

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016 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 Lan UP". The signature is written in a cursive, flowing style.

December 19, 2016
Irvine, California

City of Garden Grove, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

July 1, 2015 - June 30, 2016



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City of Garden Grove, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
June 30, 2016

Department of Finance

Kingsley Okereke
Assistant City Manager / Finance Director

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Introductory Section

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**CITY OF GARDEN GROVE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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CITY OF GARDEN GROVE

Bao Nguyen
Mayor

Steven R. Jones
Mayor Pro Tem

Christopher V. Phan
Council Member

Phat Bui
Council Member

Kris Beard
Council Member

December 19, 2016

Honorable Mayor and City Council
City of Garden Grove, California

Transmitted through the City Manager

Honorable Mayor and Council:

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Garden Grove, California, (the "City"), for the fiscal year ended June 30, 2016. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To accomplish this, City Management designed and established internal controls which provide reasonable, but not absolute, assurance as to the effectiveness and efficiency of its operations, reliability of its financial reporting, and its compliance with applicable laws and regulations. Cost benefit considerations are weighed in meeting reasonable assurance objectives.

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

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

The Honorable Mayor and Council
Transmittal Letter Fiscal-Year 2015-2016 CAFR
December 19, 2016

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

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

Profile of the City of Garden Grove

The City of Garden Grove is located in central Orange County approximately twenty-five miles southeast of downtown Los Angeles with a population of approximately 175,000. It is the fifth largest city in Orange County and the twenty-six largest in the State of California. The City incorporated on June 18, 1956. During the late 1950's and the 1960's, Garden Grove experienced rapid growth as a significant segment of the population and suburban development moved from Los Angeles County to Orange County. In the 1970's the initial construction boom was completed and redevelopment was actively pursued with efforts continuing through the 1980's and 1990's, and into the 2000's. There has been significant benefit from quality construction projects and an improved economic base as a result of these activities.

The City spans an area of 17.8 square miles and is a general law city in the State of California. It has the Council-Manager form of government, with the Mayor elected at large for a two-year term, and four council members elected at large for four-year staggered terms. 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 to take effect in fiscal year 2016-2017. The Mayor is elected at-large and City Council members are elected by six districts. The City Council engages the City Manager and City Attorney. The City Manager has the responsibility for hiring the department heads and for administering the City's programs in accordance with the policies adopted by the Council.

Garden Grove is a full service city. The services provided by the City include police, fire, paramedic, street maintenance, park maintenance, water, sewer, refuse, recreation, traffic/transportation, public improvements, planning, zoning, and general administrative services. Also included in the City's overall operations are the Garden Grove Housing Authority, the Garden Grove Sanitary District, and the Garden Grove Public Financing Authority. Additional

information is available on these blended component units in note A.1.a - c, in the notes to basic financial statements.

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

Local Economy and Economic Outlook

The economy has been recovering slowly since the depths of the recession in 2009. While the labor market has recovered significantly and employment has returned to pre-crisis levels, the U.S. economy has not fully recovered. Gross Domestic Product (GDP) is projected to continue its modest improvement to 2.1% in FY 2016-17. Recent economic data is mostly positive with low unemployment rates and consumer confidence holding steady.

The City remains optimistic for the new fiscal year. Garden Grove has experienced modest growth in the City's four largest sources of revenue: sales, property, transient occupancy, and motor vehicles taxes. For the first time, the City is forecasting transient occupancy tax revenue to overcome sales tax revenue as the City's largest revenue source. Transient occupancy tax revenues are estimated to reach \$23.5 million in fiscal year 2016-17 with the new Great Wolf Waterpark Hotel which accounts for the \$4.5 million increase over last year's budget. Sales tax revenue is projected to increase by seven percent to \$22.0 million. Property tax revenue remains stable, with a \$0.7 million increase to \$14.5 million. Motor vehicle tax revenue is estimated at \$15.1 million, a small increase of \$0.1 million.

The City continues to manage an ongoing structural deficit which requires the use of one-time funds to balance the budget. However, the trend is promising as the deficit declined from \$5.6 million in FY2015-16 to \$4.3 million in FY2016-17 adopted budget. The structural deficit gap is being closed using a variety of tools. The City remains committed to addressing the structural deficit by containing costs, pursuing new revenue sources, and seeking cost recovery for various services. Moreover, with continued economic development projects

such as the Brookhurst Triangle and other major development projects along Harbor Boulevard, the City remains hopeful that the structural deficit will be short-term.

Long-Term Financial Planning

For Financial Planning purposes, the City maintains a comprehensive citywide Five-Year Financial Forecast and Plan.

Five-Year Operating Plan

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

Five-Year Capital Plan

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

Two-Year Budget

The City is exploring the possibility of implementing a two-year budget beginning with the fiscal years 2017-18 through 2018-19 budgets. A two-year budget will allow for a longer planning horizon, enabling the City to allocate resources two-years at a time and reducing the time it takes to produce, review, and approve a budget each year.

Major Initiatives

(1) Employee Development

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

(2) Preparing Today for a Better Future

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

The City continued the implementation of the Water Master Plan as evidenced by the completion of the Fire Flow Water Improvement Project from West Street and Daniel Avenue and the Citywide Water Services Replacement Project Phase I. Additionally, the design of the West Haven Reservoir Rehabilitation Project and the Pressure Reduce Valve and OC-Interconnect Facilities Rehabilitation Project were completed. Further improvements were performed via the water capital replacement program, such as replacing fire hydrants, gate valves, and meters. The completion of the water capital projects will allow the City to continue providing quality water services.

Additionally, the City continued the implementation of the Sewer System Management Plan as evidenced by the completion of the sewer capital improvement projects at Joyzelle Street and Hill Road, and the sewer main improvements on the following streets: Westminster Avenue between Roxey Drive and Harbor Boulevard, Cerritos Avenue between Gilbert Street and Brookhurst Street, Lampson Avenue between Leroy Avenue and Brookhurst Street, and Brookhurst Street between Lampson Avenue and Bixby Street. Further improvements were performed via the manhole inspection program and staff continued replacement of sewer main defects throughout the city. The continued sewer improvement capital projects will help the City replace aging or obsolete systems and meet new regulatory requirements.

Various arterial rehabilitation projects, funded through federal grants and local revenues, were completed during the fiscal year. They include the following segments: Brookhurst Road Rehabilitation from Trask to Garden Boulevard and Hazard to Westminster, Harbor Boulevard Landscape Improvements Phase I, and Harbor Boulevard Landscape Improvements Phase II. Both phases of the Harbor Boulevard Landscape Improvement projects include median island, parkway, and sidewalk improvements, including new irrigation, lighting, drainage and the installation of a new traffic signal. The completion of the arterial rehabilitation projects will increase safety for pedestrians and enhance community beautification.

The construction of The Great Wolf Lodge of Southern California was completed in 2016. This development project consists of a 600-room hotel with a 100,000 square foot indoor water park and a 20,000 square foot conference center. In addition, the Brookhurst Triangle development project is planned to consist of about 700 residential units with up to

200,000 square feet of retail/dining/entertainment uses. The developer started construction on phase I, comprised of a 200-unit apartment and ancillary clubhouse with swimming pool, in December 2015. Phase I is anticipated to be completed and ready to lease units by June 2017 and Phase II is projected to start in June 2017. Upon completion this projects will further enhance the economic base of the City.

The City provides various societal assistance services including Community Block Grant, Home Investment Partnership Act, and Emergency Solutions Grants. Furthermore, the Garden Grove Housing Authority which operates under the federal grants received from the Department of Housing and Urban Development provide rental subsidies to low-income families. The program assists over 2,300 families with their monthly rent. The City is committed to providing these programs and services designed to improve Garden Grove neighborhoods and increase housing options for low-income families and individuals.

Financial Policies

The City maintains financial policies over various programs and activities:

Enterprise Fund Business Principles

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

Investment Policy

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

Purchasing Policy

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Garden Grove for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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



Kingsley Okereke
Assistant City Manager / Finance Director



Government Finance Officers Association

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

Presented to

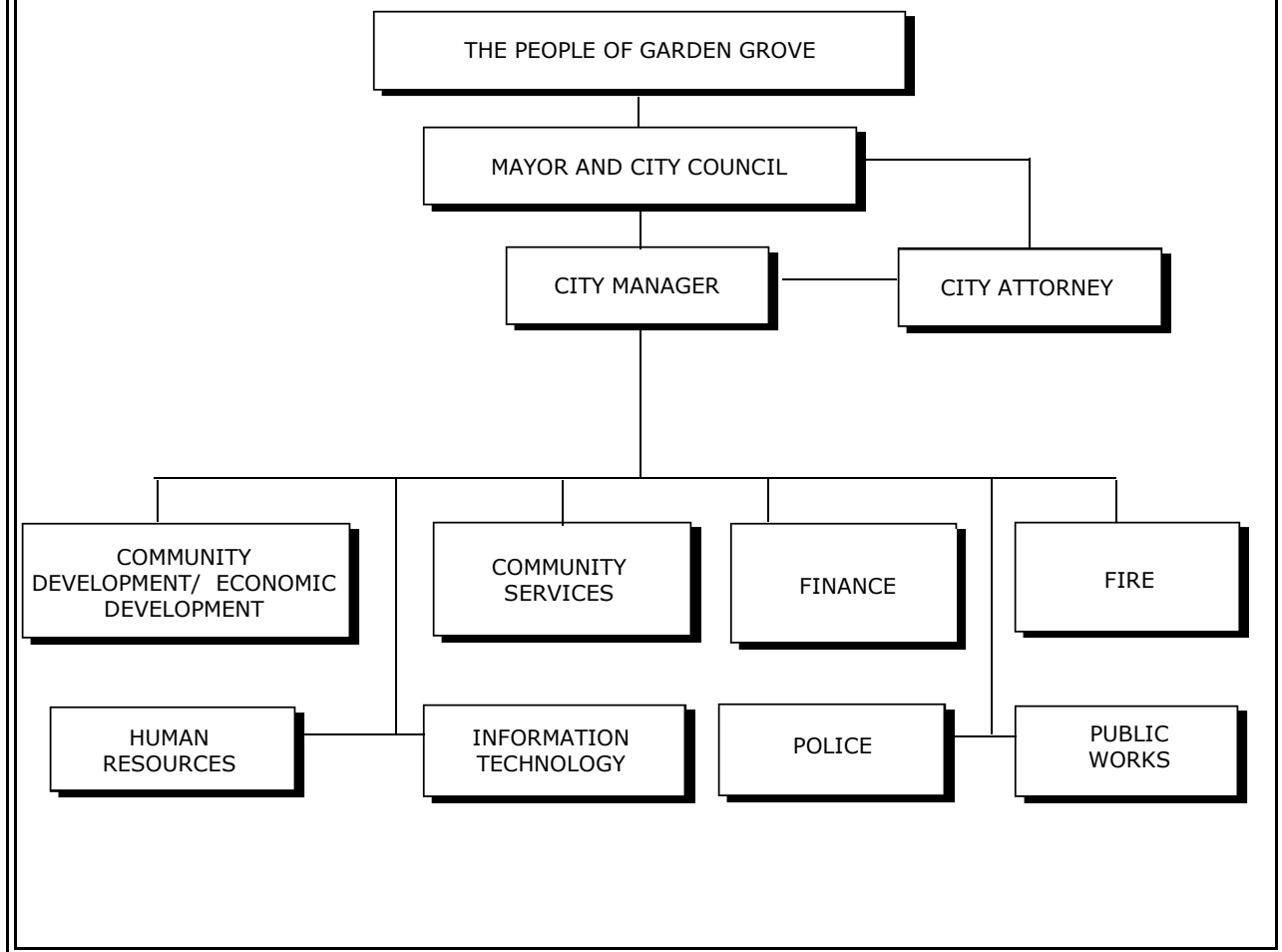
**City of Garden Grove
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CITY OF GARDEN GROVE



CITY OF GARDEN GROVE

CITY COUNCIL

Bao Nguyen
Mayor

Steven R. Jones
Mayor Pro Tem

Phat Bui
Council Member

Kris Beard
Council Member

Christopher V. Phan
Council Member

CITY OFFICIALS

Scott C. Stiles
City Manager

Omar Sandoval
City Attorney

Charles Kalil
Information Technology Director

Kim Huy
Community Services Director

Laura Stover
Human Resources Director

William Murray
Public Works Director

Todd Elgin
Police Chief

Kingsley Okereke
Assistant City Manager/Finance Director

Tom Schultz
Fire Chief

Lisa Kim
Community Development Director



Financial Section

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To the City Council
City of Garden Grove, California

Independent Auditor's Report

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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows and the statement of revenues, expenditures and changes in fund balance - budget to actual 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, 2016 reflect certain prior period adjustments as described further in note 16 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, budgetary comparison information, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions and Schedule of Funding Progress – Other Post-Employment Benefits Plan* 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, the introductory section and the statistical section, budgetary comparison schedules, and statistical sections* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016 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.

December 19, 2016
Irvine, California

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Garden Grove (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

The assets and deferred outflow of resources of the City, including all component units, exceeded its liabilities and deferred inflow of resources at June 30, 2016, by \$718.9 million (net position). As of June 30, 2016, the City has total net assets of \$1,061.7 million comprising of \$244.6 in current and other assets and \$817.1 million in capital assets. Total liabilities including retirement unfunded liability for the same period totaled \$360.7 million, resulting in a net position of \$718.9 million. However, of the \$1,061.7 million of assets, \$22.0 million is restricted for specific purpose and \$759.1 million represents net investment in capital assets. Hence, the result is unrestricted negative balance of \$(62.2) million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues

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

The government-wide financial statements can be found immediately following this discussion and analysis on pages 13-15 of this report.

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

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

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

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

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

other governmental funds in other supplementary information, to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 20-27 of this report.

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

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

The fiduciary fund financial statements can be found on pages 28-29 of this report.

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

The notes to basic financial statements can be found on pages 31-77 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 79-85 of this report.

The combining statements referred to earlier, in connection with nonmajor governmental funds and internal service funds, are presented immediately following the budgetary comparison reports. Combining and individual fund statements and schedules can be found on pages 87-121 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Garden Grove, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$718.9 million at the close of the current fiscal year. Governmental activities decreased by \$1.4 million primarily due to increased recognition of receivable allowances. Business-type activities increased by \$1.9 million due to an increase in investment in capital assets over operating expenses. The combined effect of the governmental and business-type net position is an overall improvement to the City's financial position by an increase of \$0.5 million compared to the prior fiscal year.

City of Garden Grove, Net Position (in millions)

| | Governmental activities | | Business-type activities | | Total | |
|----------------------------------|-------------------------|-----------------|--------------------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Current and other assets | \$ 188.9 | \$ 184.7 | \$ 55.7 | \$ 55.3 | \$ 244.6 | \$ 240.0 |
| Capital assets | 661.9 | 664.9 | 155.2 | 151.5 | 817.1 | 816.4 |
| Total assets | <u>850.8</u> | <u>849.6</u> | <u>210.9</u> | <u>206.8</u> | <u>1,061.7</u> | <u>1,056.4</u> |
| Deferred outflow of resources | 15.9 | 15.1 | 2.0 | 1.6 | 17.9 | 16.7 |
| Long-term liabilities | 243.7 | 244.4 | 60.9 | 59.0 | 304.6 | 303.4 |
| Other liabilities | 31.8 | 11.5 | 6.8 | 4.6 | 38.6 | 16.1 |
| Total liabilities | <u>275.5</u> | <u>255.9</u> | <u>67.7</u> | <u>63.6</u> | <u>343.2</u> | <u>319.5</u> |
| Deferred inflow of resources | 15.8 | 32.0 | 1.7 | 3.2 | 17.5 | 35.2 |
| Net position | <u>\$ 575.4</u> | <u>\$ 576.8</u> | <u>\$ 143.5</u> | <u>\$ 141.6</u> | <u>\$ 718.9</u> | <u>\$ 718.4</u> |
| Net investment in capital assets | 641.6 | 642.8 | 117.5 | 111.9 | 759.1 | 754.7 |
| Restricted | 22.0 | 17.8 | - | - | 22.0 | 17.8 |
| Unrestricted | (88.2) | (83.8) | 26.0 | 29.7 | (62.2) | (54.1) |
| Total net position | <u>\$ 575.4</u> | <u>\$ 576.8</u> | <u>\$ 143.5</u> | <u>\$ 141.6</u> | <u>\$ 718.9</u> | <u>\$ 718.4</u> |

At the end of the current fiscal year, the City of Garden Grove is able to report positive total net position balance for the government as a whole. The largest portion of the City's net position is the net investment in capital assets (e.g. land, street, water, sewer and storm drain systems, buildings and park assets, machinery, and equipment), less any related debt, still outstanding, used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the City's investment in its

capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$22.0 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, if any, are resources that may be used to meet the government's ongoing obligations to citizens and creditors. For FY 15-16, the City has a negative unrestricted net position of \$62.2 million.

| City of Garden Grove, Change in Net Position | | | | | | |
|---|-------------------------|-----------------|--------------------------|-----------------|-----------------|-----------------|
| (in millions) | | | | | | |
| | Governmental activities | | Business-type activities | | Total | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 13.6 | \$ 12.4 | \$ 41.5 | \$ 45.2 | \$ 55.1 | \$ 57.6 |
| Operating grants and contributions | 15.8 | 13.3 | 31.7 | 30.7 | 47.5 | 44.0 |
| Capital grants and contributions | 3.6 | 6.0 | - | - | 3.6 | 6.0 |
| General revenues: | | | | | | |
| Sales taxes | 22.1 | 19.3 | - | - | 22.1 | 19.3 |
| Property taxes | 40.6 | 37.0 | - | - | 40.6 | 37.0 |
| Other taxes | 29.2 | 25.0 | - | - | 29.2 | 25.0 |
| Earnings on investments | 3.3 | 2.0 | 0.4 | 0.5 | 3.7 | 2.5 |
| Other | 7.3 | 0.5 | 0.2 | 0.2 | 7.5 | 0.7 |
| Gain (loss) on sale of capital assets | 2.8 | - | 0.1 | - | 2.9 | - |
| Total revenues | <u>138.3</u> | <u>115.5</u> | <u>73.9</u> | <u>76.6</u> | <u>212.2</u> | <u>192.1</u> |
| Expenses: | | | | | | |
| Fire | 20.7 | 21.9 | - | - | 20.7 | 21.9 |
| Police | 47.3 | 50.8 | - | - | 47.3 | 50.8 |
| Traffic safety | 3.0 | 3.5 | - | - | 3.0 | 3.5 |
| Public right of way | 16.9 | 16.9 | - | - | 16.9 | 16.9 |
| Drainage | 1.5 | 1.5 | - | - | 1.5 | 1.5 |
| Community buildings | 4.7 | 5.0 | - | - | 4.7 | 5.0 |
| Community services | 4.6 | 4.8 | - | - | 4.6 | 4.8 |
| Economic development | 2.3 | 1.9 | - | - | 2.3 | 1.9 |
| Parks and greenbelts | 2.0 | 2.1 | - | - | 2.0 | 2.1 |
| Community planning and development | 5.7 | 7.9 | - | - | 5.7 | 7.9 |
| Municipal support | 6.2 | 7.6 | - | - | 6.2 | 7.6 |
| Interest on Long-term debt | 2.0 | 0.9 | - | - | 2.0 | 0.9 |
| Water utility | - | - | 27.0 | 30.0 | 27.0 | 30.0 |
| Sewage collection | - | - | 6.4 | 6.6 | 6.4 | 6.6 |
| Solid waste disposal | - | - | 1.6 | 1.5 | 1.6 | 1.5 |
| Housing authority | - | - | 37.0 | 30.7 | 37.0 | 30.7 |
| Total expenses | <u>116.9</u> | <u>124.8</u> | <u>72.0</u> | <u>68.8</u> | <u>188.9</u> | <u>193.6</u> |
| Change in net position | 21.4 | (9.3) | 1.9 | 7.8 | 23.3 | (1.5) |
| Net position, beginning of year, as previously reported | 576.8 | 586.1 | 141.6 | 133.8 | 718.4 | 719.9 |
| Prior period adjustments * | (22.8) | - | - | - | (22.8) | - |
| Net position, beginning of year, as restated | 554.0 | 586.1 | 141.6 | 133.8 | 695.6 | 719.9 |
| Net position, June 30 | <u>\$ 575.4</u> | <u>\$ 576.8</u> | <u>\$ 143.5</u> | <u>\$ 141.6</u> | <u>\$ 718.9</u> | <u>\$ 718.4</u> |

* - Please refer to Page 76 of the CAFR for a discussion of prior period adjustments.

Governmental activities. The City's governmental activities net position decreased by \$1.4 million from the prior fiscal year to an ending balance of \$575.4

million. This decrease from prior year is due to the combined effect of excess revenues over expenditures of \$21.4 million and an increased recognition of note receivable allowance of \$19.9 million.

Business-type activities. Business-type activities excess of revenues over expenditures in the current fiscal year is \$1.8 million, which is \$6.0 million lower than the prior fiscal year change in net position of \$7.8 million. This change was primarily due to an operating expense increase of \$3.3 million resulting from implementing and allocating a portion of the City's pension liability to the Housing Authority fund.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use. The City's governmental funds can be found on pages 16 and 18.

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$70.4 million, an increase of \$19.8 million in comparison with the prior year. Non-spendable fund balance is \$13.4 million (19.0%), restricted fund balance is \$35.3 million (50.0%), and assigned fund balance is \$3.4 million (5.0%). The remainder of the fund balance of \$18.3 million (26.0%) represents unassigned governmental fund balance of the City.

- **General fund.** The general fund is the chief operating fund of the City. At the end of the fiscal year, the fund balance had a net increase of \$2.1 million resulting in a \$35.1 million ending fund balance. The general fund continues to experience a structural deficit with expenses exceeding revenue by about \$0.3 million.
- **HOME Grant Special Revenue fund.** The HOME Grant Special Revenue fund is an elected major fund of the City. At the end of the fiscal year, the fund balance had a net increase of \$4.8 million resulting in a \$5.0 million ending fund balance. The increase is due to adjustments relating to recognition of low income housing loan notes receivable and notes receivable allowance.
- **Proprietary funds.** The City proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail (see pages 20 - 27).

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. There was no significant budget amendment during the year (see page 82).

Final budget compared to actual results. The \$8.2 million net increase in actual over estimated revenues was primarily a result of \$6.4 million increase in revenue from taxes. The City accrued for \$6.0 million in sales taxes which included a \$2.6 million final sales tax payment due to the end of the “triple flip” from the State.

The final budget appropriations were \$103.9 million and actual expenditures were \$103.4 million, resulting in cost savings of \$0.5 million due to concerted staff effort to contain costs.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets. The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$817.1 million (net of accumulated depreciation). This investment in capital assets includes land, street, sewer, water and storm drain systems, buildings and structures, machinery and equipment, and construction in progress. The total increase in capital assets for the current fiscal year was approximately \$0.7 million. The value of the City’s capital assets as of June 30, 2016 is as follows:

| | Government activities | | Business-type activities | | Total | |
|----------------------------|-----------------------|-----------------|--------------------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Land | \$ 423.7 | \$ 419.8 | \$ 2.6 | \$ 2.6 | \$ 426.3 | \$ 422.4 |
| Construction in progress | 6.4 | 6.4 | 4.0 | 6.4 | 10.4 | 12.8 |
| Depreciable Capital Assets | 231.8 | 238.7 | 148.6 | 142.5 | 380.4 | 381.2 |
| Total capital assets | <u>\$ 661.9</u> | <u>\$ 664.9</u> | <u>\$ 155.2</u> | <u>\$ 151.5</u> | <u>\$ 817.1</u> | <u>\$ 816.4</u> |

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

- Improvements to the City’s water utility system of \$9.8 million
- Improvements to the City’s street system of \$0.7 million

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

Long-term debt. The City’s long-term debt was \$108.7 million at the end of the fiscal year. Debt increased by \$1.1 million from the prior year as a result of debt refundings and a debt upsizing and debt service payments.

