497	7,982	7,124	8,130
	7,215	7,600	8,012	7,903	7,626	9,353	8,467
	14,956	9,032	7,371	6,754	10,938	13,635	14,021
	2,036	1,937	2,097	3,342	573	580	495
	1,280	1,199	939	1,184	1,087	1,064	1,137
	<u>119,247</u>	<u>120,568</u>	<u>124,596</u>	<u>126,760</u>	<u>134,121</u>	<u>137,284</u>	<u>149,742</u>
	<u>(8,182)</u>	<u>(5,879)</u>	<u>9,738</u>	<u>2,394</u>	<u>4,139</u>	<u>19,294</u>	<u>15,767</u>
	3,232	7,761	11,783	1,396	2,826	1,403	4,380
	(1,181)	(3,558)	(11,683)	(1,296)	(1,253)	(1,303)	(7,357)
	-	-	25,962	-	-	-	-
	-	-	-	-	-	-	-
	1,307	22	1,735	4,965	-	-	874
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	(17,462)	-	-	-	-
	<u>3,358</u>	<u>4,225</u>	<u>10,335</u>	<u>5,065</u>	<u>1,573</u>	<u>100</u>	<u>(2,103)</u>
					<u>30,029</u>		<u>-</u>
\$	<u>(4,824)</u>	<u>(1,654)</u>	<u>20,073</u>	<u>7,459</u>	<u>35,741</u>	<u>19,394</u>	<u>13,664</u>
	3.2%	2.8%	2.6%	3.8%	1.3%	1.3%	1.2%

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

<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>Property Tax</b>	<b>Franchise Tax</b>	<b>Business Operation Tax</b>	<b>Transient Occupancy Tax</b>	<b>Motor Vehicle Tax</b>	<b>Total</b>
2011	16,776,350	17,254,068	2,349,125	3,425,691	11,696,706	800,742	52,302,682
2012	18,461,031	19,519,146	2,540,297	4,756,384	12,319,744	86,882	57,683,484
2013	19,804,727	35,145,142	2,506,722	4,809,344	14,447,817	90,025	76,803,777
2014	20,285,111	35,286,424	2,483,878	4,953,958	16,442,817	74,506	79,526,694
2015	19,251,431	36,972,309	2,532,706	5,228,239	17,216,510	71,970	81,273,165
2016	22,051,778	40,574,176	2,577,292	5,636,389	20,897,283	70,518	91,807,436
2017	21,792,872	42,113,373	2,532,462	5,781,098	25,121,419	79,429	97,420,653
2018	20,736,558	47,032,917	2,408,395	6,251,994	25,982,696	92,789	102,505,349
2019	29,371,450	49,355,823	2,404,867	5,945,451	26,285,461	84,911	113,447,963
2020	43,122,113	50,764,849	2,414,897	5,595,421	18,277,467	138,627	120,313,374

Source: Finance Department, City of Garden Grove



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

Fiscal Year Ended June 30	City		Taxable Assessed Value	Successor Agency		Taxable Assessed Value <sup>1</sup>	Total Direct Tax Rate
	Secured	Unsecured		Secured <sup>1</sup>	Unsecured <sup>1</sup>		
2011	9,304,082	321,497	9,625,579	2,707,066	302,619	3,009,685	1.064%
2012	9,492,746	303,025	9,795,771	2,689,600	299,937	2,989,537	1.064%
2013	9,580,743	303,685	9,884,428	2,720,784	271,370	2,992,154	1.074%
2014	9,933,103	308,944	10,242,047	2,785,756	295,259	3,081,015	1.140%
2015	10,538,784	356,435	10,895,219	2,897,658	328,394	3,226,052	1.145%
2016	10,568,876	234,280	10,803,156	3,070,910	317,449	3,388,359	1.151%
2017	12,226,724	364,776	12,591,500	3,579,711	363,489	3,943,200	1.150%
2018	12,873,943	335,785	13,209,728	3,797,471	366,576	4,164,047	1.189%
2019	12,373,687	263,636	12,637,323	3,801,697	361,772	4,163,469	1.183%
2020	13,000,870	232,485	13,233,355	3,913,862	391,616	4,305,478	1.184%

**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.

<sup>1</sup> The Redevelopment Agency was dissolved in February 2012.  
The Successor Agency was created to close out the Redevelopment Agency.