California statutes limit the amount of general obligation debt a governmental entity may issue to 3.75 percent of its total assessed valuation. The City’s assessed valuation as of June 30, 2016 is \$10.8 billion. The current debt limitation for the City is \$405.0 million. There are no outstanding general obligation bonds of the City for the fiscal year ended June 30, 2016.

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

**City of Garden Grove, Outstanding Debt
(in millions)**

| | Government activities | | Business-type activities | | Total | |
|-------------------------------|-----------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Certificates of participation | \$ 25.6 | \$ 17.2 | \$ - | \$ - | \$ 25.6 | \$ 17.2 |
| Agreements payable | 2.9 | 4.1 | - | - | 2.9 | 4.1 |
| Capital lease purchase | 0.5 | 0.8 | - | - | 0.5 | 0.8 |
| Sewer revenue COP | - | - | 18.6 | 19.2 | 18.6 | 19.2 |
| Water revenue bonds | - | - | 21.3 | 23.9 | 21.3 | 23.9 |
| Total | <u>\$ 29.0</u> | <u>\$ 22.1</u> | <u>\$ 39.9</u> | <u>\$ 43.1</u> | <u>\$ 68.9</u> | <u>\$ 65.2</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

National economic growth continues to steadily improve since the 2008 recession but is slowing. Recent economic data is mostly positive with modest job growth and increased consumer demand due to consumer earning power. State economic growth is on course with the nation and is moving towards the national job growth rate. Building and construction of local residential real estate appears to have peaked. With limited inventory, the median home price has increased and the number of permits issued for new home construction has struggled to advance. However, commercial construction is expected to rise in 2017.

The City has seen some positive signs of recovery and modest revenue growth in line with increasing domestic consumer demand. The opening of the Great Wolf Lodge Water Park Hotel in March 2016 and other properties along Harbor Boulevard provide much needed additional transient occupancy tax revenue to the City and is expected to exceed sales tax revenue as the City's largest revenue source. However, expenses are expected to increase and the continuing structural budget deficit remains for the City. The City remains committed to addressing this structural deficit. The continued pursuit of economic development in the City will help to ensure the City's current and future financial health.

The City remains cautiously optimistic for FY 2016-17. Revenues and expenditures will be closely monitored to maintain the City's financial health. The FY 2016-17 budget is balanced and includes a basic operating budget of \$112.3 million and capital budget of \$5.0 million. The basic operation budget was balanced using \$5.7 million in reserves and transfers.

REQUESTS FOR INFORMATION

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



Basic Financial Statements

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**CITY OF GARDEN GROVE
STATEMENT OF NET POSITION
JUNE 30, 2016**

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and investments | \$ 143,984,604 | \$ 58,110,575 | \$ 202,095,179 |
| Cash and investments with fiscal agents | 8,503,344 | 2,202,161 | 10,705,505 |
| Taxes receivable | 8,418,479 | 52,882 | 8,471,361 |
| Accounts receivable | 1,566,299 | 5,938,529 | 7,504,828 |
| Interest receivable | 368,255 | 150,847 | 519,102 |
| Intergovernmental receivable | 1,728,454 | 700 | 1,729,154 |
| Internal balances | 10,800,948 | (10,800,948) | - |
| Inventory | 521,705 | - | 521,705 |
| Prepaid items | 52,061 | - | 52,061 |
| Total current assets | 175,944,149 | 55,654,746 | 231,598,895 |
| Noncurrent assets: | | | |
| Deposits | 33,720 | 28,219 | 61,939 |
| Notes receivable, net | 8,140,944 | 7,806 | 8,148,750 |
| Land held for resale | 4,584,241 | - | 4,584,241 |
| Prepaid bond insurance costs | 153,047 | 66,133 | 219,180 |
| Capital assets: | | | |
| Land | 423,696,007 | 2,564,750 | 426,260,757 |
| Construction in progress | 6,446,269 | 3,963,091 | 10,409,360 |
| Depreciable capital assets, net | 231,805,454 | 148,644,875 | 380,450,329 |
| Total noncurrent assets | 674,859,682 | 155,274,874 | 830,134,556 |
| Total assets | 850,803,831 | 210,929,620 | 1,061,733,451 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Unamortized loss on refunding of debt | - | 111,353 | 111,353 |
| Pension related items | 15,916,209 | 1,888,490 | 17,804,699 |
| Total deferred outflows | 15,916,209 | 1,999,843 | 17,916,052 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 7,050,415 | 3,497,150 | 10,547,565 |
| Accrued liabilities | 3,825,298 | 476,568 | 4,301,866 |
| Refundable deposits | 3,334,814 | 655,804 | 3,990,618 |
| Interest payable | 394,701 | 73,772 | 468,473 |
| Current portion of long-term obligations | 17,221,107 | 2,095,000 | 19,316,107 |
| Total current liabilities | 31,826,335 | 6,798,294 | 38,624,629 |
| Noncurrent liabilities: | | | |
| Noncurrent portion of long-term obligations | 51,556,455 | 37,792,053 | 89,348,508 |
| OPEB liability | 5,038,272 | 758,610 | 5,796,882 |
| Net pension liability | 187,079,909 | 22,362,965 | 209,442,874 |
| Total noncurrent liabilities | 243,674,636 | 60,913,628 | 304,588,264 |
| Total liabilities | 275,500,971 | 67,711,922 | 343,212,893 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related items | 15,814,466 | 1,718,594 | 17,533,060 |
| Total deferred inflows | 15,814,466 | 1,718,594 | 17,533,060 |
| NET POSITION | | | |
| Net investment in capital assets | 641,661,024 | 117,487,824 | 759,148,848 |
| Restricted for: | | | |
| Public safety | 1,286,855 | - | 1,286,855 |
| Public right of way | 8,926,725 | - | 8,926,725 |
| Community planning and development | 7,740,183 | - | 7,740,183 |
| Developer impact projects | 4,013,282 | - | 4,013,282 |
| Unrestricted | (88,223,466) | 26,011,123 | (62,212,343) |
| Total net position | \$ 575,404,603 | \$ 143,498,947 | \$ 718,903,550 |

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, 2016**

| <u>Functions/programs</u> | <u>Expenses</u> | <u>Program Revenue</u> | |
|------------------------------------|-----------------------|-----------------------------|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> |
| Governmental activities: | | | |
| Fire | \$ 20,699,697 | \$ 1,682,540 | \$ 1,830,782 |
| Police | 47,308,666 | 2,717,266 | 223,460 |
| Traffic safety | 3,000,573 | 1,347,344 | 125,211 |
| Public right of way | 16,916,589 | 391,109 | 10,191,443 |
| Drainage | 1,453,485 | - | - |
| Community buildings | 4,690,706 | - | - |
| Community services | 4,605,996 | 768,282 | - |
| Economic Development | 2,332,586 | - | - |
| Parks and greenbelts | 1,957,466 | 1,225,602 | 184,911 |
| Community planning and development | 5,632,862 | 2,319,725 | 2,638,781 |
| Municipal support | 6,152,171 | 3,108,817 | 624,881 |
| Interest on long term debt | 1,961,688 | - | - |
| Total governmental activities | <u>116,712,485</u> | <u>13,560,685</u> | <u>15,819,469</u> |
| Business-type activities: | | | |
| Water utility | 26,981,568 | 29,157,760 | - |
| Sewage collection | 6,497,792 | 10,267,256 | - |
| Solid waste disposal | 1,598,557 | 2,072,068 | - |
| Housing authority | 36,946,902 | - | 31,730,462 |
| Total business-type activities | <u>72,024,819</u> | <u>41,497,084</u> | <u>31,730,462</u> |
| Total | <u>\$ 188,737,304</u> | <u>\$ 55,057,769</u> | <u>\$ 47,549,931</u> |

General revenues:

Taxes:

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

Total general revenues

Change in net position

Net position, beginning of year, as restated

Net position, end of year

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

| Net (Expense) Revenue and Changes in Net Position | | | |
|--|------------------------------------|-------------------------------------|---------------------|
| Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| \$ 10,424 | \$ (17,175,951) | \$ - | \$ (17,175,951) |
| 495,710 | (43,872,230) | - | (43,872,230) |
| 29,123 | (1,498,895) | - | (1,498,895) |
| - | (6,334,037) | - | (6,334,037) |
| 158,792 | (1,294,693) | - | (1,294,693) |
| - | (4,690,706) | - | (4,690,706) |
| 618 | (3,837,096) | - | (3,837,096) |
| - | (2,332,586) | - | (2,332,586) |
| 357,500 | (189,453) | - | (189,453) |
| - | (674,356) | - | (674,356) |
| 2,516,519 | 98,046 | - | 98,046 |
| - | (1,961,688) | - | (1,961,688) |
| <u>3,568,686</u> | <u>(83,763,645)</u> | <u>-</u> | <u>(83,763,645)</u> |
| - | - | 2,176,192 | 2,176,192 |
| - | - | 3,769,464 | 3,769,464 |
| - | - | 473,511 | 473,511 |
| - | - | (5,216,440) | (5,216,440) |
| - | - | <u>1,202,727</u> | <u>1,202,727</u> |
| <u>\$ 3,568,686</u> | <u>(83,763,645)</u> | <u>1,202,727</u> | <u>(82,560,918)</u> |
| | 22,051,778 | - | 22,051,778 |
| | 40,574,176 | - | 40,574,176 |
| | 2,577,292 | - | 2,577,292 |
| | 5,636,389 | - | 5,636,389 |
| | 20,897,283 | - | 20,897,283 |
| | 70,518 | - | 70,518 |
| | 3,344,417 | 428,354 | 3,772,771 |
| | 7,270,144 | 158,654 | 7,428,798 |
| | <u>2,774,001</u> | <u>59,033</u> | <u>2,833,034</u> |
| | <u>105,195,998</u> | <u>646,041</u> | <u>105,842,039</u> |
| | 21,432,353 | 1,848,768 | 23,281,121 |
| | <u>553,972,250</u> | <u>141,650,179</u> | <u>695,622,429</u> |
| <u>\$ 575,404,603</u> | <u>\$ 143,498,947</u> | <u>\$ 718,903,550</u> | |

**CITY OF GARDEN GROVE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

| | General Fund | HOME Grant Special Revenue Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-------------------------|--|--|---|
| ASSETS | | | | |
| Cash and cash investments | \$ 19,493,577 | \$ 201,566 | \$ 15,539,621 | \$ 35,234,764 |
| Cash and cash investments with fiscal agents | 3,710 | - | 8,499,634 | 8,503,344 |
| Taxes receivable | 8,408,418 | - | 10,061 | 8,418,479 |
| Accounts receivable | 1,742,431 | 22,703 | 309,858 | 2,074,992 |
| Interest receivable | 174,695 | 597 | 30,521 | 205,813 |
| Intergovernmental receivable | - | 34,969 | 1,693,485 | 1,728,454 |
| Intercity loans receivable | 13,374,978 | - | - | 13,374,978 |
| Deposits and prepaid items | 13,164 | - | 3,649 | 16,813 |
| Notes receivable | 2,646,916 | 15,073,678 | 7,073,952 | 24,794,546 |
| Allowance | (2,484,526) | (10,315,770) | (4,437,242) | (17,237,538) |
| Land held for resale | - | - | 4,584,241 | 4,584,241 |
| Total assets | <u>\$ 43,373,363</u> | <u>\$ 5,017,743</u> | <u>\$ 33,307,780</u> | <u>\$ 81,698,886</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 1,321,534 | \$ - | \$ 608,365 | \$ 1,929,899 |
| Accrued liabilities | 2,382,491 | - | 1,038,961 | 3,421,452 |
| Refundable deposits | 3,290,892 | 10,176 | 32,226 | 3,333,294 |
| Due to other funds | - | - | 1,111,508 | 1,111,508 |
| Total liabilities | <u>6,994,917</u> | <u>10,176</u> | <u>2,791,060</u> | <u>9,796,153</u> |
| Deferred inflows of resources: | | | | |
| Unavailable revenue | 1,306,893 | - | 212,891 | 1,519,784 |
| Total Deferred inflows | <u>1,306,893</u> | <u>-</u> | <u>212,891</u> | <u>1,519,784</u> |
| Fund balances: | | | | |
| Non-Spendable: | | | | |
| Intercity loan | 13,374,978 | - | - | 13,374,978 |
| Prepaid items | 13,164 | - | - | 13,164 |
| Restricted: | | | | |
| Public safety | - | - | 9,260,284 | 9,260,284 |
| Public right of way | - | - | 7,638,912 | 7,638,912 |
| Drainage | - | - | 753,994 | 753,994 |
| Community planning and development | - | 5,007,567 | 11,703,903 | 16,711,470 |
| Community services | - | - | 196,278 | 196,278 |
| Municipal support and services | - | - | 754,600 | 754,600 |
| Assigned: | | | | |
| Post-employment benefits | 1,000,000 | - | - | 1,000,000 |
| Garden Grove tourism improvement district | 313,700 | - | - | 313,700 |
| Property tax lawsuit | 500,000 | - | - | 500,000 |
| Building improvements | 1,300,000 | - | - | 1,300,000 |
| General plan | 239,200 | - | - | 239,200 |
| Unassigned | 18,330,511 | - | (4,142) | 18,326,369 |
| Total fund balances | <u>35,071,553</u> | <u>5,007,567</u> | <u>30,303,829</u> | <u>70,382,949</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 43,373,363</u> | <u>\$ 5,017,743</u> | <u>\$ 33,307,780</u> | <u>\$ 81,698,886</u> |

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

CITY OF GARDEN GROVE
RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2016

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

| | |
|--|------------------------------|
| Fund balances - total governmental funds (page 16) | \$ 70,382,949 |
| Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet. | 651,561,452 |
| Certain notes, grants, and accounts receivables are not available to pay for current period expenditures, and therefore are offset by deferred inflows of resources in the governmental funds. | 1,519,784 |
| 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. | 67,730,432 |
| 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. | (33,884,738) |
| The net pension liability is not due and payable in the current period and, therefore, is not reported in the balance sheet of the governmental funds. Also, deferred inflows and outflows of resources related to pension costs are deferred and amortized in the statement of activities. This amount is the net effect of the treatment of net pension liability, deferred outflows of resources from pension contributions and deferred inflows of resources for the net difference between projected and actual earnings on pension plan investments. | <u>(181,905,276)</u> |
| Net position of governmental activities | <u><u>\$ 575,404,603</u></u> |

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

CITY OF GARDEN GROVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | General Fund | HOME Grant Special Revenue Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|--|-----------------------------------|--------------------------------|
| REVENUES: | | | | |
| Taxes | \$ 88,733,225 | \$ - | \$ 3,534,596 | \$ 92,267,821 |
| Licenses and permits | 1,505,233 | - | 48,389 | 1,553,622 |
| Fines, forfeits and penalties | 1,576,893 | - | 645,556 | 2,222,449 |
| Investment earnings | 1,129,783 | 943 | 154,180 | 1,284,906 |
| Charges for current services | 6,340,815 | - | 3,602,080 | 9,942,895 |
| From other agencies | 339,883 | 1,471,668 | 14,179,129 | 15,990,680 |
| Other revenues | 3,558,954 | 4,442,660 | 3,069,460 | 11,071,074 |
| Total revenues | <u>103,184,786</u> | <u>5,915,271</u> | <u>25,233,390</u> | <u>134,333,447</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | 22,944,889 | - | 249,932 | 23,194,821 |
| Police | 50,328,772 | - | 1,613,183 | 51,941,955 |
| Traffic safety | 1,074,936 | - | 1,883,923 | 2,958,859 |
| Public right of way | 4,978,585 | - | 2,536,279 | 7,514,864 |
| Community buildings | 3,316,507 | - | - | 3,316,507 |
| Community services | 3,315,216 | - | 2,155,218 | 5,470,434 |
| Economic development | 138,333 | - | 2,194,237 | 2,332,570 |
| Parks and greenbelts | 1,463,469 | - | 753,412 | 2,216,881 |
| Community planning and development | 4,880,137 | 1,125,394 | 1,224,154 | 7,229,685 |
| Municipal support | 7,816,359 | 7,403 | 188,841 | 8,012,603 |
| Capital outlay: | | | | |
| Fire | - | - | 66,410 | 66,410 |
| Police | 675,569 | - | 756,918 | 1,432,487 |
| Traffic safety | - | - | 96,230 | 96,230 |
| Public right of way | 3,100 | - | 4,347,249 | 4,350,349 |
| Drainage | - | - | 7,789 | 7,789 |
| Community buildings | 208,335 | - | 5,181 | 213,516 |
| Community services | 11,389 | - | - | 11,389 |
| Parks and greenbelts | - | - | 1,161,175 | 1,161,175 |
| Community planning and development | 9,040 | - | - | 9,040 |
| Municipal support | 22,262 | - | - | 22,262 |
| Debt service: | | | | |
| Principal retirement | 976,570 | - | 1,120,000 | 2,096,570 |
| Interest and other charges | 860,854 | - | 78,008 | 938,862 |
| Bond issuance costs | 423,370 | - | - | 423,370 |
| Total expenditures | <u>103,447,692</u> | <u>1,132,797</u> | <u>20,438,139</u> | <u>125,018,628</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(262,906)</u> | <u>4,782,474</u> | <u>4,795,251</u> | <u>9,314,819</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 2,234,218 | - | 9,548,882 | 11,783,100 |
| Transfers out | (10,565,654) | - | (1,117,446) | (11,683,100) |
| Issuance of bonds | 24,790,000 | - | - | 24,790,000 |
| Premium on bonds | 1,594,736 | - | - | 1,594,736 |
| Payment to refunded bond escrow agent | (17,461,732) | - | - | (17,461,732) |
| Proceeds from sale of capital assets | 1,734,248 | - | 1,000 | 1,735,248 |
| Total other financing sources (uses) | <u>2,325,816</u> | <u>-</u> | <u>8,432,436</u> | <u>10,758,252</u> |
| Net change in fund balances | 2,062,910 | 4,782,474 | 13,227,687 | 20,073,071 |
| Fund balances, beginning of year, as restated | <u>33,008,643</u> | <u>225,093</u> | <u>17,076,142</u> | <u>50,309,878</u> |
| Fund balances, end of year | <u>\$ 35,071,553</u> | <u>\$ 5,007,567</u> | <u>\$ 30,303,829</u> | <u>\$ 70,382,949</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, 2016

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

| | |
|--|-----------------------------|
| Net change in fund balances - total governmental funds (page 18) | \$ 20,073,071 |
| 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. | (6,005,748) |
| 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. | (7,314,745) |
| Some revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (2,315,738) |
| 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. | 1,774,856 |
| Pension costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | <u>15,220,657</u> |
| Change in net position of governmental activities | <u><u>\$ 21,432,353</u></u> |

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

**CITY OF GARDEN GROVE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016**

| | Business-Type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Funds |
|---|--|----------------------|-------------------------|-----------------------|-----------------------|---|
| | Water Utility | Sewage Collection | Solid Waste Disposal | Housing Authority | Total | |
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and cash investments | \$ 21,141,347 | \$ 31,631,719 | \$ 4,681,217 | \$ 656,292 | \$ 58,110,575 | \$ 108,749,840 |
| Cash and cash investments with fiscal agents | 696,652 | 1,505,509 | - | - | 2,202,161 | - |
| Taxes receivable | - | 24,425 | 28,457 | - | 52,882 | - |
| Accounts receivable | 4,118,334 | 1,301,420 | 513,767 | 5,008 | 5,938,529 | 75,243 |
| Interest receivable | 54,645 | 82,791 | 12,212 | 1,199 | 150,847 | 162,442 |
| Due from other funds | - | - | - | - | - | 1,111,508 |
| Intergovernmental receivable | - | - | - | 700 | 700 | - |
| Inventory | - | - | - | - | - | 521,705 |
| Prepaid items | - | - | - | - | - | 35,248 |
| Total current assets | <u>26,010,978</u> | <u>34,545,864</u> | <u>5,235,653</u> | <u>663,199</u> | <u>66,455,694</u> | <u>110,655,986</u> |
| Noncurrent assets: | | | | | | |
| Deposits | 15,000 | - | - | 13,219 | 28,219 | 33,720 |
| Intercity loans receivable | 750,000 | - | - | - | 750,000 | 4,005,060 |
| Allowances | (750,000) | - | - | - | (750,000) | - |
| Notes receivable | - | 7,806 | - | - | 7,806 | - |
| Prepaid bond insurance costs | - | 66,133 | - | - | 66,133 | - |
| Capital assets: | | | | | | |
| Land | 1,471,805 | 1,092,945 | - | - | 2,564,750 | - |
| Construction in progress | 2,942,291 | 1,020,800 | - | - | 3,963,091 | 3,120,995 |
| Depreciable capital assets, net | 84,382,917 | 64,261,958 | - | - | 148,644,875 | 7,265,283 |
| Total noncurrent assets | <u>88,812,013</u> | <u>66,449,642</u> | <u>-</u> | <u>13,219</u> | <u>155,274,874</u> | <u>14,425,058</u> |
| Total assets | <u>114,822,991</u> | <u>100,995,506</u> | <u>5,235,653</u> | <u>676,418</u> | <u>221,730,568</u> | <u>125,081,044</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Unamortized loss on refunding of debt | 111,353 | - | - | - | 111,353 | - |
| Pension related items | 935,402 | 461,150 | 81,225 | 410,713 | 1,888,490 | 450,671 |
| Total Deferred Outflows | <u>1,046,755</u> | <u>461,150</u> | <u>81,225</u> | <u>410,713</u> | <u>1,999,843</u> | <u>450,671</u> |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable | 3,371,440 | 62,721 | 21,337 | 41,652 | 3,497,150 | 5,120,516 |
| Accrued liabilities | 193,441 | 201,089 | 82,038 | - | 476,568 | 403,846 |
| Refundable deposits | 508,593 | 8,383 | - | 138,828 | 655,804 | 1,520 |
| Interest payable | 36,933 | 36,839 | - | - | 73,772 | 241 |
| Current portion of long-term obligations | | | | | | |
| Capital leases | - | - | - | - | - | 154,139 |
| Accrued compensated absences | - | - | - | - | - | 8,823,976 |
| Claims payable | - | - | - | - | - | 4,895,803 |
| Long-term debt | 1,515,000 | 580,000 | - | - | 2,095,000 | - |
| Total current liabilities | <u>5,625,407</u> | <u>889,032</u> | <u>103,375</u> | <u>180,480</u> | <u>6,798,294</u> | <u>19,400,041</u> |
| Noncurrent liabilities: | | | | | | |
| Noncurrent portion of long-term obligations: | | | | | | |
| Capital leases | - | - | - | - | - | 69,836 |
| Accrued compensated absences | - | - | - | - | - | 1,203,269 |
| Claims payable | - | - | - | - | - | 24,844,199 |
| Intercity loans payable | 13,374,978 | - | - | - | 13,374,978.00 | 4,005,060 |
| Long-term debt | 19,725,844 | 18,066,209 | - | - | 37,792,053 | - |
| Net pension liability | 10,764,082 | 5,257,148 | 1,035,429 | 5,306,306 | 22,362,965 | 5,154,037 |
| OPEB liability | 375,825 | 185,248 | 32,584 | 164,953 | 758,610 | 181,287 |
| Total noncurrent liabilities | <u>44,240,729</u> | <u>23,508,605</u> | <u>1,068,013</u> | <u>5,471,259</u> | <u>74,288,606</u> | <u>35,457,688</u> |
| Total liabilities | <u>49,866,136</u> | <u>24,397,637</u> | <u>1,171,388</u> | <u>5,651,739</u> | <u>81,086,900</u> | <u>54,857,729</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Pension related items | 833,555 | 402,795 | 88,953 | 393,291 | 1,718,594 | 369,524 |
| Total Deferred Inflows | <u>833,555</u> | <u>402,795</u> | <u>88,953</u> | <u>393,291</u> | <u>1,718,594</u> | <u>369,524</u> |
| NET POSITION | | | | | | |
| Net Investment in capital assets | 68,252,821 | 49,235,003 | - | - | 117,487,824 | 10,162,303 |
| Unrestricted | (3,082,766) | 27,421,221 | 4,056,537 | (4,957,899) | 23,437,093 | 60,142,159 |
| Total net position | <u>\$ 65,170,055</u> | <u>\$ 76,656,224</u> | <u>\$ 4,056,537</u> | <u>\$ (4,957,899)</u> | <u>140,924,917</u> | <u>\$ 70,304,462</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | | 2,574,030 | |
| Net position of business-type activities | | | | | <u>\$ 143,498,947</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, 2016

| | Business-Type Activities | |
|---|---------------------------------|------------------------------|
| | - Enterprise Funds | |
| | Water Utility | Sewage Collection |
| Operating revenues: | | |
| Charges for services | \$ - | \$ - |
| Water sales | 29,132,356 | - |
| Section 8 grant revenue | - | - |
| Solid waste disposal fees | - | - |
| Property assessments | - | 2,770,045 |
| Sewer user fees | - | 7,476,269 |
| Other | 25,404 | 20,942 |
| Total operating revenues | <u>29,157,760</u> | <u>10,267,256</u> |
| Operating expenses: | | |
| Salaries and wages | 4,805,490 | 2,261,372 |
| Employee benefits | - | - |
| Contractual services | 5,642,743 | 1,411,026 |
| Liability claims | - | - |
| Materials and supplies | 615,910 | 208,598 |
| Water production expenses | 11,918,346 | - |
| Housing assistance payment | - | - |
| Depreciation and amortization | 2,964,662 | 1,791,405 |
| Total operating expenses | <u>25,947,151</u> | <u>5,672,401</u> |
| Operating income (loss) | <u>3,210,609</u> | <u>4,594,855</u> |
| Nonoperating revenues (expenses): | | |
| Investment income | 144,357 | 253,959 |
| Gain on disposal of assets | 59,033 | - |
| Other nonoperating revenues (expenses) | 158,654 | - |
| Interest expense | (1,268,677) | (905,608) |
| Total nonoperating revenues (expenses) | <u>(906,633)</u> | <u>(651,649)</u> |
| Income (loss) before transfers and capital contributions | 2,303,976 | 3,943,206 |
| Capital contributions | - | - |
| Transfers out | - | - |
| Change in net position | 2,303,976 | 3,943,206 |
| Total net position, beginning of year, as restated | <u>62,866,079</u> | <u>72,713,018</u> |
| Total net position, end of year | <u>\$ 65,170,055</u> | <u>\$ 76,656,224</u> |

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

Change in net position of business-type activities.

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

| Business-Type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|--|------------------------------|---------------------|---|
| Solid Waste Disposal | Housing Authority | Total | |
| \$ - | \$ - | \$ - | \$ 54,656,804 |
| - | - | 29,132,356 | - |
| - | 31,705,596 | 31,705,596 | - |
| 1,704,528 | - | 1,704,528 | - |
| 367,256 | - | 3,137,301 | - |
| - | - | 7,476,269 | - |
| 284 | 24,866 | 71,496 | 94,525 |
| <u>2,072,068</u> | <u>31,730,462</u> | <u>73,227,546</u> | <u>54,751,329</u> |
| 587,873 | 7,702,965 | 15,357,700 | 17,940,994 |
| - | - | - | 23,816,754 |
| 1,008,380 | 233,842 | 8,295,991 | 1,952,278 |
| - | - | - | 8,509,777 |
| 2,304 | 32,019 | 858,831 | 3,837,764 |
| - | - | 11,918,346 | - |
| - | 28,978,076 | 28,978,076 | - |
| - | - | 4,756,067 | 1,162,869 |
| <u>1,598,557</u> | <u>36,946,902</u> | <u>70,165,011</u> | <u>57,220,436</u> |
| 473,511 | (5,216,440) | 3,062,535 | (2,469,107) |
| 28,236 | 1,802 | 428,354 | 2,034,782 |
| - | - | 59,033 | 20,995 |
| - | - | 158,654 | - |
| - | - | (2,174,285) | (11,791) |
| <u>28,236</u> | <u>1,802</u> | <u>(1,528,244)</u> | <u>2,043,986</u> |
| 501,747 | (5,214,638) | 1,534,291 | (425,121) |
| - | - | - | 2,614,453 |
| - | - | - | (100,000) |
| 501,747 | (5,214,638) | 1,534,291 | 2,089,332 |
| <u>3,554,790</u> | <u>256,739</u> | | <u>68,215,130</u> |
| <u>\$ 4,056,537</u> | <u>\$ (4,957,899)</u> | | <u>\$ 70,304,462</u> |
| | | <u>314,477</u> | |
| | | <u>\$ 1,848,768</u> | |

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

| | Business-Type Activities - Enterprise Funds | |
|--|--|------------------------------|
| | Water Utility | Sewage Collection |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 30,380,534 | \$ 10,272,428 |
| Payments to suppliers | (17,787,641) | (1,710,436) |
| Payments to employees | (4,868,626) | (2,289,816) |
| Payments for employee benefits | - | - |
| Receipts from user departments | - | - |
| Net cash provided (used) by operating activities | 7,724,267 | 6,272,176 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Operating subsidies and transfers to other funds | - | - |
| Net cash provided (used) by noncapital financing activities | - | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Payment to bond escrow agent | (9,393,284) | - |
| Purchases of capital assets | (7,481,540) | (877,091) |
| Proceeds of debt | 8,272,489 | - |
| Principal paid on capital debt | (1,400,000) | (560,000) |
| Interest paid on capital debt | (1,294,335) | (917,414) |
| Net cash provided by capital and related financing activities | (11,296,670) | (2,354,505) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest earnings | 165,592 | 264,326 |
| Net cash provided by investing activities | 165,592 | 264,326 |
| Net increase (decrease) in cash and cash equivalents | (3,406,811) | 4,181,997 |
| Cash and cash equivalents, beginning of year | 25,245,110 | 28,955,231 |
| Cash and cash equivalents, end of year | \$ 21,838,299 | \$ 33,137,228 |

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

| Business-Type Activities - Enterprise Funds | | | Governmental Activities - |
|--|------------------------------|----------------------|--------------------------------------|
| Solid Waste Disposal | Housing Authority | Total | Internal Service Funds |
| \$ 2,223,703 | \$ 31,827,595 | \$ 74,704,260 | \$ - |
| (1,028,997) | (29,067,008) | (49,594,082) | (9,022,729) |
| (598,930) | (2,414,081) | (10,171,453) | (15,390,340) |
| - | - | - | (23,816,754) |
| - | - | - | 54,604,958 |
| <u>595,776</u> | <u>346,506</u> | <u>14,938,725</u> | <u>6,375,135</u> |
| - | - | - | (4,105,060) |
| - | - | - | (4,105,060) |
| - | - | (9,393,284) | - |
| - | - | (8,358,631) | (1,394,948) |
| - | - | 8,272,489 | - |
| - | - | (1,960,000) | (172,285) |
| - | - | <u>(2,211,749)</u> | <u>(11,791)</u> |
| - | - | <u>(13,651,175)</u> | <u>(1,579,024)</u> |
| 29,905 | 1,328 | 461,151 | 1,982,845 |
| <u>29,905</u> | <u>1,328</u> | <u>461,151</u> | <u>1,982,845</u> |
| 625,681 | 347,834 | 1,748,701 | 2,673,896 |
| <u>4,055,536</u> | <u>308,458</u> | <u>58,564,335</u> | <u>100,486,908</u> |
| <u>\$ 4,681,217</u> | <u>\$ 656,292</u> | <u>\$ 60,313,036</u> | <u>\$ 103,160,804</u> |

(continued)

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

| | Business-Type Activities - Enterprise Funds | |
|--|--|------------------------------|
| | Water Utility | Sewage Collection |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ 3,210,609 | \$ 4,594,855 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation and amortization expense | 2,964,662 | 1,791,405 |
| Other nonoperating revenues (expenses) | 158,654 | - |
| Decrease (increase) in taxes receivable | - | 2,714 |
| Decrease (increase) in accounts receivable | 1,212,685 | 2,432 |
| Decrease (increase) in intergovernmental receivable | - | - |
| Decrease (increase) in notes receivable | - | 26 |
| Decrease (increase) in inventory | - | - |
| Decrease (increase) in prepaid expenses | 22,746 | - |
| Decrease (increase) in deposits | - | - |
| Increase (decrease) in accounts payable | 146,398 | (284,331) |
| Increase (decrease) in accrued compensated absences | - | - |
| Increase (decrease) in accrued liabilities | 49,534 | 131,380 |
| Increase (decrease) in refundable deposits | 10,089 | - |
| Increase (decrease) in claims payable | - | - |
| Increase (decrease) in OPEB liability | 375,825 | 185,248 |
| Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources | (438,961) | (213,692) |
| Total adjustments | 4,501,632 | 1,615,182 |
| Net cash provided by operating activities | <u>\$ 7,712,241</u> | <u>\$ 6,210,037</u> |

There were no noncash investing, capital, or financing activities for the year ended June 30, 2016.

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

| Business-Type Activities - Enterprise Funds | | | Governmental Activities- |
|--|------------------------------|---------------|-------------------------------------|
| Solid Waste Disposal | Housing Authority | Total | Internal Service Funds |
| \$ 473,511 | \$ (5,216,440) | \$ 3,062,535 | \$ (2,371,173) |
| - | - | 4,756,067 | 1,162,869 |
| - | - | 158,654 | - |
| 10,368 | - | 13,082 | - |
| 141,267 | (3,144) | 1,353,240 | 100,008 |
| - | 111,117 | 111,117 | - |
| - | - | 26 | - |
| - | - | - | 147,164 |
| - | - | 22,746 | (36,868) |
| - | (13,219) | (13,219) | - |
| (23,565) | 25,195 | (136,303) | 2,205,905 |
| - | - | - | 448,674 |
| 3,242 | - | 184,156 | 73,516 |
| - | (10,840) | (751) | - |
| - | - | - | 2,504,001 |
| 32,584 | 164,953 | 758,610 | 181,287 |
| (43,641) | 5,288,884 | 4,592,590 | 1,959,752 |
| 120,255 | 5,562,946 | 11,800,015 | 8,746,308 |
| \$ 593,766 | \$ 346,506 | \$ 14,862,550 | \$ 6,375,135 |

**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, 2016**

ASSETS

Current Assets:

| | |
|--|-------------------|
| Cash and cash investments | \$ 14,954,797 |
| Cash and cash investments with fiscal agents | 6,467,531 |
| Accounts receivable | 20,000 |
| Interest receivable | 13,312 |
| Total current assets | <u>21,455,640</u> |

Noncurrent assets:

| | |
|------------------------------|-------------------|
| Notes receivable | 1,358,200 |
| Prepaid bond insurance costs | 686,924 |
| Land held for resale | 26,511,026 |
| Total noncurrent assets | <u>28,556,150</u> |

| | |
|--------------|-------------------|
| Total assets | <u>50,011,790</u> |
|--------------|-------------------|

Deferred outflows of resources:

| | |
|---------------------------------------|----------------|
| Unamortized loss on refunding of debt | 458,398 |
| Total deferred outflows | <u>458,398</u> |

LIABILITIES

Current Liabilities:

| | |
|--|-------------------|
| Accounts payable | 5,879,746 |
| Accrued liabilities | 24,835 |
| Interest payable | 840,640 |
| Current portion of long-term obligations | 6,520,000 |
| Total current liabilities | <u>13,265,221</u> |

Noncurrent liabilities:

| | |
|--|-------------------|
| Noncurrent portion of long-term obligations: | |
| Long-term debt | 91,554,318 |
| Total noncurrent liabilities | <u>91,554,318</u> |

| | |
|-------------------|--------------------|
| Total liabilities | <u>104,819,539</u> |
|-------------------|--------------------|

NET POSITION

| | |
|---|------------------------|
| Held in trust for redevelopment dissolution | <u>\$ (54,349,351)</u> |
|---|------------------------|

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

**CITY OF GARDEN GROVE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CITY OF GARDEN GROVE AS SUCCESSOR AGENCY
TO THE GARDEN GROVE REDEVELOPMENT AGENCY
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ADDITIONS

| | | |
|-----------------------|----|------------|
| Taxes | \$ | 15,837,862 |
| Investment earnings | | 26,677 |
| Other revenues | | 401,050 |
| Gain on sale of asset | | 3,173,554 |
| Total additions | | 19,439,143 |

DEDUCTIONS

| | | |
|-------------------------------------|--|------------|
| Program expenses | | 48,210,333 |
| Administrative expenses | | 519,872 |
| Interest and fiscal agency expenses | | 2,259,732 |
| Loss on asset disposal | | 6,623,756 |
| Total deductions | | 57,613,693 |

CHANGE IN NET POSITION (38,174,550)

NET POSITION, BEGINNING OF YEAR, AS RESTATED (16,174,801)

NET POSITION, END OF YEAR \$ (54,349,351)

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, 2016**

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 to take 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 City Council, although acting in a different capacity, is the governing board. Council members approve 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 Sanitary District provides portions of the cities of Garden Grove, Fountain Valley, Westminster and County of Orange unincorporated areas with sewage collection services, maintenance and cleaning of sewage collection lines, inspection of sewage lines built within the district by developers and the provision for trash and solid waste collection and disposal for residents and commercial establishments. The district became a subsidiary district and component unit of the City of Garden Grove on May 30, 1997. The Sanitary District is reported as two enterprise funds, the Sewage Collection enterprise fund and Solid Waste Disposal enterprise fund as if it were part of the primary government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Sanitary District budget and the City provides staffing.
- 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, Garden Grove Sanitary District, Garden Grove Public Financing Authority.

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

2. Government-wide and fund financial statements

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

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

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

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

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

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

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

The City reports the following major governmental funds:

General fund

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

HOME Grant special revenue fund

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

The City reports the following major enterprise funds:

Water Utility fund

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

Sewage Collection fund

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

Solid Waste Disposal fund

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

Housing Authority fund

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

Additionally, the City reports the following fund types:

Internal Service funds

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

Private-Purpose Trust fund

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

a. Deposits and investments

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

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

b. Receivables and payables

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

Intercity loans receivable, as reported in the fund financial statements, are offset by a 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 cyclical basis. Receivables are recorded at the time consumption is determined. Sanitary refuse collection accounts are billed quarterly, with the last quarterly billing completed in June covering June, July, and August services. Unbilled receivables are recorded at year end to adjust for the billing cycle and are included as accounts receivable in the Water Utility and Sanitary District funds.

c. Taxes receivable

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

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

**CITY OF GARDEN GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2016**

The property tax calendar is as follows:

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

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

| | |
|-------------------|---------------------------------------|
| November 12, 2015 | 7% - 10% |
| December 3, 2015 | 5% - 10% |
| December 18, 2015 | 30% - 35% |
| January 14, 2016 | 1% - 5% |
| March 10, 2016 | 5% - 7% |
| April 21, 2016 | 30% - 35% |
| May 26, 2016 | 1% - 5% |
| July 14, 2016 | 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, 2016 and is located in the Housing Successor Agency Capital Projects Fund and the Successor Agency Trust Fund.

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

e. Capital assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The net interest cost incurred in the financing of projects during the construction period is not capitalized, except for enterprise funds. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds of tax-exempt debt over the same period. The interest capitalized by the City during the current fiscal year was \$560,535.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

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

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

f. *Deferred outflows/inflows of resources*

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

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

g. *Accrued compensated absences*

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

h. Long term obligations

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

i. 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:

- 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 input 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.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016, fund balance for governmental funds are made up of the followings:

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

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, 2014 |
| Measurement Date | June 30, 2015 |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

Measurement Period

July 1, 2014 to June 30, 2015

B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

| | |
|--------------------------|-----------------------|
| Capital assets | \$ 959,796,971 |
| Accumulated depreciation | <u>(308,235,519)</u> |
| | <u>\$ 651,561,452</u> |

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

| | |
|---|---------------------|
| Grant and accounts receivables not available to pay for current period expenditures | <u>\$ 1,519,784</u> |
|---|---------------------|

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

| | |
|--|----------------------|
| Internal service funds net position-beginning of year, as restated | \$ 68,215,130 |
| Change in net position | <u>2,089,332</u> |
| Internal service funds net position - end of year | <u>70,304,462</u> |
| Less allocation to enterprise funds | <u>(2,574,030)</u> |
| Adjustment to statement of net position - Governmental | <u>\$ 67,730,432</u> |

One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. The details of this \$33,884,738 adjustment are as follows:

| | |
|-----------------------------------|------------------------|
| Certificates of participation | \$ (25,568,492) |
| Agreements payable | (2,895,400) |
| Capital lease | (322,448) |
| Interest payable | (394,460) |
| Postemployment benefit obligation | (4,856,985) |
| Prepaid issuance costs | <u>153,047</u> |
| | <u>\$ (33,884,738)</u> |

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

| | |
|--|-------------------------|
| Deferred outflows of resources - pension related | \$ 34,268,111 |
| Net Pension Liability | (181,925,872) |
| Deferred inflows of resources - pension related | <u>(34,247,515)</u> |
| | <u>\$ (181,905,276)</u> |

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

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

| | |
|---|-----------------------|
| Capital outlay expenditures capitalized, net of gain on disposal of capital assets | \$ 7,873,568 |
| Current year governmental depreciation | <u>(13,879,316)</u> |
| | <u>\$ (6,005,748)</u> |

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

| | |
|---|-----------------------|
| Debt issued: | |
| Certificates of participation | \$ (26,098,997) |
| Premium | (1,594,736) |
| Debt principal repayments: | |
| Certificates of participation | 18,026,244 |
| Agreements payable | 2,542,510 |
| Capital lease payable | 93,468 |
| Amortization of issuance costs | (9,565) |
| Change in interest payable | (373,023) |
| Change in postemployment benefit obligation | 99,354 |
| Total long term debt adjustment | <u>\$ (7,314,745)</u> |

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

| | |
|-----------------------------|-----------------------|
| Revenue from other agencies | \$ (2,315,738) |
| | <u>\$ (2,315,738)</u> |

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

| | |
|---|---------------------|
| Internal service funds change in net position | \$ 2,089,332 |
| Less change in net position allocated to enterprise funds | <u>(314,476)</u> |
| Adjustment to statement of activities - Governmental | <u>\$ 1,774,856</u> |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

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

| | | |
|------------------------------------|-----------|-------------------|
| Fire | \$ | 2,600,549 |
| Police | | 7,150,289 |
| Traffic safety | | 142,085 |
| Public right of way | | 768,277 |
| Community buildings | | 426,252 |
| Community services | | 878,879 |
| Parks and greenbelts | | 230,567 |
| Community planning and development | | 1,484,654 |
| Municipal support | | 1,539,105 |
| | <u>\$</u> | <u>15,220,657</u> |

C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgetary information

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

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

The legal level of budgetary control is considered to be at the fund level since management can reassign resources within a fund without special approval from City Council. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions which alter the total appropriations of any fund must be approved by City Council. During the year ended June 30, 2016, the Street Lighting Special Revenue Fund reported expenditures in excess of appropriations of \$2,500.

2. Deficit fund equity

The following funds had a deficit at June 30, 2016:

| <u>Fund</u> | <u>Type of Fund</u> | <u>Deficit Fund Equity</u> |
|--------------------------------|---------------------|----------------------------|
| Park Maintenance | Special Revenue | (\$1,921) |
| Housing Authority | Enterprise | (\$4,957,899) |
| Successor Redevelopment Agency | Fiduciary | (\$54,349,351) |

The Housing Authority fund, an enterprise fund, has a deficit fund balance of \$4,957,899. 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. 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 liability, there will continue to be a deficit in the Housing Authority Fund.

**CITY OF GARDEN GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2016**

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 \$50,456,916. The deficit is due to covenant obligations and write downs of capital assets held by the Successor Agency to its net realizable value pursuant to developer disposition agreements.

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.

D. DETAILED NOTES ON ALL FUNDS

1. Cash and investments

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of net position:

City of Garden Grove:

| | |
|--|--------------------|
| Cash and investments | \$ 202,095,179 |
| Cash and investments with fiscal agent | 10,705,505 |
| | <u>212,800,684</u> |

Successor Agency (Private Purpose Trust Fund):

| | |
|--|-------------------|
| Cash and investments | 14,954,797 |
| Cash and investments with fiscal agent | 6,467,531 |
| | <u>21,422,328</u> |

| | |
|----------------------------|-----------------------|
| Total cash and investments | <u>\$ 234,223,012</u> |
|----------------------------|-----------------------|

Cash and investments as of June 30, 2016 consist of the following:

| | |
|--------------------------------------|-----------------------|
| Cash on hand | \$ 43,730 |
| Deposits with financial institutions | 7,609,246 |
| Investments | 226,570,036 |
| Total cash and investments | <u>\$ 234,223,012</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, 2016**

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

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

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

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

| Authorized Investment Type | Amount | Weighted Average Maturity (in years) |
|-------------------------------------|-----------------------|---|
| U.S. Treasury | \$ 45,362,760 | 1.53 |
| U.S. Agency Securities | | |
| FHLB | 37,477,720 | 1.62 |
| FFCB | 22,761,735 | 2.14 |
| FNMA | 40,392,550 | 2.31 |
| Local Agency Investment Fund (LAIF) | 63,402,236 | 0.50 |
| Held by fiscal agent: | | |
| Money Market Funds | 17,173,035 | 0.50 |
| Total | \$ 226,570,036 | |

Disclosures Relating to Credit Risk

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

| Investment Type | Amount | Minimum Legal Rating | Exempt From Disclosure | Rating as of Year End | |
|------------------------------|-----------------------|----------------------------|------------------------------|-----------------------|----------------------|
| | | | | AAA | Not Rated |
| U.S. Treasury | \$ 45,362,760 | N/A | \$ 45,362,760 | - | - |
| U.S. Agency Securities | | | | | |
| FHLB | 37,477,720 | N/A | - | 37,477,720 | - |
| FFCB | 22,761,735 | N/A | - | 22,761,735 | - |
| FNMA | 40,392,550 | N/A | - | 40,392,550 | - |
| Local Agency Investment Fund | 63,402,236 | N/A | - | - | 63,402,236 |
| Held by fiscal agent: | | | | | |
| Money Market Funds | 17,173,035 | AAA | - | 17,173,035 | - |
| Total | \$ 226,570,036 | | \$ 45,362,760 | \$ 117,805,040 | \$ 63,402,236 |

Concentration of Credit Risk

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

| Issuer | Investment Type | Investment Type |
|--------|------------------------|-----------------|
| FHLB | U.S. Agency Securities | \$ 37,477,720 |
| FFCB | U.S. Agency Securities | 22,761,735 |
| FNMA | U.S. Agency Securities | 40,392,550 |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

Custodial Credit Risk

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

Investment in State Investment Pool

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

The total amount invested by all public agencies in LAIF as of June 30, 2016 was \$22.7 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2016 had a balance of \$75.4 billion, of that amount, 2.81% was invested in medium-term and short-term structured notes and asset-backed securities.