Source: Orange County Assessor's Office/HdL Coren & Cone

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

<b>Fiscal Year</b>	<b>Basic Levy</b>	<b>City Paramedic</b>	<b>Metropolitan Water District</b>	<b>Orange County</b>	<b>Sanitation and Water</b>	<b>School Services</b>	<b>Other</b>	<b>Total</b>
2011	1.0000	0.06000	0.00430	-	-	-	-	1.06430
2012	1.0000	0.06000	0.00370	-	-	-	-	1.06370
2013	1.0000	0.07000	0.00350	-	-	-	-	1.07350
2014	1.0000	0.07000	0.00350	-	-	0.06602	-	1.13952
2015	1.0000	0.07000	0.00350	-	-	0.07163	-	1.14513
2016	1.0000	0.07000	0.00350	-	-	0.07748	-	1.15098
2017	1.0000	0.07000	0.00350	-	-	0.07603	-	1.14953
2018	1.0000	0.08000	0.00350	-	-	0.10599	-	1.18949
2019	1.0000	0.08000	0.00350	-	-	0.09900	-	1.18250
2020	1.0000	0.08000	0.00350	-	-	0.10022	-	1.18372

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

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

Source: Orange County Tax Rates Book

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

Taxpayer	2020		2010	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
GWGG LLC	\$ 225,436,539	1.28%		
Investel Harbor Resorts LLC	140,118,413	0.79%		
Landmark Marriott Suites LLC	119,752,310	0.68%		
Bridge WF CA Crystal View LP	89,141,471	0.51%		
Khanna Enterprises	67,064,490	0.38%		
Rexford Industrial Realty LP	61,926,215	0.35%		
New Age Brookhurst LLC	54,073,661	0.31%		
Park Grove Fee Owner LLC	52,236,108	0.30%		
Chatham Rigg LLC	49,528,308	0.28%		
HGGA Promenade LP	48,588,715	0.28%		
American Lodging			104,395,000	0.81%
Landmark Marriott Suites			97,091,002	0.76%
KPA Rigg			52,519,392	0.41%
Car Noa GGT			48,380,328	0.38%
Newage Garden Grove			41,541,387	0.32%
Ohi Resort Hotels			40,928,894	0.32%
Walton CWCA Garden Grove			54,100,800	0.42%
Swedlow Inc.			25,151,229	0.20%
CRP-2 Monarch			24,480,000	0.19%
BB Promenade			25,440,536	0.20%
	<u>\$ 907,866,230</u>	<u>5.16%</u>	<u>\$ 514,028,568</u>	<u>4.01%</u>

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

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

<b>Fiscal Year</b>	<b>City Tax Rate (Per \$100)</b>	<b>Total Tax Levied</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Ratio of Delinquent Taxes to Total Tax Levy</b>
2011	0.0030	17,407,275	16,491,089	94.7	520,209	17,011,298	97.7	302,494	1.7%
2012	0.0030	17,792,829	16,539,285	93.0	277,560	16,816,846	94.5	333,343	1.9%
2013	0.0030	19,080,983	18,555,697	97.2	339,959	18,895,656	99.0	264,446	1.4%
2014	0.0030	20,112,895	19,256,287	95.7	281,184	19,537,471	97.1	231,857	1.2%
2015	0.0025	21,411,687	20,704,013	96.7	237,945	20,941,958	97.8	230,751	1.1%
2016	0.0025	22,611,366	21,721,987	96.1	213,997	21,935,984	97.0	517,198	2.3%
2017	0.0025	23,155,878	22,914,391	99.0	206,984	23,121,375	99.9	326,133	1.4%
2018	0.0025	26,376,092	25,752,153	97.6	174,164	25,926,316	98.3	134,739	0.5%
2019	0.0025	26,866,637	26,606,288	99.0	202,200	26,808,488	99.8	176,785	0.7%
2020	0.0025	28,019,537	27,164,413	96.9	567,147	27,731,560	99.0	248,420	0.9%

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

Source: Orange County Property Tax Ledger  
Finance 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 <sup>1</sup>	Lease Revenue Bonds <sup>2</sup>	RDA 2008 Bonds <sup>3</sup>	Tax Allocation Bonds <sup>4</sup>	Loans <sup>5 6</sup>	Capital Leases <sup>7</sup>	
2011	19,510,000	-	1,890,000	48,415,000	44,157,481	2,850,033	116,822,514
2012	18,970,000	-	-	-	7,380,266	2,134,919	28,485,185
2013	18,410,000	-	-	-	6,345,613	1,371,910	26,127,523
2014	17,830,000	-	-	-	5,276,879	817,516	23,924,395
2015	17,210,000	-	-	-	4,128,913	812,176	22,151,089
2016	-	25,568,492	-	-	2,895,399	546,422	29,010,313
2017	-	25,104,126	-	-	69,826	622,676	25,796,628
2018	-	24,624,760	-	-	23,732	589,293	25,237,785
2019	-	24,120,394	-	-	-	373,317	24,493,711
2020	-	23,601,028	-	-	-	229,928	23,830,956

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

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

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

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

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

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

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

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

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

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

Source: Finance Department, City of Garden Grove

<b>Business-type Activities</b>						
<b>Water Revenue Bonds <sup>8</sup></b>	<b>Sewer Revenue COP <sup>9</sup></b>	<b>Certificates of Participation <sup>10</sup></b>	<b>Total Business-type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income <sup>11</sup></b>	<b>Debt Per Capita <sup>11</sup></b>
28,670,000	20,945,000	-	49,615,000	166,437,514	0.36%	974
27,390,000	20,470,000	-	47,860,000	76,345,185	0.17%	442
26,826,738	20,298,745	-	47,125,483	73,253,006	0.16%	423
25,382,945	19,769,567	-	45,152,512	69,076,907	0.15%	397
23,884,150	19,220,388	-	43,104,538	65,255,627	0.13%	373
20,775,000	18,365,000	-	39,140,000	68,150,313	0.14%	384
19,571,107	16,740,627	-	36,311,734	62,108,362	0.12%	352
18,039,382	16,148,171	-	34,187,553	59,425,338	0.11%	336
16,381,152	15,535,716	-	31,916,868	56,410,579	0.10%	322
14,667,922	14,908,260	-	29,576,182	53,407,138	0.09%	306

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Total	Percent of Assessed Value <sup>1</sup>	Per Capita
	Certificates of Participation	Lease Revenue Bonds	Tax Allocation Bonds			
2011	19,510	-	48,415	67,925	0.54%	397
2012	18,970	-	-	18,970	0.15%	110
2013	18,410	-	-	18,410	0.14%	106
2014	17,830	-	-	17,830	0.13%	102
2015	17,210	-	-	17,210	0.12%	98
2016	-	25,568	-	25,568	0.18%	144
2017	-	25,104	-	25,104	0.15%	142
2018	-	24,625	-	24,625	0.14%	139
2019	-	24,120	-	24,120	0.14%	138
2020	-	23,601	-	23,601	0.13%	135