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 significant other observable inputs; Level 3 inputs are significant unobservable inputs.

| Investment Type | Total | Fair Value Hierarchy | | |
|-------------------------------------|-----------------------|--|---|---|
| | | in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| U.S. TREASURY | \$ 45,362,760 | \$ 45,362,760 | \$ - | \$ - |
| U.S. Agency Securities: | | | | |
| FEDERAL HOME LOAN BANKS (FHLB) | 37,477,720 | - | 37,477,720 | - |
| FEDERAL FARM CREDIT BANKS (FFCB) | 22,761,735 | - | 22,761,735 | - |
| FED NAT MORT ASSOC (FNMA) | 40,392,550 | - | 40,392,550 | - |
| Local Agency Investment Fund (LAIF) | 63,402,236 | - | 63,402,236 | - |
| Total Investments | <u>\$ 209,397,001</u> | <u>\$ 45,362,760</u> | <u>\$ 164,034,241</u> | <u>\$ -</u> |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

2. Intercity loans receivable/payable at June 30, 2016 consisted of the following:

a. Loan from General fund to Water Utility fund:

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

\$13,374,978

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

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

2,539,990

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

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

3,048,030

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

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

18,970,000

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

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

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

750,000

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

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

13,729,748

g. Loan from Vehicle Replacement Fund to the new Communications Replacement Fund:

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

4,005,060

TOTAL INTERCITY LOANS RECEIVABLE

56,417,806

Less: Allowance

(39,037,768)

TOTAL INTERCITY LOANS RECEIVABLE, NET

\$17,380,038

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

3. Interfund receivables, payables, and transfers

a. The composition of interfund receivable/payable balances as of June 30, 2016 is as follows:

| | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|-----------------------------|-----------------------------|---------------------------|
| Nonmajor governmental funds | \$ - | \$ 1,111,508 |
| Internal service funds | 1,111,508 | - |
| Total | <u>\$ 1,111,508</u> | <u>\$ 1,111,508</u> |

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

b. The composition of interfund transfer balances for the year ended June 30, 2016 is as follows:

| | <u>Transfers In</u> | | |
|-----------------------------|---------------------|------------------------------------|----------------------|
| | <u>General Fund</u> | <u>Nonmajor governmental funds</u> | <u>Total</u> |
| <u>Transfers out:</u> | | | |
| General Fund | \$ 1,016,772 | \$ 9,548,882 | \$ 10,565,654 |
| Nonmajor governmental funds | 1,117,446 | - | 1,117,446 |
| Internal service funds | <u>100,000</u> | <u>-</u> | <u>100,000</u> |
| Total | <u>\$ 2,234,218</u> | <u>\$ 9,548,882</u> | <u>\$ 11,783,100</u> |

General Fund transfers to the nonmajor governmental funds include an \$8,499,634 transfer of November 2015 issued Lease Revenue Bonds, Series 2015A (2015A Bonds) proceeds to the Public Safety Capital Projects Fund. Remaining transfers include annual transfers to Garden Grove Cable and Self Supporting Revenue funds.

Transfers to the General fund were generated by the Garden Grove Tourism Improvement District Special Revenue fund to fund future City projects. The internal service fund transfer of \$100,000 was generated from the Risk Management fund determined by short-term budget resolutions.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

4. Notes receivable at June 30, 2016, consisted of the following:

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

The City has entered into twenty-six NSP Agreements utilizing NSP funds; at June 30, 2016 only twenty-two NSP Agreements remain, which are reflected in nonmajor governmental funds. These loans provide up to \$40,000 in down payment assistance in the form of silent loan that requires no payment for 30 years. The loans carry 0% interest charges. These notes receivable are offset with 100% allowance. Revenue will be recognized when received.

\$ 868,637

b. Mortgage Assistance Program (MAP) Loan - Other nonmajor governmental funds:

The City has entered into one-hundred-thirty-seven MAP Agreements utilizing CalHome funds; at June 30, 2016 only Sixty MAP Agreements remain, which are reflected in nonmajor governmental funds. These loans provide up to \$40,000 in down payment assistance in the form of silent loan that requires no payment for 5 up to 30 years. Some of the loans carry interest between 0 to 3% annually. The receivable will be reduced when payment is made at end of term.

973,215

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

The City has entered into thirty-two CalHome Agreements utilizing CalHome funds; at June 30, 2016 only twenty-eight CalHome Agreements remain, which are reflected in nonmajor governmental funds. These loans provide up to \$60,000 in down payment assistance in the form of silent loan that requires no payment for 30 years. The loans carry 3% interest charges. The receivable will be reduced when payment is made at end of term.

1,331,277

d. Single Family Rehab (Deferred Loan) - Other nonmajor governmental funds:

The City has entered into seventy Deferred Loan Agreements utilizing City funds; at June 30, 2016 only eighteen Deferred Loan Agreements remain, which are reflected in nonmajor governmental funds. These loans provide up to \$20,000 in down payment assistance in the form of silent loan that requires no payment for 15 or 30 years. The loans carry 3% or 5% interest charges. The receivable will be reduced when payment is made at end of term.

170,604

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

The City has entered into nine ADDI Agreements utilizing American Dream Downpayment Initiative funds; at June 30, 2016 only eight ADDI Agreements remain, which are reflected in nonmajor governmental funds. These loans provide up to \$30,000 in down payment assistance in the form of 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. These notes receivable are offset with 100% allowance. Revenue will be recognized when received.

144,494

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

f. Rental rehabilitation - Other nonmajor governmental funds:

The Low and Moderate Income Housing Asset capital projects fund holds five 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. These notes receivable are offset with 100% allowance. Revenue will be recognized when received.

3,585,724

g. Rental rehabilitation - HOME Grant Special Revenue fund and Other nonmajor governmental funds:

The City has entered into sixteen Housing Rehabilitation Agreements utilizing CDBG funds, which are reflected in other governmental funds and the HOME fund. These loans were for the purpose of assisting developers in the rehabilitation and operation of multifamily apartment buildings for the purpose of providing adequate low-income housing to City residents. Many of these buildings had suffered from serious structural deterioration, overcrowding and high crime. These notes receivable are offset with 67% allowance. Revenue will be recognized when received.

13,013,508

h. Affordable housing agreement - General fund:

The City has entered into three Affordable Housing Agreements with developers wherein the developers have agreed to comply to certain affordability covenants including the reimbursement to the City of forgone property taxes which would have been payable for the property, increasing at the rate of approximately 2 percent annually. These notes receivable are offset with 92% allowance. Revenue will be recognized when received.

2,146,916

i. Rental construction - HOME Grant Special Revenue fund:

The City has entered into a rental construction loan agreement utilizing HOME funds. The note was for the purpose of assisting the developer with the construction of new low-income housing for City residents. The note bears a simple annual interest rate of 3%. Loan repayment is based on residual receipts and is contingent upon the release of construction covenants for the project. In addition, the note commenced upon the initial disbursement of funds in June 2015, and its maturity will be the fifty-fifth anniversary of the date the Release of Construction Covenants. Due to the length of note term and uncertainty of note repayment, the City has reserved 75% allowance for the note.

2,060,171

j. Second Trustee Loan - General fund:

The City has entered into a financed sale agreement with the Caritas Corporation for the sale of the City's two mobile home parks, 13741 Clinton Street and 13096 Blackbird Street, in fiscal year 2010-2011. The initial loan amounts were \$172,500 and \$327,500, respectively. These two loans are subordinate loans that are not interest bearing and are due and payable in seven years in September 2017. These notes receivable are offset with 100% allowance. Revenue will be recognized when received.

500,000

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

k. 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.

7,806

l. Successor Redevelopment Development Agency - Coastline:

The SRDA entered into agreement with Coastline Community College to assist them in building their building near the Civic Center/Main Street area of the City. The initial loan was in the amount of \$1,175,000. At the end of the lease Coastline Community College would make a balloon payment and pay off note.

1,355,189

m. Successor Redevelopment Development Agency - Other:

This loan agreement was established to provide relocation assistance related to the Trask Avenue Widening Project. The original loan was for \$40,000 and it carried 5% interest per annum. The SRDA is paid in monthly installments of Two Hundred Fourteen Dollars and Seventy Three Cents (\$214.73). This agreement was for a thirty (30) year term loan.

3,011

TOTAL NOTES RECEIVABLE

26,160,552

Less: Allowance

(17,237,538)

TOTAL NOTES RECEIVABLE, NET

\$ 8,923,014

5. 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 at the Housing Successor Agency capital projects fund. City and Successor Agency land held for resale balances at June 30, 2016 are \$4,584,241 and \$26,511,026 respectively.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

6. Capital assets

Capital asset activity for the year ended June 30, 2016 was as follows:

| | Beginning Balance | Prior Period Adjustments | Increases | Decreases | Ending Balance |
|--|----------------------|-----------------------------|---------------|-----------------|-------------------|
| Governmental activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 419,769,534 | \$ 3,056,533 | \$ 870,940 | \$ (1,000) | \$ 423,696,007 |
| Construction in progress | 6,437,270 | 2,379,107 | 7,182,167 | (9,552,275) | 6,446,269 |
| Total capital assets, not being depreciated | 426,206,804 | 5,435,640 | 8,053,107 | (9,553,275) | 430,142,276 |
| Capital assets, being depreciated: | | | | | |
| Infrastructure | | | | | |
| Street system | 388,049,715 | - | 8,738,396 | - | 396,788,111 |
| Storm drain assets | 71,671,703 | - | - | - | 71,671,703 |
| Buildings and park assets | 51,036,014 | (7,022,009) | 123,827 | - | 44,137,832 |
| Furniture and equipment | 32,015,394 | 622,908 | 4,357,588 | (2,301,382) | 34,694,508 |
| Total capital assets, being depreciated | 542,772,826 | (6,399,101) | 13,219,811 | (2,301,382) | 547,292,154 |
| Less accumulated depreciated for: | | | | | |
| Infrastructure | | | | | |
| Street system | (210,038,128) | - | (10,664,437) | - | (220,702,565) |
| Storm drain assets | (43,760,065) | - | (1,422,413) | - | (45,182,478) |
| Buildings and park assets | (25,637,007) | 1,393,890 | (1,277,877) | - | (25,520,994) |
| Furniture and equipment | (24,606,900) | (190,290) | (1,550,904) | 2,267,431 | (24,080,663) |
| Total accumulated depreciation | (304,042,099) | 1,203,600 | (14,915,631) | 2,267,431 | (315,486,700) |
| Total capital assets, being depreciated, net | 238,730,727 | (5,195,501) | (1,695,820) | (33,951) | 231,805,454 |
| Governmental activities capital assets, net | \$ 664,937,531 | \$ 240,139 | \$ 6,357,287 | \$ (9,587,226) | \$ 661,947,730 |
| Business-type activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 2,564,750 | \$ - | \$ - | \$ - | \$ 2,564,750 |
| Construction in progress | 6,425,362 | - | 8,090,475 | (10,552,746) | 3,963,091 |
| Total capital assets, not being depreciated | 8,990,112 | - | 8,090,475 | (10,552,746) | 6,527,841 |
| Capital assets, being depreciated: | | | | | |
| Buildings and structures | 15,000 | - | 313,260 | - | 328,260 |
| Water system | 128,173,591 | - | 9,823,605 | - | 137,997,196 |
| Sewer system | 112,311,712 | - | 691,057 | - | 113,002,769 |
| Machinery and equipment | 573,804 | - | 106,480 | (53,074) | 627,210 |
| Total capital assets, being depreciated: | 241,074,107 | - | 10,934,402 | (53,074) | 251,955,435 |
| Less accumulated depreciated for: | | | | | |
| Buildings and structures | - | - | - | - | - |
| Water system | (51,125,686) | - | (2,999,429) | - | (54,125,115) |
| Sewer system | (47,051,652) | - | (1,788,219) | - | (48,839,871) |
| Machinery and equipment | (375,762) | - | (22,886) | 53,074 | (345,574) |
| Total accumulated depreciation | (98,553,100) | - | (4,810,534) | 53,074 | (103,310,560) |
| Total capital assets, being depreciated, net | 142,521,007 | - | 6,123,868 | - | 148,644,875 |
| Business-type activities capital assets, net | \$ 151,511,119 | \$ - | \$ 14,214,343 | \$ (10,552,746) | \$ 155,172,716 |
| Private-purpose trust fund | | | | | |
| Land | \$ 61,057,786 | \$ (31,205,314) | \$ - | \$ (29,852,472) | \$ - |
| Capital assets, being depreciated: | | | | | |
| Buildings and structures | 400,000 | - | - | (400,000) | - |
| Machinery and equipment | 6,609 | - | - | (6,609) | - |
| Total capital assets, being depreciated: | 406,609 | - | - | (406,609) | - |
| Less accumulated depreciated for: | | | | | |
| Buildings and structures | (240,000) | - | (20,000) | 260,000 | - |
| Machinery and equipment | (6,609) | - | - | 6,609 | - |
| Total accumulated depreciation | (246,609) | - | (20,000) | 266,609 | - |
| Total capital assets, being depreciated, net | 160,000 | - | (20,000) | (140,000) | - |
| Private-purpose trust fund capital assets, net | \$ 61,217,786 | \$ (31,205,314) | \$ (20,000) | \$ (29,992,472) | \$ - |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

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

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Successor Agency Activities</u> |
|-----------------------|------------------------------------|-------------------------------------|--|
| Police Protection | \$ - | \$ - | \$ - |
| Traffic safety | - | - | - |
| Right of way | 10,664,437 | - | - |
| Drainage | 1,422,413 | - | - |
| Community buildings | 1,672,129 | - | 20,000 |
| Water | - | 2,964,662 | - |
| Sewage collection | - | 1,845,872 | - |
| Solid waste disposal | - | - | - |
| Housing Authority | - | - | - |
| Internal service fund | 1,156,652 | - | - |
| Total | <u>\$ 14,915,631</u> | <u>\$ 4,810,534</u> | <u>\$ 20,000</u> |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

7. Long-Term Debt

a. Following is a summary of long-term debt transactions for the City for the year ended June 30, 2016.

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|----------------------|------------------------|----------------------|------------------------|
| <u>Governmental activities</u> | | | | | |
| Certificates of participation | \$17,210,000 | \$ - | \$ (17,210,000) | \$ - | \$ - |
| Lease revenue bonds 2015A | - | 24,790,000 | (780,000) | 24,010,000 | 410,000 |
| Add: premium | - | 1,594,736 | (36,244) | 1,558,492 | - |
| Agreements payable | 4,128,912 | - | (1,233,513) | 2,895,399 | 2,825,574 |
| Capital lease payable | 812,177 | - | (265,754) | 546,423 | 265,754 |
| Governmental activities long-term debt | 22,151,089 | 26,384,736 | (19,525,511) | 29,010,314 | 3,501,328 |
| Other non-current liabilities: | | | | | |
| Claims payable | 27,236,000 | 7,806,388 | (5,302,388) | 29,740,000 | 4,895,803 |
| Compensated absences | 9,578,571 | 8,176,553 | (7,727,876) | 10,027,248 | 8,823,976 |
| Governmental activities long-term liabilities | <u>\$63,921,999</u> | <u>\$ 42,367,677</u> | <u>\$ (32,555,775)</u> | <u>\$ 68,777,562</u> | <u>\$17,221,107</u> |
| <u>Business-type activities</u> | | | | | |
| Water revenue COP 2004 | \$ 9,240,000 | \$ - | \$ (9,240,000) | \$ - | \$ - |
| Add: premium | 95,075 | - | (95,075) | - | - |
| Water revenue COP 2015 | - | 8,150,000 | (775,000) | 7,375,000 | 865,000 |
| Water revenue bonds 2010 | 14,025,000 | - | (625,000) | 13,400,000 | 650,000 |
| Add: premium/discount | 524,076 | - | (58,231) | 465,845 | - |
| Sewer revenue COP 2006 | 18,925,000 | - | (560,000) | 18,365,000 | 580,000 |
| Add: premium | 295,387 | - | (14,179) | 281,208 | - |
| Business-type activities long- term liabilities | <u>\$43,104,538</u> | <u>\$ 8,150,000</u> | <u>\$ (11,367,485)</u> | <u>\$ 39,887,053</u> | <u>\$ 2,095,000</u> |
| <u>Private-purpose trust fund</u> | | | | | |
| 2016 Tax allocation bonds | \$ - | \$ 36,540,000 | \$ - | \$ 36,540,000 | \$ - |
| Add: premium | - | 6,344,335 | (120,272) | 6,224,063 | - |
| 2014 Tax allocation bonds | 36,305,000 | - | (2,360,000) | 33,945,000 | 2,430,000 |
| Add: premium | 4,499,330 | - | (315,742) | 4,183,588 | - |
| 2008 Subordinate Note | 1,600,000 | - | (85,000) | 1,515,000 | 90,000 |
| Agreements payable | 20,062,472 | - | (4,395,805) | 15,666,667 | 4,000,000 |
| Private-purpose trust fund long-term liabilities | <u>\$62,466,802</u> | <u>\$ 42,884,335</u> | <u>\$ (7,276,819)</u> | <u>\$ 98,074,318</u> | <u>\$ 6,520,000</u> |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

b. Governmental long-term debt at June 30, 2016 consisted of the following:

Lease Revenue Bonds, Series 2015 A:

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

\$24,010,000

Unamortized bond premium

1,558,492

Total lease revenue bonds

25,568,492

Agreements payable:

Federal Housing and Community Development Section 108 Loan was issued for the purpose of refinancing the \$13,380,000 Section 108 Loan that was issued for the purpose of acquisition and development of property located in the section of the City identified as the Harbor Corridor. The City has pledged future Community Development Block Grant funds including program income to satisfy the City's obligations under this loan agreement until fiscal year 2016. The remaining principal and interest requirements on the loan is \$2,424,888. Pledged revenue recognized during the year was \$1.2 million against the total debt service payment of \$1.2 million. Principal payments ranging from \$750,000 to \$1,200,000 are due annually on August 1 through the year 2016. Interest is due semi-annually on February 1 and August 1.

1,200,000

\$505,575 capital improvement loan. On July 27, 2004 the City received an energy efficiency loan from the California Energy Commission to assist in the funding of the second energy retrofit project. The loan has an annual interest rate of 3.95% with payments due semi-annually, in the amount of \$24,201, through June 22, 2018.

114,152

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

1,581,247

Total agreements payable

\$ 2,895,399

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

Capital leases payable:

In September 2004, the City entered into a lease purchase arrangement in the amount of \$1,156,741 for the retrofit of certain heating and air conditioning system of City government buildings. The interest rate is 4.51% with a quarterly payment of \$26,634 through August 2019. 320,393

In September 2011, the City entered into a capital lease arrangement in the amount of \$18,627 for mail machines. The interest rate is 6.41% with a monthly payment of \$349 through December 2016. 2,055

In June 2012, the City entered into a capital lease arrangement in the amount of \$398,332 for office equipment. The interest rate is 3.69% with a quarterly payment of \$21,701 through March 2017. 63,921

In March 2015, the City entered into a capital lease arrangement in the amount of \$269,145 for police motorcycles. The interest rate is 3.59% with a monthly payment of \$7,877 through March 2018. 160,054

Total capital leases payable \$ 546,423

TOTAL GOVERNMENTAL LONG TERM DEBT \$29,010,314

c. Proprietary long-term debt at June 30, 2016 consisted of the following items:

2015 Refunding revenue bonds - 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 Revenue Certificate of Participation Series 2004. The refunding was undertaken to achieve debt service savings. Principal payments for 2015 Revenue certificates range from \$775,000 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 liability reported at June 30, 2016. 7,375,000

Total 2015 refunding revenue bonds \$ 7,375,000

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016 total interest and principal remaining on the certificates is \$7,976,450. 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 \$29.5 million against debt service payments of \$882,256. The following analysis shows the test result for compliance with this covenant:

| | |
|--|---------------------|
| Operating revenues | \$ 29,157,760 |
| Non-operating revenues | <u>362,044</u> |
| Gross revenue | 29,519,804 |
| Less: Expenses (excluding depreciation, amortization, interest and fiscal charges) | <u>(25,781,906)</u> |
| Net revenues | <u>\$ 3,737,898</u> |
| Debt service requirement for next year: | |
| \$1,003,850 x 125% | <u>\$ 1,254,813</u> |

2010 Revenue Bonds – Water Utility enterprise fund:

\$16,625,000 Revenue Bonds, Series 2010, were issued on April 30, 2010 to finance the acquisition, expansion, construction and improvement of certain additional water facilities of the water system of the City. The bonds are secured and to be serviced from net revenues derived from the ownership or operation of the water system excluding proceeds from customers' deposits and any proceeds assessments restricted by law to be used by the City to pay parity obligations or other obligations. Revenue recognized during the year was \$33.57 million against debt service payments of \$1,375,890. The remaining principal and interest requirements on the debt is \$21,376,198. The Bonds are due in annual principal installments of \$320,000 to \$1,165,000 beginning December 15, 2010 and is payable semiannually on June 15 and December 15 through December 2030.

| | |
|--------------------------|---------------------|
| | \$13,400,000 |
| Unamortized bond premium | <u>465,845</u> |
| Total 2010 Revenue bonds | <u>\$13,865,845</u> |

2006 Revenue certificates of participation – Sewage Collection enterprise fund:

On April 12, 2006, the Garden Grove Sanitary District issued \$21,845,000 of Revenue Certificates 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 Certificates are due in annual principal installments of \$440,000 to \$1,395,000 beginning June 15, 2010 through 2036.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

Interest rates range from 4.0% to 4.5% and is payable semiannually on June 15 and December 15.

The certificates are secured and to be serviced from the total revenues for the fiscal year excluding any proceeds of taxes or assessments restricted by law and less the operations and maintenance costs excluding depreciation through the fiscal year 2036. At June 30, 2016 total interest and principal remaining on the certificates is \$30,767,611. Net revenue recognized during the year was \$6.43 million against debt service payments of \$1,462,941. Such certificates are subject to federal arbitrage regulations. No arbitrage liability is reported at June 30, 2016.

\$18,365,000

Unamortized bond premium

281,208

Total 2006 revenue certificates of participation

\$18,646,208

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

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

| | |
|--|---------------------|
| Operating revenues | \$ 10,267,256 |
| Non-operating revenues | <u>253,958</u> |
| Gross revenue | 10,521,214 |
| Less: Expenses (excluding depreciation, amortization, interest and fiscal charges) | <u>(3,880,996)</u> |
| Net revenues | <u>\$ 6,640,218</u> |
| Debt service requirement for next year: \$1,464,141x 115% | <u>\$ 1,683,762</u> |

TOTAL PROPRIETARY LONG TERM DEBT

\$39,887,053

TOTAL LONG TERM DEBT

\$68,897,367

d. Private-purpose trust activity long-term debt at June 30, 2016 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 pursuant to the first amended and restated disposition and development agreement dated April 13, 2010, to fund the Water Park Hotel. 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, 2016.

\$36,540,000

Unamortized bond premium

6,224,063

Total Tax allocation bonds issue of 2016

\$42,764,063

**CITY OF GARDEN GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2016**

Tax allocation refunding bonds issue of 2014:

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

Pledged revenue recognized during the year was \$3.89 million against the total debt service payment of \$3.89 million. Principal payments ranging from \$1,580,000 to \$3,330,000 are due annually starting October 1, 2014 through the year 2029. Interest is due semi-annually on October 1 and April 1, at rates ranging from 1.0% to 5.0%. Such bonds are subject to Federal arbitrage regulations; however, no liability is reported at June 30, 2016.

\$33,945,000

Unamortized bond premium

4,183,588

Total Tax allocation refunding bonds issue of 2014

\$38,128,588

Subordinate Note:

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

\$1,515,000

Agreements payable:

On June 2, 2008, the former redevelopment agency for Community Development entered into an agreement with Union Bank of California for a term loan in the amount of \$32,000,000 for the purpose of acquiring certain parcels of real property. The terms of the loan comprise of refunded capitalized interest rate of 4.22% for year 1 through 3, interest rate of Libor plus 0.75 basis points for year 4 and fully amortized loan with principal and interest payments of Libor plus 0.75 basis points for years 5 through 12. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the loan was transferred to the Successor Agency.

15,666,667

Total Private Purpose Trust Funds Long Term Debt

\$98,074,318

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

e. The scheduled annual requirements to amortize all governmental long-term debt outstanding as of June 30, 2016, including interest payments, are as follows.

| Year Ending June 30 | Lease Revenue Bonds 2015A | | |
|------------------------|---------------------------|---------------|---------------|
| | Principal | Interest | Total |
| 2017 | \$ 410,000 | \$ 1,091,850 | \$ 1,501,850 |
| 2018 | 425,000 | 1,075,450 | 1,500,450 |
| 2019 | 450,000 | 1,058,450 | 1,508,450 |
| 2020 | 465,000 | 1,040,450 | 1,505,450 |
| 2021 | 490,000 | 1,017,200 | 1,507,200 |
| 2022-2026 | 2,840,000 | 4,693,250 | 7,533,250 |
| 2027-2031 | 3,630,000 | 3,908,500 | 7,538,500 |
| 2032-2036 | 4,495,000 | 3,040,400 | 7,535,400 |
| 2037-2041 | 5,465,000 | 2,066,800 | 7,531,800 |
| 2042-2045 | 5,340,000 | 683,750 | 6,023,750 |
| Total | \$ 24,010,000 | \$ 19,676,100 | \$ 43,686,100 |

| Year Ending June 30 | Agreements Payable | | |
|------------------------|--------------------|-----------|--------------|
| | Principal | Interest | Total |
| 2017 | \$ 2,825,574 | \$ 70,487 | \$ 2,896,061 |
| 2018 | 46,093 | 2,309 | 48,402 |
| 2019 | 23,732 | 470 | 24,202 |
| Total | \$ 2,895,399 | \$ 73,266 | \$ 2,968,665 |

| Year Ending June 30 | Capital Leases Payable | | |
|------------------------|------------------------|-----------|------------|
| | Principal | Interest | Total |
| 2017 | \$ 249,851 | \$ 18,587 | \$ 268,438 |
| 2018 | 167,789 | 9,643 | 177,432 |
| 2019 | 102,446 | 4,092 | 106,538 |
| 2020 | 26,337 | 297 | 26,634 |
| Total | \$ 546,423 | \$ 32,619 | \$ 579,042 |

f. The scheduled annual requirements to amortize all proprietary long-term debt outstanding as of June 30, 2016 including interest payments, are as follows.

| Year Ending June 30 | 2006 Sewage Collection Revenue Certificates of Participation | | |
|------------------------|--|---------------|---------------|
| | Principal | Interest | Total |
| 2017 | \$ 580,000 | \$ 884,141 | \$ 1,464,141 |
| 2018 | 605,000 | 860,216 | 1,465,216 |
| 2019 | 630,000 | 834,806 | 1,464,806 |
| 2020 | 655,000 | 808,031 | 1,463,031 |
| 2021 | 685,000 | 780,194 | 1,465,194 |
| 2022-2026 | 3,905,000 | 3,418,550 | 7,323,550 |
| 2027-2031 | 4,960,000 | 2,367,631 | 7,327,631 |
| 2032-2036 | 6,345,000 | 982,500 | 7,327,500 |
| Total | \$ 18,365,000 | \$ 10,936,069 | \$ 29,301,069 |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

| Year Ending June 30 | 2010 Water Revenue Bonds | | |
|------------------------|--------------------------|--------------|---------------|
| | Principal | Interest | Total |
| 2017 | \$ 650,000 | \$ 722,641 | \$ 1,372,641 |
| 2018 | 685,000 | 696,116 | 1,381,116 |
| 2019 | 705,000 | 671,741 | 1,376,741 |
| 2020 | 730,000 | 638,671 | 1,368,671 |
| 2021 | 770,000 | 601,891 | 1,371,891 |
| 2022-2026 | 2,540,000 | 2,495,481 | 5,035,481 |
| 2027-2031 | 7,320,000 | 1,564,380 | 8,884,380 |
| Total | \$ 13,400,000 | \$ 7,390,921 | \$ 20,790,921 |

| Year Ending June 30 | 2015 Water Revenue Bonds | | |
|------------------------|--------------------------|------------|--------------|
| | Principal | Interest | Total |
| 2017 | \$ 865,000 | \$ 138,850 | \$ 1,003,850 |
| 2018 | 885,000 | 121,350 | 1,006,350 |
| 2019 | 895,000 | 103,550 | 998,550 |
| 2020 | 925,000 | 85,350 | 1,010,350 |
| 2021 | 935,000 | 66,750 | 1,001,750 |
| 2022-2026 | 2,870,000 | 85,600 | 2,955,600 |
| Total | \$ 7,375,000 | \$ 601,450 | \$ 7,976,450 |

g. The scheduled annual requirements to amortize all the Successor Agency long-term debt outstanding as of June 30, 2016, including interest payments, are as follows.

| Year Ending June 30 | Tax Allocation Refunding Bonds Issue of 2016 | | |
|------------------------|--|---------------|---------------|
| | Principal | Interest | Total |
| 2017 | \$ - | \$ 1,716,504 | \$ 1,716,504 |
| 2018 | - | 1,652,250 | 1,652,250 |
| 2019 | - | 1,652,250 | 1,652,250 |
| 2020 | - | 1,652,250 | 1,652,250 |
| 2021 | 1,900,000 | 1,614,250 | 3,514,250 |
| 2022-2026 | 10,835,000 | 6,666,750 | 17,501,750 |
| 2027-2031 | 13,815,000 | 3,611,875 | 17,426,875 |
| 2032-2034 | 9,990,000 | 489,250 | 10,479,250 |
| Total | \$ 36,540,000 | \$ 19,055,379 | \$ 55,595,379 |

| Year Ending June 30 | Tax Allocation Refunding Bonds Issue of 2014 | | |
|------------------------|--|---------------|---------------|
| | Principal | Interest | Total |
| 2017 | \$ 2,430,000 | \$ 1,454,450 | \$ 3,884,450 |
| 2018 | 2,505,000 | 1,380,425 | 3,885,425 |
| 2019 | 2,380,000 | 1,295,250 | 3,675,250 |
| 2020 | 2,685,000 | 1,193,950 | 3,878,950 |
| 2021 | 2,795,000 | 1,084,350 | 3,879,350 |
| 2022-2026 | 14,375,000 | 3,395,850 | 17,770,850 |
| 2027-2029 | 6,775,000 | 652,375 | 7,427,375 |
| Total | \$ 33,945,000 | \$ 10,456,650 | \$ 44,401,650 |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

| Year Ending June 30 | Subordinate Note 2008 | | |
|------------------------|-----------------------|------------|--------------|
| | Principal | Interest | Total |
| 2017 | \$ 90,000 | \$ 88,200 | \$ 178,200 |
| 2018 | 95,000 | 82,650 | 177,650 |
| 2019 | 100,000 | 76,800 | 176,800 |
| 2020 | 105,000 | 70,650 | 175,650 |
| 2021 | 115,000 | 64,050 | 179,050 |
| 2022-2026 | 680,000 | 205,500 | 885,500 |
| 2027-2028 | 330,000 | 21,100 | 351,100 |
| Total | \$ 1,515,000 | \$ 608,950 | \$ 2,123,950 |

| Year Ending June 30 | Agreements Payable | | |
|------------------------|--------------------|------------|---------------|
| | Principal | Interest | Total |
| 2017 | \$ 4,000,000 | \$ 391,667 | \$ 4,391,667 |
| 2018 | 4,000,000 | 291,667 | 4,291,667 |
| 2019 | 4,000,000 | 191,667 | 4,191,667 |
| 2020 | 3,666,667 | 91,667 | 3,758,334 |
| Total | \$ 15,666,667 | \$ 966,668 | \$ 16,633,335 |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

8. Compensated absences

The City accounts for compensated absences (unpaid vacation, annual leave, administrative leave, compensated time off, and sick leave) in the Employee Benefit internal service fund. The balance for accrued compensated absences at June 30, 2016 is \$10,027,245.

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. The maximum a fireman may accumulate is an amount equivalent to 2 full calendar years of service plus 72 hours. Accumulated vacation, annual leave benefits and comp time, payable in future years when used by City employees, totaled \$6,031,509 at June 30, 2016.

Sick leave is accumulated on the basis of 8 hours for each month of service beginning from the date of hire for all employee groups other than police and fire. Police employees accumulate on the basis of 10 hours for each month of service beginning from the date of hire. Fire employees do not accumulate sick leave benefits since converting to the annual leave benefit. The City has adopted a policy for payment of unused sick leave benefits at time of retirement. Employees can be paid 50% for all unused hours up to 1000, police employees 100% of up to 750 unused hours, and management employees 50% of all unused hours. Studies have indicated that only 34 percent of all accumulated sick leave is actually used by employees, therefore, the sick leave liability is estimated at 34 percent of the total accumulated benefit, or \$3,995,736 at June 30, 2016.

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Vacation, annual leave, benefits, and comp time | \$ 5,620,117 | \$ 5,805,275 | \$ (5,393,880) | \$ 6,031,512 | \$ 5,307,729 |
| Sick leave | 3,958,454 | 2,371,278 | (2,333,996) | 3,995,736 | 3,516,247 |
| | <u>\$ 9,578,571</u> | <u>\$ 8,176,553</u> | <u>\$ (7,727,876)</u> | <u>\$ 10,027,248</u> | <u>\$ 8,823,976</u> |

9. Risk management

The City utilizes a program to self-insure for workers' compensation liability for the first \$1 million, per occurrence, for injury or occupational illness to City employees pursuant to Workers' Compensation Laws of the State of California. The City contracts with a third party who administers the program and acts as the representative of the City in claim hearings and litigation. Excess coverage is placed with a joint powers authority for losses from \$1 million up to the statutory limit per occurrence. This self-insurance program is accounted for in the Workers' Compensation internal service fund. There is an estimated liability of \$25,595,000 for claims outstanding including claims incurred but not reported on June 30, 2016, which has been included as liabilities in the Workers' Compensation internal service fund.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016

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

The City estimates a liability for claims outstanding, including claims incurred but not reported, on June 30, 2016, in the amount of \$4,145,000 which has been included as liabilities in the Risk Management internal service fund.

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

Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there were no reductions in the City's insurance coverage during the year ended June 30, 2016. Nonincremental claims adjustment expenses have been included as part of the liability for claims and judgments. Changes in the aggregate liability for claims for fiscal year ended June 30, 2016 and June 30, 2015 are as follows:

| | <u>2016</u> | <u>2015</u> |
|------------------------------|----------------------|----------------------|
| <u>Workers' Compensation</u> | | |
| Liability, July 1 | \$ 21,858,000 | \$ 20,626,000 |
| Costs and claims incurred | 7,806,388 | 5,848,240 |
| Claim payments | (4,069,388) | (4,616,240) |
| Liability, June 30 | <u>\$ 25,595,000</u> | <u>\$ 21,858,000</u> |
| Due within one year | \$ 4,151,459 | \$ 3,845,023 |
| Due in more than one year | 21,443,541 | 18,012,977 |
| | <u>\$ 25,595,000</u> | <u>\$ 21,858,000</u> |
| <u>Risk Management</u> | | |
| Liability, July 1 | \$ 5,378,000 | \$ 5,076,000 |
| Costs and claims incurred | (800,401) | 1,358,089 |
| Claim payments | (432,599) | (1,056,089) |
| Liability, June 30 | <u>\$ 4,145,000</u> | <u>\$ 5,378,000</u> |
| Due within one year | \$ 744,344 | \$ 601,097 |
| Due in more than one year | 3,400,656 | 4,776,903 |
| | <u>\$ 4,145,000</u> | <u>\$ 5,378,000</u> |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

10. Public Employees' Retirement System

a. General information about the pension plans

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

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

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

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

The required employer contribution rates for fiscal year ended June 30, 2016 under PEPRA are the same as the employer contribution rates for existing miscellaneous employees and public safety employees.

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

| | Miscellaneous | |
|--|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | 1, 2013 | January 1, 2013 |
| Benefit formula | 2.5% @ 55 | 2.0% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50-55 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.5% | 1.0% to 2.5% |
| Required employee contribution rates | 8.00% | 6.75% |
| Required employer contribution rates | 23.976% | 23.976% |

| | Safety | |
|--|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | 1, 2013 | January 1, 2013 |
| Benefit formula | 3.0% @ 50 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 | 50 - 57 |
| Monthly benefits, as a % of eligible compensation | 3.00% | 2.0% to 2.7% |
| Required employee contribution rates | 9.00% | 9.00% |
| Required employer contribution rates | 40.894% | 40.894% |

Employees covered - At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

| | Misc | Safety |
|--|--------------|---------------|
| Inactive employees or beneficiaries currently receiving benefits | 559 | 427 |
| Inactive employees entitled to but not yet receiving benefits | 445 | 104 |
| Active employees | 379 | 236 |
| Total | <u>1,383</u> | <u>767</u> |

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

b. Net pension liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below. The City’s net pension liability is liquidated using employee benefits internal service fund’s unrestricted net position.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2014 valuation was rolled forward to determine the June 30, 2015 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 | 7.65% |
| Inflation | 2.75% |
| Salary Increases | Varies by Entry Age and Service |
| Investment Rate of Return | 7.65% Net of Pension Plan Investment Expenses, includes Inflation |
| Mortality Rate Table ¹ | Derived using CalPERS’ Membership Data for all Funds |
| Post Retirement Benefit Increase | Contract COLA up to 2.75% until Purchasing Power Protection Allowance. Floor on Purchasing Power applies, 2.75% thereafter |

¹ The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS’ website under Forms and Publications.

Change of Assumptions

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section. In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

| Asset Class | Current Target | Real Return¹ Years 1 - 10 | Real Return Years 11+² |
|-------------------------------|-----------------------|---|--|
| Global Equity | 51.0% | 5.25% | 5.71% |
| Global Fixed Income | 19.0% | 0.99% | 2.43% |
| Inflation Sensitive | 6.0% | 0.45% | 3.36% |
| Private Equity | 10.0% | 6.83% | 6.95% |
| Real Estate | 10.0% | 4.50% | 5.13% |
| Infrastructure and Forestland | 2.0% | 4.50% | 5.09% |
| Liquidity | 2.0% | (0.55%) | (1.05%) |

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

Subsequent Events

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

Recognition of Gains and Losses

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.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

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

| | |
|---|---|
| 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 lives 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.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

c. Changes in net pension liability

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

| Miscellaneous Plan: | Increase (Decrease) | | |
|---|--|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (c) = (a) - (b) |
| Balance at June 30, 2015 ¹ | <u>\$ 264,613,664</u> | <u>\$ 196,899,456</u> | <u>\$ 67,714,208</u> |
| Changes in the year: | | | |
| Service cost | 4,505,053 | - | 4,505,053 |
| Interest on the total pension liability | 19,499,703 | - | 19,499,703 |
| Changes of benefit terms | - | - | - |
| Changes in assumptions | (4,893,202) | - | (4,893,202) |
| Difference between actual and expected experience | (1,007,886) | - | (1,007,886) |
| Plan to Plan Resource Movement | - | - | - |
| Contribution - employer | - | 5,948,472 | (5,948,472) |
| Contribution - employee | - | 2,281,790 | (2,281,790) |
| Net Investment income | - | 4,419,750 | (4,419,750) |
| Benefit payments, including refunds of employee contributions | (12,134,038) | (12,134,038) | - |
| Administrative expense | - | (221,880) | 221,880 |
| Net changes | <u>5,969,630</u> | <u>294,094</u> | <u>5,675,536</u> |
| Balance at June 30, 2016 ¹ | <u>\$ 270,583,294</u> | <u>\$ 197,193,550</u> | <u>\$ 73,389,744</u> |

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

| Safety Plan: | Increase (Decrease) | | |
|---|------------------------------------|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (c) = (a) - (b) |
| Balance at June 30, 2015 ¹ | <u>\$ 444,256,026</u> | <u>\$ 315,607,435</u> | <u>\$ 128,648,591</u> |
| Changes in the year: | | | |
| Service cost | 7,025,519 | - | 7,025,519 |
| Interest on the total pension liability | 32,447,673 | - | 32,447,673 |
| Changes of benefit terms | - | - | - |
| Changes in assumptions | (8,032,852) | - | (8,032,852) |
| Difference between actual and expected experience | (4,660,010) | - | (4,660,010) |
| Plan to Plan Resource Movement | - | 35 | (35) |
| Contribution - employer | - | 10,155,643 | (10,155,643) |
| Contribution - employee | - | 2,611,738 | (2,611,738) |
| Net Investment income | - | 6,960,883 | (6,960,883) |
| Benefit payments, including refunds of employee contributions | (21,846,674) | (21,846,674) | - |
| Administrative Expense | - | (352,508) | 352,508 |
| Net changes | <u>4,933,656</u> | <u>(2,470,883)</u> | <u>7,404,539</u> |
| Balance at June 30, 2016 ¹ | <u>\$ 449,189,682</u> | <u>\$ 313,136,552</u> | <u>\$ 136,053,130</u> |

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

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 | 6.65% | 6.65% |
| Net Pension Liability | \$ 110,598,923 | \$ 196,909,823 |
| Current Discount Rate | 7.65% | 7.65% |
| Net Pension Liability | \$ 73,389,744 | \$ 136,053,130 |
| 1% Higher | 8.65% | 8.65% |
| Net Pension Liability | \$ 42,820,765 | \$ 86,150,146 |

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

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

For the year ended June 30, 2016, the City recognized pension expenses of \$3,595,296 and \$7,867,463 for Miscellaneous Plan and Safety Plan, respectively. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Miscellaneous Plan | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date | \$ 6,550,433 | \$ - |
| Changes in assumptions | - | (3,080,905) |
| Differences between expected and actual experiences | - | (634,595) |
| Net difference between projected and actual earnings on pension plan investments | - | (1,765,250) |
| Total | <u>\$ 6,550,433</u> | <u>\$ (5,480,750)</u> |

| | Safety Plan | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date | \$ 11,254,266 | \$ - |
| Changes in assumptions | - | (5,801,504) |
| Differences between expected and actual experiences | - | (3,365,563) |
| Net difference between projected and actual earnings on pension plan investments | - | (2,885,243) |
| Total | <u>\$ 11,254,266</u> | <u>\$ (12,052,310)</u> |

\$6,550,433 and \$11,254,266 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended June 30 | Miscellaneous Plan Deferred Outflows/ (Inflows) of Resources | Safety Plan Deferred Outflows/ (Inflows) of Resources |
|-------------------------------|---|--|
| 2017 | \$ (3,471,242) | \$ (5,606,171) |
| 2018 | (2,815,566) | (5,606,171) |
| 2019 | (1,285,654) | (4,195,853) |
| 2020 | 2,091,712 | 3,355,883 |
| Total | <u>\$ (5,480,750)</u> | <u>\$ (12,052,312)</u> |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

11. Postemployment benefits

a. Plan Description

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

b. Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of 520 eligible active employees and 249 enrolled eligible retirees at June 30, 2016. These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

c. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected pay-as-you-go financing requirements effective January 1, 2007. The City's contribution rates were \$125 and \$122 per month for each retiree for the calendar years ended 2016 and 2015, respectively. For the fiscal year ended June 30, 2016, the City contributed \$368,161 to the plan. Plan members receiving benefits contributed \$2,023,295 (approximately 84% of total premiums) through their required contribution.

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

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

| | <u>June 30, 2016</u> |
|--|----------------------|
| Annual required contribution | \$ 1,299,589 |
| Interest on net OPEB obligation | 223,035 |
| Adjustment to annual required contribution | <u>(247,817)</u> |
| Annual OPEB cost (expense) | 1,274,807 |
| Contributions made | <u>(368,161)</u> |
| Increase in net OPEB obligation | 906,646 |
| Net OPEB Obligation, Beginning of Year | <u>4,890,236</u> |
| Net OPEB Obligation, End of Year | <u>\$ 5,796,882</u> |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

The Net OPEB Obligation, Beginning of Year was adjusted due to changes in actuarial assumptions.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------|---|----------------------------|
| 6/30/14 | \$ 981,172 | 35.2% | \$ 3,966,206 |
| 6/30/15 | 1,345,861 | 26.4% | 4,956,339 |
| 6/30/16 | 1,274,807 | 22.0% | 5,796,882 |

d. Funding Status and Progress

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

The actuarial valuation as of 3/1/2015 is the most recent actuarial valuation available.

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

e. Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 4.5 percent investment rate of return, which is based on assumed long-term investment returns on plan assets and on the City's assets, as appropriate, and an annual healthcare cost trend rate of 4 percent annual. Both rates included a 2.75 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years using a closed amortization period. It is assumed the City's payroll will increase 2.75 percent per year. The assumptions used for determining the contribution requirements are the same as the assumptions used in the calculation of the funded status.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

12. 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.
- b. Garden Grove Variable Rate Demand Multifamily Housing Revenue Bonds, Series 1997A (Cal-Malabar Apartments Project), for \$7,150,000, 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 the City, is not, 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 Cal-Malabar Apartment Project, a multifamily rental housing project in the City.

13. Commitments and contingencies

a. Grants

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

b. Construction Commitments

The City has active construction projects as of June 30, 2016. City project commitments includes street improvements, storm drain improvements and traffic improvements. Proprietary fund project commitments include water main improvements, water reservoir rehabilitation projects and sewer main improvements. At fiscal year-end, the City’s construction project commitments with contractors are as follows:

| | <u>Spent-to-date</u> | <u>Remaining Commitment</u> |
|--|----------------------|---------------------------------|
| Magnolia Street Reconstruction | \$ 12,519 | \$ 12,481 |
| Library Renovation | 208,335 | 41,460 |
| Water Reservoir Rehabilitation Project | 339,209 | 297,589 |
| Ward Street Project | 155,093 | 100,469 |
| City Water Service Replacement | 734,313 | 645,803 |
| Sewer Main Improvements | 898,358 | 310,597 |
| Total | <u>\$ 2,347,827</u> | <u>\$ 1,408,399</u> |

14. Low Income Housing Loan Programs

The Community Development Agency offers a variety of loans for down payment assistance to first time low or moderate income homebuyers and rental and home rehabilitation assistance to eligible low and moderate income persons. This financial assistance is provided in the form of deferred second mortgages, secured by promissory notes and deeds of trust on the property. For some of the second mortgage loans payment becomes due upon the sale of the property or if the property no longer qualifies as the applicant’s principal residence. The balance of these loans at June 30, 2016 totaled \$402,300 for a total of twenty-two individual loans. Each of these loans have unique requirements and terms to that individual. These loans were expensed when made and repayments are recorded as revenues in the year received.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

15. Joint Venture

The City participates in the Anaheim-Garden Grove-Orange Fire Training Facility Authority (the "Authority"), a joint powers authority created to finance fire training and dispatching facilities. The City Council of each city appoints one representative to the three-member Board of Directors. The City's proportionate share in the authority is 17.8 %. Because the City is not financially accountable, the Authority is not considered part of the City's reporting entity. Separate financial statements are not issued.

16. Prior Period Adjustments

GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

Prior period adjustments were made to the beginning net position/fund balance of the Government-Wide Financial Statements and certain Fund Financial Statements. Capital asset/land held for resale adjustments were made to correct the accounting of the Successor Agency land and capital assets as a result of the dissolution of the Redevelopment Agency. For Governmental Activities, an adjustment of \$19,969,605 was made to record an allowance for doubtful accounts for certain notes receivable of which an allowance had not been previously recorded and an adjustment of \$2,805,447 to increase the pension liability that was understated in the prior year.