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

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

Source: Finance Department, City of Garden Grove



**SCHEDULE XII  
CITY OF GARDEN GROVE  
DIRECT AND OVERLAPPING BONDS AND DEBT  
JUNE 30, 2020**

CITY OF GARDEN GROVE

2019-20 Assessed Valuation: \$17,647,291,338

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2020	% Applicable (1)	City's Share of Debt 6/30/20
Metropolitan Water District	\$ 37,300,000	0.570	\$ 212,610
Coast Community College District	908,050,757	6.203	56,326,388
North Orange County Joint Community College District	284,769,001	2.278	6,487,038
Rancho Santiago Community College District	220,164,038	6.442	14,182,967
Rancho Santiago Community College District School Facilities Improvement District No. 1	166,020,000	11.058	18,358,492
Garden Grove Unified School District	403,257,300	57.933	233,619,052
Orange Unified School District	180,385,000	1.252	2,258,420
Anaheim Union High School District	283,473,955	0.076	215,440
Huntington Beach Union High School District	172,819,998	1.289	2,227,650
Anaheim School District	275,781,416	0.095	261,992
Magnolia School District	20,788,305	0.222	46,150
Westminster School District	100,121,110	7.437	7,446,007
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 341,642,206</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$ 386,745,000	2.820	\$ 10,906,209
Orange County Pension Obligation Bonds	466,863,754	2.820	13,165,558
Orange County Board of Education Certificates of Participation	12,930,000	2.820	364,626
North Orange Regional Occupation Program Certificates of Participation	8,950,000	0.027	2,417
Coast Community College District General Fund Obligations	2,600,000	6.203	161,278
Orange Unified School District Certificates of Participation	24,951,384	1.252	312,391
Orange Unified School District Benefit Obligations	63,565,000	1.252	795,834
Anaheim Union High School District Certificates of Participation	32,400,000	0.076	24,624
Huntington Beach Union High School District Certificates of Participation	62,581,090	1.289	806,670
Magnolia School District Certificates of Participation	14,143,525	0.222	31,399
Westminster School District Certificates of Participation	35,707,297	7.437	2,655,552
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 29,226,558</b>
 <u>DIRECT GOVERNMENTAL FUND DEBT (NET OF BOND DISCOUNT/PREMIUM):</u>			
City of Garden Grove Governmental Fund Obligations			
Lease Revenue Bonds	\$ 23,601,028	100%	\$ 23,601,028
Capital Lease Payable	229,928	100%	229,928
			<b>\$ 23,830,956</b>
 <b>TOTAL DIRECT DEBT</b>			<b>\$ 23,830,956</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 370,868,764</b>
 <b>COMBINED TOTAL DEBT</b>			<b>\$ 394,699,720 <sup>2</sup></b>

<sup>1</sup> 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.

<sup>2</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.10%
Total Direct Debt (\$23,830,956)	0.13%
Combined Total Debt	2.23%

Source: California Municipal Statistics, Inc. / MuniServices, LLC

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

	Fiscal Year			
	2011	2012	2013 <sup>1</sup>	2014 <sup>1</sup>
Assessed valuation	\$ 9,625,579	\$ 9,795,771	\$ 9,884,428	\$ 10,242,047
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	2,406,395	2,448,943	2,471,107	2,560,512
Debt limit percentage	15%	15%	15%	15%
Debt limit	360,959	367,341	370,666	384,077
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 360,959</u>	<u>\$ 367,341</u>	<u>\$ 370,666</u>	<u>\$ 384,077</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

<sup>1</sup> The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

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

<b>Fiscal Year</b>						
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	
\$ 10,895,219	\$ 10,803,156	\$ 12,591,500	\$ 13,209,728	\$ 12,637,323	\$ 13,233,355	
25%	25%	25%	25%	25%	25%	
2,723,805	2,700,789	3,147,875	3,302,432	3,159,331	3,308,339	
15%	15%	15%	15%	15%	15%	
408,571	405,118	472,181	495,365	473,900	496,251	
-	-	-	-	-	-	
<u>\$ 408,571</u>	<u>\$ 405,118</u>	<u>\$ 472,181</u>	<u>\$ 495,365</u>	<u>\$ 473,900</u>	<u>\$ 496,251</u>	
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

<b>Fiscal Year</b>	<b>Gross Revenue</b>	<b>Expenses <sup>1</sup></b>	<b>Water Revenue Bonds</b>				
			<b>Resources Available for Debt Service</b>	<b>Debt Service Requirement</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2011	30,651,300	21,520,591	9,130,709	1,040,000	1,299,320	2,339,320	3.90
2012	34,492,870	21,413,634	13,079,236	1,280,000	1,383,464	2,663,464	4.91
2013	33,933,081	22,848,625	11,084,456	1,320,000	1,340,727	2,660,727	4.17
2014	35,721,417	22,876,255	12,845,162	1,375,000	1,286,725	2,661,725	4.83
2015	33,573,575	25,146,241	8,427,334	1,430,000	1,225,677	2,655,677	3.17
2016	29,519,804	25,781,906	3,737,898	1,490,000	1,165,202	2,655,202	1.41
2017	32,345,481	26,404,580	5,940,901	1,515,000	861,491	2,376,491	2.50
2018	35,946,867	30,301,866	5,645,001	1,570,000	817,465	2,387,465	2.36
2019	37,832,009	28,891,265	8,940,744	1,600,000	775,290	2,375,290	3.76
2020	39,490,046	31,574,927	7,915,119	1,655,000	724,740	2,379,740	3.33

Source: Finance Department, City of Garden Grove

<sup>1</sup> Total operating expense less depreciation and amortization.