The aforementioned adjustments result in the following restatement to net position at July 1, 2015 in the Government-Wide Statement of Net Position:

| | Housing Successor Agency Fund | Fleet Management Fund | Governmental Activities |
|--|-------------------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Net position/fund balance at July 1, 2015 as previously stated | \$ 5,159,194 | \$ 31,007,325 | \$ 576,777,190 |
| Prior period adjustments: | | | |
| Capital asset/Land held for resale adjustment | (268,027) | 506,995 | (27,872) |
| Pension liability adjustment | - | - | (2,807,463) |
| Note receivable adjustment | - | - | (19,969,605) |
| Total prior period adjustment | <u>(268,027)</u> | <u>506,995</u> | <u>(22,804,940)</u> |
| Net position/fund balance at July 1, 2015, as restated | <u>\$ 4,891,167</u> | <u>\$ 31,514,320</u> | <u>\$ 553,972,250</u> |

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2016**

FIDUCIARY FUND

The restatements of beginning net position to the Successor Agency are summarized as follows:

| | Successor Agency |
|--|------------------------|
| Net position at July 1, 2015, as previously stated | \$ 18,065,361 |
| Prior period adjustments: | |
| Capital assets/land held for resale adjustment | (22,407,648) |
| Cleared liability removal adjustment | 726,991 |
| Write down of land held for resale to net realizable value | (8,797,663) |
| Rebates not recorded in prior period | <u>(3,761,842)</u> |
| Total prior period adjustment | <u>(34,240,162)</u> |
| Net position at July 1, 2015, as restated | <u>\$ (16,174,801)</u> |

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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*

| | June 30, 2015 Measurement Date | | June 30, 2014 Measurement Date | |
|--|--------------------------------|-----------------------|--------------------------------|-----------------------|
| | Miscellaneous | Safety | Miscellaneous | Safety |
| TOTAL PENSION LIABILITY | | | | |
| Service cost | \$ 4,505,053 | \$ 7,025,519 | \$ 4,722,338 | \$ 7,433,857 |
| Interest on total pension liability | 19,499,703 | 32,447,673 | 18,697,528 | 31,439,433 |
| Changes in benefit terms | - | - | - | - |
| Difference between expected and actual experience | (4,893,202) | (8,032,852) | - | - |
| Changes of assumptions | (1,007,886) | (4,660,010) | - | - |
| Benefit payments, including refunds of employee contributions | (12,134,038) | (21,846,674) | (11,490,804) | (20,185,546) |
| Net change in total pension liability | 5,969,630 | 4,933,656 | 11,929,062 | 18,687,744 |
| Total pension liability - beginning | 264,613,664 | 444,256,026 | 252,684,602 | 425,568,282 |
| Total pension liability - ending (a) | \$ 270,583,294 | \$ 449,189,682 | \$ 264,613,664 | \$ 444,256,026 |
| PLAN FIDUCIARY NET POSITION | | | | |
| Contribution - Employer | \$ 5,948,472 | \$ 10,115,643 | \$ 5,101,581 | \$ 9,427,732 |
| Contribution - Employee | 2,281,790 | 2,611,738 | 2,070,127 | 2,439,710 |
| Net investment income ⁽²⁾ | 4,419,750 | 6,960,883 | 29,571,239 | 47,553,580 |
| Benefit payments, including refunds of employee contributions | (12,134,038) | (21,846,674) | (11,490,804) | (20,185,546) |
| Administrative Expense | (221,880) | (352,473) | - | - |
| Net change in fiduciary net position | 294,094 | (2,510,883) | 25,252,143 | 39,235,476 |
| Plan fiduciary net position - beginning | 196,899,456 | 315,607,435 | 171,647,313 | 276,371,959 |
| Plan fiduciary net position - ending (b) | \$ 197,193,550 | \$ 313,096,552 | \$ 196,899,456 | \$ 315,607,435 |
| Plan net pension liability - ending (a) - (b) | \$ 73,389,744 | \$ 136,093,130 | \$ 67,714,208 | \$ 128,648,591 |
| Plan fiduciary net position as a percentage of the total pension liability | 72.88% | 69.70% | 74.41% | 71.04% |
| Covered-employee payroll | \$ 27,094,801 | \$ 26,325,623 | \$ 27,060,561 | \$ 26,592,225 |
| Plan net pension liability as a percentage of covered-employee payroll | 270.86% | 516.96% | 250.23% | 483.78% |

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

Notes to Schedule:

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

Changes of Assumptions : The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

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

| | 2015-16 | | 2014-15 | |
|--|----------------------|---------------|----------------------|-------------------|
| | Miscellaneous | Safety | Miscellaneous | Safety |
| Actuarially determined contributions | \$ 6,550,433 | \$ 11,254,266 | \$ 5,948,472 | \$ 10,115,643 |
| Contributions in relation to the actuarially determined contributions | (6,550,433) | (11,254,266) | (5,101,581) | (9,427,732) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 846,891</u> | <u>\$ 687,911</u> |
| Covered-employee payroll | \$ 27,094,801 | \$ 26,325,623 | \$ 27,060,561 | \$ 26,592,225 |
| Contributions as a percentage of covered-employee payroll | 24.18% | 42.75% | 18.85% | 35.45% |

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

Notes to Schedule:

Valuation date: 6/30/2013

Methods and assumptions used to determine contribution rates:

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

**CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
POSTEMPLOYMENT BENEFITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ([b - a] / c) |
|-----------------------------|--|--|---------------------------------|----------------------------|------------------------|--|
| March 1, 2011 | \$ - | \$ 10,272,641 | \$ 10,272,641 | 0.0% | \$ 6,127,376 | 167.7% |
| March 1, 2013 | - | 10,633,859 | 10,633,859 | 0.0% | 6,528,958 | 162.9% |
| March 1, 2015 | - | 14,267,570 | 14,267,570 | 0.0% | 6,768,141 | 210.8% |

**CITY OF GARDEN GROVE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ 82,283,573 | \$ 82,283,573 | \$ 88,733,225 | \$ 6,449,652 |
| Licenses and permits | 1,284,942 | 1,284,942 | 1,505,233 | 220,291 |
| Fines, forfeits and penalties | 2,017,867 | 2,017,867 | 1,576,893 | (440,974) |
| Investment earnings | 1,309,185 | 1,309,185 | 1,129,783 | (179,402) |
| Charges for current services | 6,476,408 | 6,476,408 | 6,340,815 | (135,593) |
| From other agencies | 442,803 | 442,803 | 339,883 | (102,920) |
| Other revenues | 1,207,229 | 1,207,229 | 3,558,954 | 2,351,725 |
| Total revenues | <u>95,022,007</u> | <u>95,022,007</u> | <u>103,184,786</u> | <u>8,162,779</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | 21,226,913 | 21,226,913 | 22,944,889 | (1,717,976) |
| Police | 49,027,831 | 48,997,831 | 50,328,772 | (1,330,941) |
| Traffic safety | 1,280,109 | 1,280,109 | 1,074,936 | 205,173 |
| Public right of way | 5,311,627 | 5,445,627 | 4,978,585 | 467,042 |
| Community buildings | 3,524,902 | 3,525,502 | 3,316,507 | 208,995 |
| Community services | 2,708,884 | 2,669,584 | 3,315,216 | (645,632) |
| Economic development | 1,112,072 | 1,119,572 | 138,333 | 981,239 |
| Parks and greenbelts | 1,344,112 | 1,225,112 | 1,463,469 | (238,357) |
| Community planning and development | 6,529,673 | 6,810,465 | 4,880,137 | 1,930,328 |
| Municipal support | 8,079,130 | 8,158,630 | 7,816,359 | 342,271 |
| Capital outlay: | | | | |
| Fire | 15,000 | 15,000 | - | 15,000 |
| Police | 644,468 | 674,468 | 675,569 | (1,101) |
| Traffic safety | - | - | - | - |
| Public right of way | 444,931 | 258,144 | 3,100 | 255,044 |
| Drainage | - | 218,400 | - | 218,400 |
| Community buildings | - | 52,000 | 208,335 | (156,335) |
| Community services | 35,000 | 35,000 | 11,389 | 23,611 |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | 20,000 | 15,000 | 9,040 | 5,960 |
| Municipal support | - | - | 22,262 | (22,262) |
| Debt service: | | | | |
| Principal retirement | 927,423 | 927,423 | 976,570 | (49,147) |
| Interest and other charges | 1,043,649 | 1,258,661 | 860,854 | 397,807 |
| Bond issuance costs | - | - | 423,370 | (423,370) |
| Total expenditures | <u>103,275,724</u> | <u>103,913,441</u> | <u>103,447,692</u> | <u>465,749</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(8,253,717)</u> | <u>(8,891,434)</u> | <u>(262,906)</u> | <u>8,628,528</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 5,270,950 | 5,270,950 | 2,234,218 | (3,036,732) |
| Transfers out | (4,627,012) | (4,627,012) | (10,565,654) | (5,938,642) |
| Issuance of bonds | - | - | 24,790,000 | 24,790,000 |
| Premium on bonds | - | - | 1,594,736 | 1,594,736 |
| Payment to bond escrow agent | - | (17,345,000) | (17,461,732) | (116,732) |
| Proceeds from sale of capital assets | 2,000,000 | 2,000,000 | 1,734,248 | (265,752) |
| Total other financing sources (uses) | <u>2,643,938</u> | <u>(14,701,062)</u> | <u>2,325,816</u> | <u>17,026,878</u> |
| Net change in fund balance | (5,609,779) | (23,592,496) | 2,062,910 | 25,655,406 |
| Fund balance, beginning of year | <u>33,008,643</u> | <u>33,008,643</u> | <u>33,008,643</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 27,398,864</u> | <u>\$ 9,416,147</u> | <u>\$ 35,071,553</u> | <u>\$ 25,655,406</u> |

See accompanying note to required supplementary information.

CITY OF GARDEN GROVE
HOME Grant Special Revenue Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | 943 | 943 |
| Charges for current services | - | - | - | - |
| From other agencies | 598,879 | 1,452,147 | 1,471,668 | 19,521 |
| Other revenues | - | - | 4,442,660 | 4,442,660 |
| Total revenues | <u>598,879</u> | <u>1,452,147</u> | <u>5,915,271</u> | <u>4,463,124</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | 1,452,147 | 2,901,835 | 1,125,394 | 1,776,441 |
| Municipal support | - | - | 7,403 | (7,403) |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>1,452,147</u> | <u>2,901,835</u> | <u>1,132,797</u> | <u>1,769,038</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(853,268)</u> | <u>(1,449,688)</u> | <u>4,782,474</u> | <u>6,232,162</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (853,268) | (1,449,688) | 4,782,474 | 6,232,162 |
| Fund balance, beginning of year | <u>225,093</u> | <u>225,093</u> | <u>225,093</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ (628,175)</u> | <u>\$ (1,224,595)</u> | <u>\$ 5,007,567</u> | <u>\$ 6,232,162</u> |

See accompanying note to required supplementary information.

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**CITY OF GARDEN GROVE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

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Other Supplemental Information

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CITY OF GARDEN GROVE SPECIAL REVENUE FUNDS

Public Safety Fund

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

State Gas Tax Fund

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

Golf Course Fund

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

Self Supporting Revenue Fund

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

Developer Fees Fund

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

Garden Grove Cable Fund

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

Street Lighting Fund

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

Park Maintenance

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

Main Street District Fund

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

Air Quality Improvement Fund

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

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 the housing assistance program, which is funded by the U.S. Department of Housing and Urban Development.

CAPITAL PROJECTS FUNDS

Housing Successor Agency Fund

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

Housing Authority Assets Fund

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

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, 2016**

| | Special Revenue Funds | | | |
|--|------------------------------|--------------------------|------------------------|--|
| | Public Safety | State Gas Tax | Golf Course | Self Supporting Revenue |
| ASSETS | | | | |
| Cash and investments | \$ 1,035,075 | \$ 3,192,083 | \$ 454,302 | \$ 62,330 |
| Cash with fiscal agents | - | - | - | - |
| Taxes receivable | - | - | - | - |
| Accounts receivable | 120,998 | - | 124,273 | - |
| Interest receivable | 2,099 | 7,303 | - | - |
| Deposits and prepaid items | - | - | - | - |
| Intergovernmental receivable | 47,168 | - | - | - |
| Intercity loan receivable | - | - | - | - |
| Notes receivable | - | - | - | - |
| Allowance | - | - | - | - |
| Land held for resale | - | - | - | - |
| Total assets | <u>\$ 1,205,340</u> | <u>\$ 3,199,386</u> | <u>\$ 578,575</u> | <u>\$ 62,330</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 99,924 | \$ 33,441 | \$ - | \$ 12,677 |
| Other accrued liabilities | 8,660 | 66,243 | - | 19,648 |
| Refundable deposits | - | - | - | 32,226 |
| Due to other funds | - | - | - | - |
| Total liabilities | <u>\$ 108,584</u> | <u>\$ 99,684</u> | <u>\$ -</u> | <u>\$ 64,551</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable Revenue | - | - | 701 | - |
| Total Deferred Inflows | <u>-</u> | <u>-</u> | <u>701</u> | <u>-</u> |
| Fund balances: | | | | |
| Restricted: | | | | |
| Public safety | 1,096,756 | - | - | - |
| Public Right of Way | - | 3,099,702 | - | - |
| Drainage | - | - | - | - |
| Community Planning and Development | - | - | 577,874 | - |
| Community services | - | - | - | - |
| Municipal Support and Services | - | - | - | - |
| Unassigned | - | - | - | (2,221) |
| Total fund balances | <u>1,096,756</u> | <u>3,099,702</u> | <u>577,874</u> | <u>(2,221)</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,205,340</u> | <u>\$ 3,199,386</u> | <u>\$ 578,575</u> | <u>\$ 62,330</u> |

Special Revenue Funds

| Developer Fees | Garden Grove Cable | Street Lighting | Park Maintenance | Main Street District | Air Quality Improvement |
|-----------------------|---------------------------|------------------------|-------------------------|-----------------------------|--------------------------------|
| \$ 4,009,736 | \$ 12,037 | \$ 120,980 | \$ 12,052 | \$ 198,514 | \$ 320,349 |
| - | - | - | - | - | - |
| - | - | 6,336 | 3,227 | 498 | - |
| - | - | 3,932 | 2,849 | - | 1,642 |
| 10,310 | - | 57 | - | 510 | 702 |
| - | 3,649 | - | - | - | - |
| - | - | - | - | - | 57,950 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 4,020,046</u> | <u>\$ 15,686</u> | <u>\$ 131,305</u> | <u>\$ 18,128</u> | <u>\$ 199,522</u> | <u>\$ 380,643</u> |

| | | | | | |
|-----------------|------------------|-------------------|------------------|---------------|-----------------|
| \$ 5,145 | \$ 3,734 | \$ 110,723 | \$ 9,337 | \$ 103 | \$ 1,952 |
| 1,619 | 11,947 | 2,818 | 7,863 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 6,764</u> | <u>\$ 15,681</u> | <u>\$ 113,541</u> | <u>\$ 17,200</u> | <u>\$ 103</u> | <u>\$ 1,952</u> |

| | | | | | |
|---|---|-------|-------|---|---|
| - | - | 1,672 | 2,849 | - | - |
| - | - | 1,672 | 2,849 | - | - |

| | | | | | |
|------------------|----------|---------------|----------------|----------------|----------------|
| - | - | - | - | - | - |
| 166,214 | - | 16,092 | - | 199,419 | 378,691 |
| 753,994 | - | - | - | - | - |
| 3,093,074 | - | - | - | - | - |
| - | 5 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | (1,921) | - | - |
| <u>4,013,282</u> | <u>5</u> | <u>16,092</u> | <u>(1,921)</u> | <u>199,419</u> | <u>378,691</u> |

| | | | | | |
|---------------------|------------------|-------------------|------------------|-------------------|-------------------|
| <u>\$ 4,020,046</u> | <u>\$ 15,686</u> | <u>\$ 131,305</u> | <u>\$ 18,128</u> | <u>\$ 199,522</u> | <u>\$ 380,643</u> |
|---------------------|------------------|-------------------|------------------|-------------------|-------------------|

**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016**

| | Special Revenue Funds | | |
|--|---|--|----------------------------------|
| | Other Grants and Contributions | GG Tourism Improvement District | Street Rehabilitation |
| ASSETS | | | |
| Cash and investments | \$ 2,428,805 | \$ 868,760 | \$ 2,097,433 |
| Cash with fiscal agents | - | - | - |
| Taxes receivable | - | - | - |
| Accounts receivable | 57,480 | - | - |
| Interest receivable | 2,170 | 1,824 | 4,333 |
| Deposits and prepaid items | - | - | - |
| Intergovernmental receivable | 1,117,539 | - | 470,828 |
| Intercity loan receivable | - | - | - |
| Notes receivable | 3,199,709 | - | - |
| Allowance for note receivable | (1,868,432) | - | - |
| Land held for resale | - | - | - |
| Total assets | <u>\$ 4,937,271</u> | <u>\$ 870,584</u> | <u>\$ 2,572,594</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 281,041 | \$ - | \$ 35,953 |
| Other accrued liabilities | 43,262 | 870,584 | 6,317 |
| Refundable deposits | - | - | - |
| Due to other funds | 1,110,978 | - | 530 |
| Total liabilities | <u>1,435,281</u> | <u>870,584</u> | <u>42,800</u> |
| Deferred Inflows of Resources: | | | |
| Unavailable Revenue | 197,537 | - | 10,132 |
| Total Deferred Inflows | <u>197,537</u> | <u>-</u> | <u>10,132</u> |
| Fund balances: | | | |
| Restricted | | | |
| Police | 228,395 | - | - |
| Public Right of Way | 1,259,132 | - | 2,519,662 |
| Drainage | - | - | - |
| Community planning and development | 1,620,653 | - | - |
| Community services | 196,273 | - | - |
| Municipal Support and Services | - | - | - |
| Unassigned | - | - | - |
| Total fund balances | <u>3,304,453</u> | <u>-</u> | <u>2,519,662</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 4,937,271</u> | <u>\$ 870,584</u> | <u>\$ 2,572,594</u> |

| Capital Projects Funds | | | Total |
|--------------------------|--------------------------|---------------------|-----------------------------|
| Housing Successor Agency | Housing Authority Assets | Public Safety | Nonmajor Governmental Funds |
| \$ 459,145 | \$ 77,921 | \$ 190,099 | \$ 15,539,621 |
| - | - | 8,499,634 | 8,499,634 |
| - | - | - | 10,061 |
| 1,285 | (2,601) | - | 309,858 |
| 1,213 | - | - | 30,521 |
| - | - | - | 3,649 |
| - | - | - | 1,693,485 |
| - | - | - | - |
| 3,874,243 | - | - | 7,073,952 |
| (2,568,810) | - | - | (4,437,242) |
| 4,584,241 | - | - | 4,584,241 |
| <u>\$ 6,351,317</u> | <u>\$ 75,320</u> | <u>\$ 8,689,733</u> | <u>\$ 33,307,780</u> |
| | | | |
| \$ 11,199 | \$ 3,136 | \$ - | \$ 608,365 |
| - | - | - | 1,038,961 |
| - | - | - | 32,226 |
| - | - | - | 1,111,508 |
| <u>11,199</u> | <u>3,136</u> | <u>-</u> | <u>2,791,060</u> |
| | | | |
| - | - | - | 212,891 |
| - | - | - | 212,891 |
| | | | |
| - | - | 7,935,133 | 9,260,284 |
| - | - | - | 7,638,912 |
| - | - | - | 753,994 |
| 6,340,118 | 72,184 | - | 11,703,903 |
| - | - | - | 196,278 |
| - | - | 754,600 | 754,600 |
| - | - | - | (4,142) |
| <u>6,340,118</u> | <u>72,184</u> | <u>8,689,733</u> | <u>30,303,829</u> |
| | | | |
| <u>\$ 6,351,317</u> | <u>\$ 75,320</u> | <u>\$ 8,689,733</u> | <u>\$ 33,307,780</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, 2016

| | Special Revenue Funds | | | |
|--|------------------------------|--------------------------|------------------------|--|
| | Public Safety | State Gas Tax | Golf Course | Self Supporting Revenue |
| REVENUES: | | | | |
| Taxes | \$ 628,416 | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | 2,265 | - | - | - |
| Investment earnings | 4,643 | 16,134 | - | - |
| Charges for current services | 52,060 | - | 405,268 | 598,009 |
| From other agencies | 322,431 | 3,805,759 | - | - |
| Other revenues | - | - | - | 480 |
| Total revenues | <u>1,009,815</u> | <u>3,821,893</u> | <u>405,268</u> | <u>598,489</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | 212,554 | - | - | - |
| Police | 564,402 | - | - | - |
| Traffic safety | - | 279,207 | - | - |
| Public right of way | - | 2,156,017 | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | 834,232 |
| Economic Development | - | - | - | - |
| Parks and greenbelts | - | - | 57,700 | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | 2,226 |
| Capital outlay: | | | | |
| Fire | 66,410 | - | - | - |
| Police | 756,918 | - | - | - |
| Traffic safety | - | 30,890 | - | - |
| Public right of way | - | 1,865,267 | - | - |
| Drainage | - | 4,371 | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>1,600,284</u> | <u>4,335,752</u> | <u>57,700</u> | <u>836,458</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(590,469)</u> | <u>(513,859)</u> | <u>347,568</u> | <u>(237,969)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | 235,748 |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>235,748</u> |
| Net change in fund balances | (590,469) | (513,859) | 347,568 | (2,221) |
| Fund balances, beginning of year, as restated | <u>1,687,225</u> | <u>3,613,561</u> | <u>230,306</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 1,096,756</u> | <u>\$ 3,099,702</u> | <u>\$ 577,874</u> | <u>\$ (2,221)</u> |

| Special Revenue Funds | | | | | |
|------------------------------|---------------------------|------------------------|-------------------------|-----------------------------|--------------------------------|
| Developer Fees | Garden Grove Cable | Street Lighting | Park Maintenance | Main Street District | Air Quality Improvement |
| \$ - | \$ - | \$ 24 | \$ - | \$ - | \$ - |
| 48,389 | - | - | - | - | - |
| - | - | - | - | - | - |
| 24,115 | - | 239 | 38 | 1,142 | 1,488 |
| 514,100 | - | 1,347,344 | 658,621 | 26,678 | - |
| - | - | - | - | - | 220,833 |
| 881 | 91,583 | - | - | - | 1,831 |
| <u>587,485</u> | <u>91,583</u> | <u>1,347,607</u> | <u>658,659</u> | <u>27,820</u> | <u>224,152</u> |
| | | | | | |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 1,246,662 | - | - | - |
| 1,525 | - | 61,565 | 9 | 21,822 | - |
| - | - | - | - | - | - |
| - | 480,351 | - | - | - | - |
| - | - | - | - | - | - |
| 28,106 | - | - | 667,606 | - | - |
| 136,219 | 34,936 | - | - | - | 4,445 |
| - | - | 23,288 | - | - | 163,327 |
| | | | | | |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 4,983 | - | - | - | - | - |
| - | - | - | - | - | - |
| 3,418 | - | - | - | - | - |
| 5,181 | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,107,682 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>1,287,114</u> | <u>515,287</u> | <u>1,331,515</u> | <u>667,615</u> | <u>21,822</u> | <u>167,772</u> |
| <u>(699,629)</u> | <u>(423,704)</u> | <u>16,092</u> | <u>(8,956)</u> | <u>5,998</u> | <u>56,380</u> |
| | | | | | |
| - | 413,500 | - | - | - | - |
| (400,000) | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>(400,000)</u> | <u>413,500</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (1,099,629) | (10,204) | 16,092 | (8,956) | 5,998 | 56,380 |
| 5,112,911 | 10,209 | - | 7,035 | 193,421 | 322,311 |
| <u>\$ 4,013,282</u> | <u>\$ 5</u> | <u>\$ 16,092</u> | <u>\$ (1,921)</u> | <u>\$ 199,419</u> | <u>\$ 378,691</u> |

(continued)

CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | Special Revenue Funds | | |
|--|---|--|----------------------------------|
| | Other Grants and Contributions | GG Tourism Improvement District | Street Rehabilitation |
| REVENUES: | | | |
| Taxes | \$ - | \$ 2,906,156 | \$ - |
| Licenses and permits | - | - | - |
| Fines, forfeits and penalties | 643,291 | - | - |
| Investment earnings | 2,999 | 4,376 | 8,809 |
| Charges for current services | - | - | - |
| From other agencies | 7,225,174 | - | 2,604,932 |
| Other revenues | 1,453,891 | - | - |
| Total revenues | 9,325,355 | 2,910,532 | 2,613,741 |
| EXPENDITURES: | | | |
| Current: | | | |
| Fire | 27,477 | - | - |
| Police | 848,781 | - | - |
| Traffic safety | 358,054 | - | - |
| Public right of way | 94,725 | - | 200,616 |
| Community buildings | - | - | - |
| Community services | 655,731 | - | 184,904 |
| Economic Development | - | 2,194,237 | - |
| Parks and greenbelts | - | - | - |
| Community planning and development | 905,568 | - | - |
| Municipal support | - | - | - |
| Capital outlay: | | | |
| Fire | - | - | - |
| Police | - | - | - |
| Traffic safety | - | - | 60,357 |
| Public right of way | 1,745,242 | - | 736,740 |
| Drainage | - | - | - |
| Community buildings | - | - | - |
| Community services | - | - | - |
| Parks and greenbelts | 53,493 | - | - |
| Community planning and development | - | - | - |
| Municipal support | - | - | - |
| Debt service: | | | |
| Principal retirement | 1,120,000 | - | - |
| Interest and other charges | 78,008 | - | - |
| Total expenditures | 5,887,079 | 2,194,237 | 1,182,617 |
| Excess (deficiency) of revenues over (under) expenditures | 3,438,276 | 716,295 | 1,431,124 |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | - | - | - |
| Transfers out | - | (717,446) | - |
| Proceeds from sale of capital assets | - | - | 1,000 |
| Total other financing sources (uses) | - | (717,446) | 1,000 |
| Net change in fund balances | 3,438,276 | (1,151) | 1,432,124 |
| Fund balances, beginning of year, as restated | (133,823) | 1,151 | 1,087,538 |
| Fund balances, end of year | \$ 3,304,453 | \$ - | \$ 2,519,662 |

| Capital Projects Funds | | | Total |
|--------------------------|--------------------------|---------------|-----------------------------|
| Housing Successor Agency | Housing Authority Assets | Public Safety | Nonmajor Governmental Funds |
| \$ - | \$ - | \$ - | \$ 3,534,596 |
| - | - | - | 48,389 |
| - | - | - | 645,556 |
| 5,645 | 84,552 | - | 154,180 |
| - | - | - | 3,602,080 |
| - | - | - | 14,179,129 |
| 1,520,794 | - | - | 3,069,460 |
| 1,526,439 | 84,552 | - | 25,233,390 |
| - | - | 9,901 | 249,932 |
| - | - | 200,000 | 1,613,183 |
| - | - | - | 1,883,923 |
| - | - | - | 2,536,279 |
| - | - | - | - |
| - | - | - | 2,155,218 |
| - | - | - | 2,194,237 |
| - | - | - | 753,412 |
| 77,488 | 65,498 | - | 1,224,154 |
| - | - | - | 188,841 |
| - | - | - | 66,410 |
| - | - | - | 756,918 |
| - | - | - | 96,230 |
| - | - | - | 4,347,249 |
| - | - | - | 7,789 |
| - | - | - | 5,181 |
| - | - | - | - |
| - | - | - | 1,161,175 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | 1,120,000 |
| - | - | - | 78,008 |
| 77,488 | 65,498 | 209,901 | 20,438,139 |
| 1,448,951 | 19,054 | (209,901) | 4,795,251 |
| - | - | 8,899,634 | 9,548,882 |
| - | - | - | (1,117,446) |
| - | - | - | 1,000 |
| - | - | 8,899,634 | 8,432,436 |
| 1,448,951 | 19,054 | 8,689,733 | 13,227,687 |
| 4,891,167 | 53,130 | - | 17,076,142 |
| \$ 6,340,118 | \$ 72,184 | \$ 8,689,733 | \$ 30,303,829 |

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, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ 650,000 | \$ 650,000 | \$ 628,416 | \$ (21,584) |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | 69,000 | 69,000 | 2,265 | (66,735) |
| Investment earnings | 271,000 | 271,000 | 4,643 | (266,357) |
| Charges for current services | 80,000 | 80,000 | 52,060 | (27,940) |
| From other agencies | - | - | 322,431 | 322,431 |
| Other revenues | - | - | - | - |
| Total revenues | <u>1,070,000</u> | <u>1,070,000</u> | <u>1,009,815</u> | <u>(60,185)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | 210,224 | 210,224 | 212,554 | (2,330) |
| Police | 1,002,550 | 1,009,878 | 564,402 | 445,476 |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Economic development | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | 152,200 | 152,200 | 66,410 | 85,790 |
| Police | 455,383 | 455,383 | 756,918 | (301,535) |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>1,820,357</u> | <u>1,827,685</u> | <u>1,600,284</u> | <u>227,401</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(750,357)</u> | <u>(757,685)</u> | <u>(590,469)</u> | <u>167,216</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (750,357) | (757,685) | (590,469) | 167,216 |
| Fund balance, beginning of year | <u>1,687,225</u> | <u>1,687,225</u> | <u>1,687,225</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 936,868</u> | <u>\$ 929,540</u> | <u>\$ 1,096,756</u> | <u>\$ 167,216</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, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ 650,000 | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | 69,000 | - | - | - |
| Investment earnings | 271,000 | 4,000 | 16,134 | 12,134 |
| Charges for current services | 80,000 | - | - | - |
| From other agencies | - | 3,496,000 | 3,805,759 | 309,759 |
| Other revenues | - | - | - | - |
| Total revenues | <u>1,070,000</u> | <u>3,500,000</u> | <u>3,821,893</u> | <u>321,893</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | 248,431 | 248,431 | 279,207 | (30,776) |
| Public right of way | 1,461,430 | 2,506,430 | 2,156,017 | 350,413 |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Economic development | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | 62,595 | 62,595 | 30,890 | 31,705 |
| Public right of way | 3,341,375 | 2,438,679 | 1,865,267 | 573,412 |
| Drainage | - | - | 4,371 | (4,371) |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>5,113,831</u> | <u>5,256,135</u> | <u>4,335,752</u> | <u>920,383</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,043,831)</u> | <u>(1,756,135)</u> | <u>(513,859)</u> | <u>1,242,276</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (4,043,831) | (1,756,135) | (513,859) | 1,242,276 |
| Fund balance, beginning of year | <u>3,613,561</u> | <u>3,613,561</u> | <u>3,613,561</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ (430,270)</u> | <u>\$ 1,857,426</u> | <u>\$ 3,099,702</u> | <u>\$ 1,242,276</u> |

**CITY OF GARDEN GROVE
GOLF COURSE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | - | - |
| Charges for current services | 450,000 | 450,000 | 405,268 | (44,732) |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | <u>450,000</u> | <u>450,000</u> | <u>405,268</u> | <u>(44,732)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | 116,157 | 116,157 | 57,700 | 58,457 |
| Economic development | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>116,157</u> | <u>116,157</u> | <u>57,700</u> | <u>58,457</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>333,843</u> | <u>333,843</u> | <u>347,568</u> | <u>13,725</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (600,000) | (600,000) | - | 600,000 |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>(600,000)</u> | <u>(600,000)</u> | <u>-</u> | <u>600,000</u> |
| Net change in fund balance | (266,157) | (266,157) | 347,568 | 613,725 |
| Fund balance, beginning of year | <u>230,306</u> | <u>230,306</u> | <u>230,306</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ (35,851)</u> | <u>\$ (35,851)</u> | <u>\$ 577,874</u> | <u>\$ 613,725</u> |

CITY OF GARDEN GROVE
SELF SUPPORTING REVENUE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR JUNE 30, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | - | - |
| Charges for current services | 675,000 | 675,000 | 598,009 | (76,991) |
| From other agencies | - | - | - | - |
| Other revenues | - | - | 480 | 480 |
| Total revenues | <u>675,000</u> | <u>675,000</u> | <u>598,489</u> | <u>(76,511)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | 936,274 | 936,274 | 834,232 | 102,042 |
| Parks and greenbelts | - | - | - | - |
| Economic development | - | - | - | - |
| Community planning and development | - | - | 2,226 | (2,226) |
| Municipal support | - | - | - | - |
| Capital outlay: | - | - | - | - |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | - | - | - | - |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>936,274</u> | <u>936,274</u> | <u>836,458</u> | <u>99,816</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(261,274)</u> | <u>(261,274)</u> | <u>(237,969)</u> | <u>23,305</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 261,274 | 261,274 | 235,748 | (25,526) |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>261,274</u> | <u>261,274</u> | <u>235,748</u> | <u>(25,526)</u> |
| Net change in fund balance | - | - | (2,221) | (2,221) |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (2,221)</u> | <u>\$ (2,221)</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, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | 38,000 | 38,000 | 48,389 | 10,389 |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | 32,000 | 32,000 | 24,115 | (7,885) |
| Charges for current services | 495,000 | 495,000 | 514,100 | 19,100 |
| From other agencies | - | - | - | - |
| Other revenues | - | - | 881 | 881 |
| Total revenues | <u>565,000</u> | <u>565,000</u> | <u>587,485</u> | <u>22,485</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | 1,525 | (1,525) |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | 30,000 | 30,000 | 28,106 | 1,894 |
| Economic development | - | - | - | - |
| Community planning and development | 251,529 | 251,529 | 136,219 | 115,310 |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | 80,633 | 80,633 | 4,983 | 75,650 |
| Public right of way | 9,250 | 9,250 | - | 9,250 |
| Drainage | - | - | 3,418 | (3,418) |
| Community buildings | - | - | 5,181 | (5,181) |
| Community services | 1,653,147 | 1,653,147 | - | 1,653,147 |
| Parks and greenbelts | - | - | 1,107,682 | (1,107,682) |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>2,024,559</u> | <u>2,024,559</u> | <u>1,287,114</u> | <u>737,445</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,459,559)</u> | <u>(1,459,559)</u> | <u>(699,629)</u> | <u>759,930</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | (400,000) | (400,000) | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(400,000)</u> | <u>(400,000)</u> | <u>-</u> |
| Net change in fund balance | (1,459,559) | (1,859,559) | (1,099,629) | 759,930 |
| Fund balance, beginning of year | <u>5,112,911</u> | <u>5,112,911</u> | <u>5,112,911</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 3,653,352</u> | <u>\$ 3,253,352</u> | <u>\$ 4,013,282</u> | <u>\$ 759,930</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, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | - | - |
| Charges for current services | - | - | - | - |
| From other agencies | - | - | - | - |
| Other revenues | 75,000 | 75,000 | 91,583 | 16,583 |
| Total revenues | <u>75,000</u> | <u>75,000</u> | <u>91,583</u> | <u>16,583</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | 523,045 | 523,045 | 480,351 | 42,694 |
| Parks and greenbelts | - | - | - | - |
| Economic development | - | - | - | - |
| Community planning and development | 46,448 | 46,448 | 34,936 | 11,512 |
| Municipal support | 1,245 | 1,245 | - | 1,245 |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Drainage | - | - | - | - |
| Community buildings | 15,000 | 15,000 | - | 15,000 |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>585,738</u> | <u>585,738</u> | <u>515,287</u> | <u>70,451</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(510,738)</u> | <u>(510,738)</u> | <u>(423,704)</u> | <u>87,034</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 510,738 | 510,738 | 413,500 | (97,238) |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>510,738</u> | <u>510,738</u> | <u>413,500</u> | <u>(97,238)</u> |
| Net change in fund balance | - | - | (10,204) | (10,204) |
| Fund deficit, beginning of year | 10,209 | 10,209 | 10,209 | - |
| Fund deficit, end of year | <u>\$ 10,209</u> | <u>\$ 10,209</u> | <u>\$ 5</u> | <u>\$ (10,204)</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, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ 24 | \$ 24 |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | 239 | 239 |
| Charges for current services | 1,329,015 | 1,329,015 | 1,347,344 | 18,329 |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | <u>1,329,015</u> | <u>1,329,015</u> | <u>1,347,607</u> | <u>18,592</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | 1,273,318 | 1,273,318 | 1,246,662 | 26,656 |
| Public right of way | 30,261 | 30,261 | 61,565 | (31,304) |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Economic development | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | 25,436 | 25,436 | 23,288 | 2,148 |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>1,329,015</u> | <u>1,329,015</u> | <u>1,331,515</u> | <u>(2,500)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>16,092</u> | <u>16,092</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | - | - | 16,092 | 16,092 |
| Fund balance, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund deficit, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 16,092</u> | <u>\$ 16,092</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, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | 38 | 38 |
| Charges for current services | 700,000 | 700,000 | 658,621 | (41,379) |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | <u>700,000</u> | <u>700,000</u> | <u>658,659</u> | <u>(41,341)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | 9 | (9) |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Economic development | 700,000 | 700,000 | 667,606 | 32,394 |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>700,000</u> | <u>700,000</u> | <u>667,615</u> | <u>32,385</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>(8,956)</u> | <u>(8,956)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | - | - | (8,956) | (8,956) |
| Fund balance, beginning of year | <u>7,035</u> | <u>7,035</u> | <u>7,035</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 7,035</u> | <u>\$ 7,035</u> | <u>\$ (1,921)</u> | <u>\$ (8,956)</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, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | 1,142 | 1,142 |
| Charges for current services | 27,200 | 27,200 | 26,678 | (522) |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | <u>27,200</u> | <u>27,200</u> | <u>27,820</u> | <u>620</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | 143,282 | 143,282 | 21,822 | 121,460 |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Economic development | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>143,282</u> | <u>143,282</u> | <u>21,822</u> | <u>121,460</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(116,082)</u> | <u>(116,082)</u> | <u>5,998</u> | <u>122,080</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (116,082) | (116,082) | 5,998 | 122,080 |
| Fund balance, beginning of year | <u>193,421</u> | <u>193,421</u> | <u>193,421</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 77,339</u> | <u>\$ 77,339</u> | <u>\$ 199,419</u> | <u>\$ 122,080</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, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | 1,488 | 1,488 |
| Charges for current services | - | - | - | - |
| From other agencies | 180,000 | 180,000 | 220,833 | 40,833 |
| Other revenues | - | - | 1,831 | 1,831 |
| Total revenues | <u>180,000</u> | <u>180,000</u> | <u>224,152</u> | <u>44,152</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Economic development | - | - | - | - |
| Community planning and development | 17,051 | 17,051 | 4,445 | 12,606 |
| Municipal support | 374,616 | 374,616 | 163,327 | 211,289 |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>391,667</u> | <u>391,667</u> | <u>167,772</u> | <u>223,895</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(211,667)</u> | <u>(211,667)</u> | <u>56,380</u> | <u>268,047</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (211,667) | (211,667) | 56,380 | 268,047 |
| Fund balance, beginning of year | <u>322,311</u> | <u>322,311</u> | <u>322,311</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 110,644</u> | <u>\$ 110,644</u> | <u>\$ 378,691</u> | <u>\$ 268,047</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, 2016**

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ 700,000 | \$ 700,000 | \$ - | \$ (700,000) |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | 643,291 | 643,291 |
| Investment earnings | - | - | 2,999 | 2,999 |
| Charges for current services | - | - | - | - |
| From other agencies | 5,357,495 | 5,357,495 | 7,225,174 | 1,867,679 |
| Other revenues | - | - | 1,453,891 | 1,453,891 |
| Total revenues | <u>6,057,495</u> | <u>6,057,495</u> | <u>9,325,355</u> | <u>3,267,860</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | 27,477 | (27,477) |
| Police | 544,278 | 989,568 | 848,781 | 140,787 |
| Traffic safety | 1,394,544 | 1,394,544 | 358,054 | 1,036,490 |
| Public right of way | 103,131 | 103,131 | 94,725 | 8,406 |
| Community buildings | - | - | - | - |
| Community services | 611,204 | 627,092 | 655,731 | (28,639) |
| Parks and greenbelts | - | - | - | - |
| Economic development | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | 1,409,866 | 2,409,896 | 905,568 | 1,504,328 |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Drainage | 1,047,799 | 2,807,556 | 1,745,242 | 1,062,314 |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | 200,000 | 1,633,043 | - | 1,633,043 |
| Community planning and development | - | - | 53,493 | (53,493) |
| Debt service: | | | | |
| Principal retirement | 1,120,000 | 1,120,000 | 1,120,000 | - |
| Interest and other charges | 78,008 | 78,008 | 78,008 | - |
| Total expenditures | <u>6,508,830</u> | <u>11,162,838</u> | <u>5,887,079</u> | <u>5,275,759</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(451,335)</u> | <u>(5,105,343)</u> | <u>3,438,276</u> | <u>8,543,619</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>(451,335)</u> | <u>(5,105,343)</u> | <u>3,438,276</u> | <u>8,543,619</u> |
| Fund balance (deficits), beginning of year | <u>(133,823)</u> | <u>(133,823)</u> | <u>(133,823)</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ (585,158)</u> | <u>\$ (5,239,166)</u> | <u>\$ 3,304,453</u> | <u>\$ 8,543,619</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, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ 2,925,000 | \$ 2,925,000 | \$ 2,906,156 | \$ (18,844) |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | 4,376 | 4,376 |
| Charges for current services | - | - | - | - |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | <u>2,925,000</u> | <u>2,925,000</u> | <u>2,910,532</u> | <u>(14,468)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Economic development | 2,676,779 | 2,676,779 | - | 2,676,779 |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | 2,194,237 | (2,194,237) |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>2,676,779</u> | <u>2,676,779</u> | <u>2,194,237</u> | <u>482,542</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>248,221</u> | <u>248,221</u> | <u>716,295</u> | <u>468,074</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (715,950) | - | (717,446) | (717,446) |
| Proceeds of Bonds | - | - | - | - |
| Total other financing sources (uses) | <u>(715,950)</u> | <u>-</u> | <u>(717,446)</u> | <u>(717,446)</u> |
| Net change in fund balance | (467,729) | 248,221 | (1,151) | (249,372) |
| Fund balance, beginning of the year | <u>1,151</u> | <u>1,151</u> | <u>1,151</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ (466,578)</u> | <u>\$ 249,372</u> | <u>\$ -</u> | <u>\$ (249,372)</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, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | 8,809 | 8,809 |
| Charges for current services | - | - | - | - |
| From other agencies | 3,074,000 | 3,287,334 | 2,604,932 | (682,402) |
| Other revenues | - | - | - | - |
| Total revenues | <u>3,074,000</u> | <u>3,287,334</u> | <u>2,613,741</u> | <u>(673,593)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | 156,986 | 156,986 | 200,616 | (43,630) |
| Community buildings | - | - | - | - |
| Community services | 240,348 | 240,348 | 184,904 | 55,444 |
| Economic development | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | 495,557 | 495,557 | 60,357 | 435,200 |
| Public right of way | 3,042,872 | 3,042,872 | 736,740 | 2,306,132 |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>3,935,763</u> | <u>3,935,763</u> | <u>1,182,617</u> | <u>2,753,146</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(861,763)</u> | <u>(648,429)</u> | <u>1,431,124</u> | <u>2,079,553</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | 1,000 | 1,000 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>1,000</u> | <u>1,000</u> |
| Net change in fund balance | (861,763) | (648,429) | 1,432,124 | 2,080,553 |
| Fund balance, beginning of year | <u>1,087,538</u> | <u>1,087,538</u> | <u>1,087,538</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 225,775</u> | <u>\$ 439,109</u> | <u>\$ 2,519,662</u> | <u>\$ 2,080,553</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, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | 5,645 | 5,645 |
| Charges for current services | - | - | - | - |
| From other agencies | - | - | - | - |
| Other revenues | - | - | 1,520,794 | 1,520,794 |
| Total revenues | <u>-</u> | <u>-</u> | <u>1,526,439</u> | <u>1,526,439</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Economic development | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | 100,000 | 100,000 | 77,488 | 22,512 |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>100,000</u> | <u>100,000</u> | <u>77,488</u> | <u>22,512</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(100,000)</u> | <u>(100,000)</u> | <u>1,448,951</u> | <u>1,548,951</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (100,000) | (100,000) | 1,448,951 | (1,548,951) |
| Fund balance, beginning of year, as restated | 4,891,167 | 4,891,167 | 4,891,167 | - |
| Fund balance, end of year | <u>\$ 4,791,167</u> | <u>\$ 4,791,167</u> | <u>\$ 6,340,118</u> | <u>\$ (1,548,951)</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, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | 80,000 | 80,000 | 84,552 | 4,552 |
| Charges for current services | - | - | - | - |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 80,000 | 80,000 | 84,552 | 4,552 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Economic development | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | 90,000 | 90,000 | 65,498 | 24,502 |
| Municipal support | - | - | - | - |
| Capital outlay: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Traffic safety | - | - | - | - |
| Public right of way | - | - | - | - |
| Drainage | - | - | - | - |
| Community buildings | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | 90,000 | 90,000 | 65,498 | 24,502 |
| Excess (deficiency) of revenues over (under) expenditures | (10,000) | (10,000) | 19,054 | 29,054 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balance | (10,000) | (10,000) | 19,054 | (29,054) |
| Fund balance, beginning of year | 53,130 | 53,130 | 53,130 | - |
| Fund balance, end of year | \$ 43,130 | \$ 43,130 | \$ 72,184 | \$ (29,054) |

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, 2016

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------------------|---------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Fines, forfeits and penalties | - | - | - | - |
| Investment earnings | - | - | - | - |
| Charges for current services | - | - | - | - |
| From other agencies | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Fire | - | 200,000 | 9,901 | 190,099 |
| Police | - | 200,000 | 200,000 | - |
| 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 | - | - | - | - |
| Community services | - | - | - | - |
| Parks and greenbelts | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>-</u> | <u>400,000</u> | <u>209,901</u> | <u>190,099</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>(400,000)</u> | <u>(209,901)</u> | <u>190,099</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 8,899,634 | 8,899,634 |
| Transfers out | - | - | - | - |
| Proceeds of Bonds | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>8,899,634</u> | <u>8,899,634</u> |
| Net change in fund balance | - | (400,000) | 8,689,733 | 9,089,733 |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ (400,000)</u> | <u>\$ 8,689,733</u> | <u>\$ 9,089,733</u> |