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

<b>Sewer Revenue Bond</b>							
<b>Fiscal Year</b>	<b>Gross Revenue</b>	<b>Expenses</b>	<b>Resources Available for Debt Service</b>	<b>Debt Service Requirement</b>			<b>Coverage</b>
				<b>Principal <sup>2</sup></b>	<b>Interest <sup>2</sup></b>	<b>Total</b>	
2011	9,570,394	2,786,977	6,783,417	460,000	1,005,741	1,465,741	4.63
2012	9,293,119	3,555,210	5,737,909	475,000	987,341	1,462,341	3.92
2013	10,302,890	3,645,873	6,657,017	495,000	968,341	1,463,341	4.55
2014	10,361,393	3,264,411	7,096,982	515,000	948,541	1,463,541	4.85
2015	10,242,532	3,814,961	6,427,571	535,000	927,941	1,462,941	4.39
2016	10,521,214	3,880,996	6,640,218	560,000	906,541	1,466,541	4.53
2017	10,356,150	4,424,966	5,931,184	580,000	884,141	1,464,141	4.05
2018	10,641,504	5,009,287	5,632,217	520,000	676,575	1,196,575	4.71
2019	11,951,932	5,152,423	6,799,509	540,000	660,975	1,200,975	5.66
2020	12,673,629	4,993,491	7,680,138	555,000	639,375	1,194,375	6.43

(Continued)

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

<b>Fiscal Year</b>	<b>2014 Tax Allocation Refunding Bonds Debt Service Requirement</b>				
	<b>Tax Increment <sup>1</sup></b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2011	19,632,456	1,850,000	2,533,638	4,383,638	4.48
2012	7,198,257	1,945,000	2,402,238	4,347,238	1.66
2013	20,003,696	2,020,000	2,320,413	4,340,413	4.61
2014	20,205,156	2,105,000	2,232,756	4,337,756	4.66
2015	20,526,084	2,195,000	2,130,406	4,325,406	4.75
2016	15,837,862	2,360,000	1,526,300	3,886,300	4.08
2017	18,484,197	2,430,000	1,454,450	3,884,450	4.76
2018	17,693,119	2,505,000	1,380,425	3,885,425	4.55
2019	17,445,206	2,380,000	1,295,250	3,675,250	4.75
2020	18,868,786	2,685,000	1,193,950	3,878,950	4.86

Source: Finance Department, City of Garden Grove

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

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

<b>Fiscal Year</b>	<b>2016 Tax Allocation Bonds Debt Service Requirement</b>				<b>Coverage</b>
	<b>Tax Increment <sup>1</sup></b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2011				-	
2012				-	
2013				-	
2014				-	
2015				-	
2016				-	
2017	18,484,197		1,716,504	1,716,504	10.77
2018	17,693,119		1,652,250	1,652,250	10.71
2019	17,445,206		1,652,250	1,652,250	10.56
2020	18,868,786		1,652,250	1,652,250	11.42

Source: Finance Department, City of Garden Grove

<sup>1</sup> 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**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2011	170,883	4,567,065	26,006	11.2%
2012	172,648	4,371,270	25,581	9.6%
2013	173,075	4,696,862	27,205	7.8%
2014	173,953	4,747,258	27,429	6.5%
2015	174,774	4,924,023	28,307	4.2%
2016	177,303	4,999,605	28,606	4.4%
2017	176,277	5,087,579	28,694	4.8%
2018	176,896	5,243,712	29,747	3.4%
2019	175,155	5,490,131	31,344	3.3%
2020	174,801	5,763,401	32,971	14.9%

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



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

<u>Employer</u>	<u>2020</u>		<u>2010</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Great Wolf Lodge Southern California	700	0.83%		
Air Industries Company	625	0.74%	662	0.87%
Garden Grove Hospital Medical Center	516	0.61%		
Hyatt Regency	424	0.50%		
GKN Aerospace Transparency Systems Inc	409	0.48%	331	0.44%
Safran Cabin Inc	350	0.41%		
Costco #126	323	0.38%		
Full Clip	310	0.37%		
Walmart #4171	272	0.32%		
Lutheran Social Services of Southern CA	250	0.29%		
Saint Gobain Performance Plastics			363	0.48%
Prime Healthcare Services			516	0.68%
Driessen Aircraft Interior Systems			370	0.49%
OfficeMax Inc.			360	0.47%
Crystal Cathedral			290	0.38%
C&D Zodiac			286	0.38%
Money Mailer LLC			270	0.36%
Exemplis Corporation			268	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**

<b>Department</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
City Manager	10	9	9	9	9	10	29	29	30	35
Community Development	59	65	58	58	58	53	37	37	35	37
Community Services	143	159	156	157	151	147	146	153	157	116
Economic Development	13	13	-	-	-	-	-	-	-	-
Finance	37	37	39	40	40	41	38	38	37	36
Fire	110	110	107	109	111	111	106	106	103	- *
Information Technology	20	20	20	19	19	19	20	20	20	20
Personnel	9	10	9	9	9	10	11	11	12	12
Police	333	302	275	268	273	272	289	293	263	282
Public Works	<u>196</u>	<u>199</u>	<u>194</u>	<u>195</u>	<u>194</u>	<u>196</u>	<u>198</u>	<u>198</u>	<u>186</u>	<u>184</u>
Total	<u>930</u>	<u>924</u>	<u>867</u>	<u>864</u>	<u>864</u>	<u>859</u>	<u>874</u>	<u>885</u>	<u>843</u>	<u>722</u>
Full time employees	681	676	621	623	633	632	640	641	642	560
Part time employees	249	248	246	241	231	227	234	244	201	162

Source: Budget Division, City of Garden Grove

\* On August 16, 2019 Garden Grove Fire Department transitioned to the Orange County Fire Authority (OCFA).

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

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Police:</b>										
Arrests Report	6,920	6,651	6,774	6,423	6,478	5,468	6,358	7,476	6,112	5,436
Traffic citations issued	14,945	11,393	13,815	10,903	9,604	9,890	9,114	11,114	8,598	7,403
<b>Fire:</b>										
Number of emergency calls	23,381	25,586	26,739	26,785	26,785	14,627	15,134	15,297	15,142	13,092 *
<b>Public Right-of-Way:</b>										
Parking citations issued	24,800	24,590	24,571	25,919	28,017	25,500	27,127	33,797	34,508	28,430
Permits issued	201	314	406	501	605	546	482	566	563	560
<b>Community Services:</b>										
Number of recreation classes	1,817	1,540	1,987	2,016	2,416	1,918	1,947	1,701	2,057	1,932
Housing vouchers	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337
<b>Community Planning and Development</b>										
Building permits issued	3,881	2,036	2,427	2,808	2,041	2,259	2,233	3,066	3,986	3,954
<b>Water:</b>										
Number of accounts	33,689	33,751	34,206	33,807	33,834	33,870	33,892	33,893	33,911	34,054
Average daily consumption (thousands of gallons)	20,528	21,480	21,324	22,024	20,391	17,563	17,946	20,249	18,298	18,038
<b>Solid Waste Disposal:</b>										
Number of accounts	33,308	33,424	33,886	34,136	33,658	33,968	33,966	33,786	33,700	33,542
<b>Drainage:</b>										
Channels cleaned (miles)	5	5	5	5	5	5	5	5	5	5
<b>Municipal Support:</b>										
Passports issued <sup>1</sup>	292	624	673	507	247	N/A	N/A	N/A	N/A	N/A

Source: City of Garden Grove

<sup>1</sup> Passport services discontinued as of July 1, 2015.

\* On August 16, 2019 Garden Grove Fire Department transitioned to the Orange County Fire Authority (OCFA).

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

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	7	7	7	7	7	7	7	7	7	7 *
Public Right-of-Way:										
Streets (miles)	305	305	305	305	305	305	305	305	305	305
Community Services:										
Parks	16	16	16	16	16	19	19	20	19	19
Park acreage	142	142	142	142	142	137	137	140	124	124
Community centers	2	2	2	2	2	2	2	2	9	9
Water:										
Water mains (miles)	433	433	433	433	433	433	433	433	433	433
Number of connections	33,689	33,751	34,206	34,257	34,294	34,313	34,336	34,347	34,380	34,459
Sewage Collection:										
Sanitary sewers (miles)	320	320	320	320	320	320	320	320	320	320
Drainage:										
Storm drains (miles)	35	35	35	35	35	35	35	35	35	35

Source: City of Garden Grove

\* On August 16, 2019 Garden Grove Fire Department transitioned to the Orange County Fire Authority (OCFA). However, the City retains the ownership of the Fire stations and OCFA leases for \$1 per year for each facility.