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**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, 2016**

| | Workers' Compensation | Fleet Management | Employee Benefits | Information Systems |
|--|----------------------------------|-----------------------------|------------------------------|--------------------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash investments | \$ 38,694,570 | \$ 24,050,963 | \$ 13,566,050 | \$ 3,106,999 |
| Accounts receivable, net | - | 15,460 | 44,356 | 1,569 |
| Interest receivable | 97,078 | - | - | 7,370 |
| Due from other funds | 1,111,508 | - | - | - |
| Inventory | - | 36,273 | - | - |
| Prepaid Items | - | - | 15,027 | - |
| Total current assets | <u>39,903,156</u> | <u>24,102,696</u> | <u>13,625,433</u> | <u>3,115,938</u> |
| Noncurrent Assets: | | | | |
| Deposits | - | - | 32,100 | 1,620 |
| Intercity loans receivable | - | 4,005,060 | - | - |
| Capital assets | | | | |
| Construction in progress | - | 604,476 | - | - |
| Depreciable capital assets, net | - | 6,907,625 | - | 357,658 |
| Total noncurrent assets | <u>-</u> | <u>11,517,161</u> | <u>32,100</u> | <u>359,278</u> |
| Total assets | <u>39,903,156</u> | <u>35,619,857</u> | <u>13,657,533</u> | <u>3,475,216</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension related | - | 167,691 | - | 282,980 |
| Total Deferred Outflows | <u>-</u> | <u>167,691</u> | <u>-</u> | <u>282,980</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 4,827 | 227,835 | 2,731,553 | 69,081 |
| Accrued liabilities | 61,804 | 39,018 | 231,045 | 48,307 |
| Interest payable | - | 241 | - | - |
| Refundable deposits | - | 1,520 | - | - |
| Current portion of long term liabilities | | | | |
| Capital leases | - | 90,218 | - | 63,921 |
| Accrued compensated absences | - | - | 8,823,976 | - |
| Claims payable | 4,151,458 | - | - | - |
| Total current liabilities | <u>4,218,089</u> | <u>358,832</u> | <u>11,786,574</u> | <u>181,309</u> |
| Noncurrent liabilities: | | | | |
| Capital leases | - | 69,836 | - | - |
| Accrued compensated absences | - | - | 1,203,269 | - |
| Claims payable | 21,443,543 | - | - | - |
| Intercity loans payable | - | - | - | - |
| Net pension liability | - | 2,098,773 | - | 3,055,264 |
| OPEB liability | - | 67,506 | - | 113,781 |
| Total noncurrent liabilities | <u>21,443,543</u> | <u>2,236,115</u> | <u>1,203,269</u> | <u>3,169,045</u> |
| Total liabilities | <u>25,661,632</u> | <u>2,594,947</u> | <u>12,989,843</u> | <u>3,350,354</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension related | - | 150,439 | - | 219,085 |
| Total Deferred Inflows | <u>-</u> | <u>150,439</u> | <u>-</u> | <u>219,085</u> |
| NET POSITION | | | | |
| Net investment in capital assets | - | 7,352,047 | - | 293,737 |
| Unrestricted | 14,241,524 | 25,690,115 | 667,690 | (104,980) |
| Total net position | <u>\$ 14,241,524</u> | <u>\$ 33,042,162</u> | <u>\$ 667,690</u> | <u>\$ 188,757</u> |

| Warehouse Operations | Telephone System | Risk Management | Communication Replacement | Total |
|----------------------|---------------------|----------------------|---------------------------|----------------------|
| \$ 644,575 | \$ 1,974,304 | \$ 22,836,927 | \$ 3,875,452 | \$ 108,749,840 |
| - | 2,500 | 11,358 | - | 75,243 |
| - | - | 57,994 | - | 162,442 |
| - | - | - | - | 1,111,508 |
| 485,432 | - | - | - | 521,705 |
| - | - | 20,221 | - | 35,248 |
| <u>1,130,007</u> | <u>1,976,804</u> | <u>22,926,500</u> | <u>3,875,452</u> | <u>110,655,986</u> |
| - | - | - | - | 33,720 |
| - | - | - | - | 4,005,060 |
| - | - | - | 2,516,519 | 3,120,995 |
| - | - | - | - | 7,265,283 |
| - | - | - | <u>2,516,519</u> | <u>14,391,338</u> |
| <u>1,130,007</u> | <u>1,976,804</u> | <u>22,926,500</u> | <u>6,391,971</u> | <u>125,081,044</u> |
| - | - | - | - | 450,671 |
| - | - | - | - | 450,671 |
| 178,088 | 17,315 | 9,765 | 1,882,052 | 5,120,516 |
| 6,374 | 4,994 | 12,304 | - | 403,846 |
| - | - | - | - | 241 |
| - | - | - | - | 1,520 |
| - | - | - | - | 154,139 |
| - | - | - | - | 8,823,976 |
| - | - | 744,345 | - | 4,895,803 |
| <u>184,462</u> | <u>22,309</u> | <u>766,414</u> | <u>1,882,052</u> | <u>19,400,041</u> |
| - | - | - | - | 69,836 |
| - | - | - | - | 1,203,269 |
| - | - | 3,400,656 | - | 24,844,199 |
| - | - | - | 4,005,060 | 4,005,060 |
| - | - | - | - | 5,154,037 |
| - | - | - | - | 181,287 |
| - | - | <u>3,400,656</u> | <u>4,005,060</u> | <u>35,457,688</u> |
| <u>184,462</u> | <u>22,309</u> | <u>4,167,070</u> | <u>5,887,112</u> | <u>54,857,729</u> |
| - | - | - | - | 369,524 |
| - | - | - | - | 369,524 |
| - | - | - | 2,516,519 | 10,162,303 |
| 945,545 | 1,954,495 | 18,759,430 | (2,011,660) | 60,142,159 |
| <u>\$ 945,545</u> | <u>\$ 1,954,495</u> | <u>\$ 18,759,430</u> | <u>\$ 504,859</u> | <u>\$ 70,304,462</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, 2016

| | <u>Workers'</u> <u>Compensation</u> | <u>Fleet</u> <u>Management</u> | <u>Employee</u> <u>Benefits</u> | <u>Information</u> <u>Systems</u> |
|---|--|-----------------------------------|------------------------------------|--------------------------------------|
| Operating revenues: | | | | |
| Charges for services | \$ 6,156,380 | \$ 7,994,173 | \$ 35,639,496 | \$ 2,227,546 |
| Other | - | 94,525 | - | - |
| Total operating revenues | <u>6,156,380</u> | <u>8,088,698</u> | <u>35,639,496</u> | <u>2,227,546</u> |
| Operating expenses: | | | | |
| Salaries and wages | 1,548,865 | 3,181,412 | 10,899,959 | 1,632,836 |
| Contractual services | 40,077 | 599,908 | 43,532 | 195,807 |
| Liability claims | 8,082,658 | 215,818 | - | 22,489 |
| Materials and supplies | 463 | 1,548,666 | 279,186 | 124,713 |
| Depreciation | - | 1,028,669 | - | 134,200 |
| Total operating expenses | <u>9,672,063</u> | <u>6,574,473</u> | <u>35,039,431</u> | <u>2,110,045</u> |
| Operating income (loss) | <u>(3,515,683)</u> | <u>1,514,225</u> | <u>600,065</u> | <u>117,501</u> |
| Nonoperating revenues (expenses): | | | | |
| Investment income | 1,842,934 | - | - | 16,686 |
| Gain (loss) on disposal of assets | - | 20,995 | - | - |
| Interest expense | - | (7,378) | - | (4,413) |
| Total nonoperating revenues (expenses) | <u>1,842,934</u> | <u>13,617</u> | <u>-</u> | <u>12,273</u> |
| Income (loss) before transfers and capital contributions | <u>(1,672,749)</u> | <u>1,527,842</u> | <u>600,065</u> | <u>129,774</u> |
| Capital contributions | - | - | - | 97,934 |
| Transfers out | - | - | - | - |
| Change in net position | <u>(1,672,749)</u> | <u>1,527,842</u> | <u>600,065</u> | <u>227,708</u> |
| Total net position, beginning of year, as restated | <u>15,914,273</u> | <u>31,514,320</u> | <u>67,625</u> | <u>(38,951)</u> |
| Total net position, end of year | <u>\$ 14,241,524</u> | <u>\$ 33,042,162</u> | <u>\$ 667,690</u> | <u>\$ 188,757</u> |

| Warehouse Operations | Telephone System | Risk Management | Communication Replacement | Total |
|---------------------------------|-----------------------------|----------------------------|--------------------------------------|---------------|
| \$ 268,409 | \$ 651,263 | \$ 1,719,537 | \$ - | \$ 54,656,804 |
| - | - | - | - | 94,525 |
| 268,409 | 651,263 | 1,719,537 | - | 54,751,329 |
| 176,783 | 126,673 | 374,466 | - | 17,940,994 |
| 69 | 502,745 | 440,532 | 129,608 | 1,952,278 |
| 100,536 | - | 88,276 | - | 8,509,777 |
| 873 | 93 | 1,718 | 1,882,052 | 3,837,764 |
| - | - | - | - | 1,162,869 |
| 278,261 | 629,511 | 904,992 | 2,011,660 | 57,220,436 |
| (9,852) | 21,752 | 814,545 | (2,011,660) | (2,469,107) |
| - | - | 175,162 | - | 2,034,782 |
| - | - | - | - | 20,995 |
| - | - | - | - | (11,791) |
| - | - | 175,162 | - | 2,043,986 |
| (9,852) | 21,752 | 989,707 | (2,011,660) | (425,121) |
| - | - | - | 2,516,519 | 2,614,453 |
| - | - | (100,000) | - | (100,000) |
| (9,852) | 21,752 | 889,707 | 504,859 | 2,089,332 |
| 955,397 | 1,932,743 | 17,869,723 | - | 68,215,130 |
| \$ 945,545 | \$ 1,954,495 | \$ 18,759,430 | \$ 504,859 | \$ 70,304,462 |

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

| | Workers' Compensation | Fleet Management | Employee Benefits |
|--|----------------------------------|-----------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from user departments | \$ 6,156,380 | \$ 7,874,110 | \$ 35,718,665 |
| Payments to suppliers | (4,573,193) | (2,044,934) | 211,200 |
| Payments to employees | (1,521,201) | (1,006,340) | (10,401,920) |
| Payments for employee benefits | - | - | (23,816,754) |
| Net cash provided (used) by operating activities | <u>61,986</u> | <u>4,822,836</u> | <u>1,711,191</u> |
| CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES | | | |
| Cash received from other funds | 1,583,976 | - | - |
| Cash paid to other funds | - | (4,005,060) | - |
| Net cash provided (used) by non capital financing activities | <u>1,583,976</u> | <u>(4,005,060)</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchases of capital assets | - | (1,290,795) | - |
| Payments on lease purchase agreement | - | (87,015) | - |
| Interest paid | - | (7,378) | - |
| Net cash provided by capital and related financing activities | <u>-</u> | <u>(1,385,188)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest earnings | 1,770,375 | - | - |
| Net cash provided by investing activities | <u>1,770,375</u> | <u>-</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | 3,416,337 | (567,412) | 1,711,191 |
| Cash and cash equivalents, beginning of year | 35,278,233 | 24,618,375 | 11,854,859 |
| Cash and cash equivalents, end of year | <u>\$ 38,694,570</u> | <u>\$ 24,050,963</u> | <u>\$ 13,566,050</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | \$ (3,515,683) | \$ 1,514,225 | \$ 600,065 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation expense | - | 1,028,669 | - |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in accounts receivable | - | 23,723 | 79,169 |
| (Increase) decrease in due from other funds | - | - | - |
| (Increase) decrease in inventory | - | 48,306 | - |
| (Increase) decrease in prepaid expense | - | - | (15,027) |
| Increase (decrease) in accounts payable | (186,995) | 47,083 | 577,527 |
| Increase (decrease) in compensated absences | - | - | 448,674 |
| Increase (decrease) in other accrued liabilities | 27,664 | 11,803 | 20,783 |
| Increase (decrease) in claims payable | 3,737,000 | - | - |
| Increase (decrease) in OPEB liability | - | 67,506 | - |
| Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources | - | 2,081,521 | - |
| Total adjustments | <u>3,577,669</u> | <u>3,308,611</u> | <u>1,111,126</u> |
| Net cash provided (used) by operating activities | <u>\$ 61,986</u> | <u>\$ 4,822,836</u> | <u>\$ 1,711,191</u> |

There were no noncash investing, capital, or financing activities for the year ended June 30, 2016.

| Information Systems | Warehouse Operations | Telephone System | Risk Management | Communication Replacement | Total |
|----------------------------|-----------------------------|-------------------------|------------------------|----------------------------------|-----------------------|
| \$ 2,227,952 | \$ 268,409 | \$ 651,263 | \$ 1,708,179 | \$ - | \$ 54,604,958 |
| (132,288) | (11,033) | (495,465) | (1,847,408) | (129,608) | (9,022,729) |
| (1,779,502) | (170,408) | (126,672) | (384,297) | - | (15,390,340) |
| - | - | - | - | - | (23,816,754) |
| 316,162 | 86,968 | 29,126 | (523,526) | (129,608) | 6,375,135 |
| - | - | - | - | 4,005,060 | 5,589,036 |
| - | - | - | (100,000) | - | (4,105,060) |
| - | - | - | (100,000) | 4,005,060 | 1,483,976 |
| (104,153) | - | - | - | - | (1,394,948) |
| (85,270) | - | - | - | - | (172,285) |
| (4,413) | - | - | - | - | (11,791) |
| (193,836) | - | - | - | - | (1,579,024) |
| 19,500 | - | - | 192,970 | - | 1,982,845 |
| 19,500 | - | - | 192,970 | - | 1,982,845 |
| 141,826 | 86,968 | 29,126 | (430,556) | 3,875,452 | 8,262,932 |
| 2,965,173 | 557,607 | 1,945,178 | 23,267,483 | - | 100,486,908 |
| <u>\$ 3,106,999</u> | <u>\$ 644,575</u> | <u>\$ 1,974,304</u> | <u>\$ 22,836,927</u> | <u>\$ 3,875,452</u> | <u>\$ 108,749,840</u> |
| \$ 215,435 | \$ (9,852) | \$ 21,752 | \$ 814,545 | \$ (2,011,660) | \$ (2,371,173) |
| 134,200 | - | - | - | - | 1,162,869 |
| 2,026 | - | - | (4,910) | - | 100,008 |
| - | 98,858 | - | - | - | 147,164 |
| (1,620) | - | - | (20,221) | - | (36,868) |
| (33,233) | (3,840) | 5,725 | (82,414) | 1,882,052 | 2,205,905 |
| - | - | - | - | - | 448,674 |
| 7,342 | 1,802 | 1,649 | 2,473 | - | 73,516 |
| - | - | - | (1,232,999) | - | 2,504,001 |
| 113,781 | - | - | - | - | 181,287 |
| (121,769) | - | - | - | - | 1,959,752 |
| 100,727 | 96,820 | 7,374 | (1,338,071) | 1,882,052 | 8,746,308 |
| <u>\$ 316,162</u> | <u>\$ 86,968</u> | <u>\$ 29,126</u> | <u>\$ (523,526)</u> | <u>\$ (129,608)</u> | <u>\$ 6,375,135</u> |

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Statistical Section

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Statistical Section

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographics and Economic Information

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

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

Operating Information

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

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

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

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

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

The City implemented GASB 65 in FY2013; 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.

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

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| Governmental activities: | | | | |
| Invested in capital assets, net of related debt | \$ 666,751 | \$ 662,476 | \$ 661,323 | \$ 553,141 |
| Restricted | 52,214 | 79,980 | 68,985 | 94,568 |
| Unrestricted | <u>35,623</u> | <u>13,004</u> | <u>22,510</u> | <u>129,445</u> |
| Total governmental activities net position | <u>754,588</u> | <u>755,460</u> | <u>752,818</u> | <u>777,154</u> |
| Business-type activities: | | | | |
| Invested in capital assets, net of related debt | \$ 64,996 | \$ 65,581 | \$ 75,932 | \$ 85,079 |
| Restricted | - | - | - | - |
| Unrestricted | <u>14,855</u> | <u>26,444</u> | <u>25,543</u> | <u>28,226</u> |
| Total business-type activities net position | <u>\$ 79,851</u> | <u>\$ 92,025</u> | <u>\$ 101,475</u> | <u>\$ 113,305</u> |
| Primary government: | | | | |
| Invested in capital assets, net of related debt | 731,747 | 728,057 | 737,255 | 638,220 |
| Restricted | 52,214 | 79,980 | 68,985 | 94,568 |
| Unrestricted | <u>50,478</u> | <u>39,448</u> | <u>48,053</u> | <u>157,671</u> |
| Total primary government net position | <u>\$ 834,439</u> | <u>\$ 847,485</u> | <u>\$ 854,293</u> | <u>\$ 890,459</u> |

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

Source: Finance Department, City of Garden Grove

| Fiscal Year | | | | | |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| \$ 560,993 | \$ 643,306 | \$ 643,095 | \$ 644,220 | \$ 642,786 | \$ 641,661 |
| 97,634 | 29,976 | 22,114 | 22,150 | 17,848 | 21,967 |
| <u>129,866</u> | <u>119,190</u> | <u>123,504</u> | <u>117,646</u> | <u>(83,857)</u> | <u>(88,223)</u> |
| <u>788,493</u> | <u>792,472</u> | <u>788,713</u> | <u>784,016</u> | <u>576,777</u> | <u>575,405</u> |
| | | | | | |
| \$ 88,713 | \$ 89,607 | \$ 97,657 | \$ 107,299 | \$ 111,947 | \$ 117,488 |
| - | - | - | - | - | - |
| <u>45,395</u> | <u>36,861</u> | <u>39,457</u> | <u>44,291</u> | <u>29,703</u> | <u>26,011</u> |
| <u>\$ 134,108</u> | <u>\$ 126,468</u> | <u>\$ 137,114</u> | <u>\$ 151,590</u> | <u>\$ 141,650</u> | <u>\$ 143,499</u> |
| | | | | | |
| 649,706 | 732,913 | 740,752 | 751,519 | 754,733 | 759,149 |
| 97,634 | 29,976 | 22,114 | 22,150 | 17,848 | 21,967 |
| <u>175,261</u> | <u>156,051</u> | <u>162,961</u> | <u>161,937</u> | <u>(54,154)</u> | <u>(62,212)</u> |
| <u>\$ 922,601</u> | <u>\$ 918,940</u> | <u>\$ 925,827</u> | <u>\$ 935,606</u> | <u>\$ 718,427</u> | <u>\$ 718,904</u> |

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

| | Fiscal Year | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Expenses: | | | | | |
| Governmental activities: | | | | | |
| Fire | \$ 17,465 | \$ 19,778 | \$ 21,279 | \$ 18,757 | \$ 18,710 |
| Police | 38,013 | 45,333 | 47,004 | 42,554 | 44,899 |
| Traffic safety | 3,264 | 3,273 | 4,135 | 3,570 | 2,905 |
| Public right of way | 15,073 | 13,989 | 14,859 | 16,143 | 13,013 |
| Drainage | 1,538 | 1,372 | 1,482 | 1,352 | 1,374 |
| Community buildings | 97 | 4,442 | 4,268 | 4,519 | 4,319 |
| Community services | 3,629 | 4,383 | 4,702 | 4,389 | 4,088 |
| Economic Development | - | - | - | - | - |
| Parks and greenbelts | 1,787 | 2,016 | 1,628 | 2,098 | 1,584 |
| Community planning and development | 42,847 | 46,061 | 44,429 | 44,682 | 49,088 |
| Municipal support | 6,678 | 8,405 | 8,543 | 5,157 | 3,154 |
| Interest on long-term debt | 6,854 | 7,768 | 8,161 | 5,795 | 5,132 |
| Total governmental activities expenses | <u>137,245</u> | <u>156,820</u> | <u>160,490</u> | <u>149,016</u> | <u>148,266</u> |
| Business-type activities: | | | | | |
| Water | 20,398 | 20,557 | 24,339 | 25,251 | 26,152 |
| Sanitary District | 11,188 | 13,295 | 13,418 | 13,088 | 8,708 |
| Mobile home parks/RV park | 2,079 | 2,339 | 2,172 | 2,205 | 1,497 |
| Housing authority | - | - | - | - | - |
| Total business-type activities expenses | <u>33,665</u> | <u>36,191</u> | <u>39,929</u> | <u>40,544</u> | <u>36,357</u> |
| Total primary government expenses | <u>170,910</u> | <u>193,011</u> | <u>200,419</u> | <u>189,560</u> | <u>184,623</u> |
| Program revenues: | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| Fire | 705 | 884 | 1,377 | 1,115 | 3,400 |
| Police | 3,100 | 3,564 | 3,431 | 3,592 | 3,607 |
| Traffic safety | 1,306 | 1,314 | 1,341 | 1,350 | 1,342 |
| Public right of way | 350 | 291 | 157 | 117 | 146 |
| Drainage | - | 90 | - | - | - |
| Community services | 855 | 849 | 849 | 878 | 915 |
| Parks and greenbelts | 1,457 | 1,394 | 1,382 | 1,368 | 1,368 |
| Community planning and development | 2,449 | 1,403 | 1,179 | 1,114 | 1,384 |
| Municipal support | 2,464 | 2,223 | 2,384 | 5,729 | 2,636 |
| Operating grants and contributions | 43,709 | 42,980 | 36,053 | 42,980 | 46,464 |
| Capital grants and contributions | 2,534 | 4,890 | 9,599 | 14,462 | 6,361 |
| Total governmental activities program revenues | <u>58,929</u> | <u>59,882</u> | <u>57,752</u> | <u>72,705</u> | <u>67,623</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Water | 20,786 | 25,573 | 27,846 | 28,878 | 30,261 |
| Sanitary District | 16,941 | 16,445 | 16,208 | 16,848 | 12,187 |
| Mobile home parks | 2,699 | 3,033 | 2,910 | 3,027 | 318 |
| Operating grants and contributions | 538 | 804 | 785 | - | - |
| Capital grants and contributions | 754 | - | - | 2,038 | - |
| Total business-type activities program revenues | <u>41,718</u> | <u>45,855</u> | <u>47,749</u> | <u>50,791</u> | <u>42,766</u> |
| Total primary government program revenues | <u>100,647</u> | <u>105,737</u> | <u>105,501</u> | <u>123,496</u> | <u>110,389</u> |
| Net revenues (expenses): | | | | | |
| Governmental activities | (78,316) | (96,938) | (102,738) | (76,311) | (80,643) |
| Business-type activities | 8,053 | 9,664 | 7,820 | 10,247 | 6,409 |
| Total net revenues (expenses) | <u>(70,263)</u> | <u>(87,274)</u> | <u>(94,918)</u> | <u>(66,064)</u> | <u>(74,234)</u> |

| Fiscal Year | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2012 | 2013 | 2014 | 2015 | 2016 |
| \$ 19,497 | \$ 20,273 | \$ 20,876 | \$ 21,939 | \$ 20,700 |
| 44,751 | 45,467 | 49,289 | 50,837 | 47,309 |
| 3,197 | 3,097 | 3,872 | 3,517 | 3,001 |
| 14,768 | 16,541 | 14,051 | 16,903 | 16,917 |
| 1,417 | 1,426 | 1,284 | 1,445 | 1,453 |
| 4,961 | 4,596 | 4,504 | 4,973 | 4,691 |
| 4,430 | 4,452 | 4,679 | 4,797 | 4,606 |
| - | - | - | 1,944 | 2,333 |
| 1,785 | 1,838 | 1,973 | 2,146 | 1,957 |
| 10,945 | 7,938 | 8,491 | 7,837 | 5,633 |
| 6,443 | 6,344 | 7,112 | 7,609 | 6,151 |
| 3,783 | 1,815 | 1,305 | 862 | 1,962 |
| <u>115,977</u> | <u>113,787</u> | <u>117,436</u> | <u>124,809</u> | <u>116,713</u> |
| 24,213 | 26,419 | 26,761 | 30,003 | 26,982 |
| 7,672 | 8,641 | 7,092 | 8,128 | 8,095 |
| 565 | - | - | - | - |
| <u>30,894</u> | <u>31,586</u> | <u>30,489</u> | <u>30,707</u> | <u>36,947</u> |
| <u>63,344</u> | <u>66,646</u> | <u>64,342</u> | <u>68,838</u> | <u>72,024</u> |
| <u>179,321</u> | <u>180,433</u> | <u>181,778</u> | <u>193,647</u> | <u>188,737</u> |
| 1,051 | 1,106 | 1,422 | 1,011 | 1,683 |
| 3,321 | 3,486 | 3,169 | 3,019 | 2,717 |
| 1,343 | 1,349 | 1,349 | 1,351 | 1,347 |
| 137 | 249 | 358 | 272 | 391 |
| - | - | - | - | - |
| 856 | 851 | 859 | 986 | 768 |
| 1,346 | 1,319 | 1,282 | 1,264 | 1,226 |
| 1,303 | 1,491 | 2,128 | 1,839 | 2,320 |
| 2,540 | 2,553 | 2,693 | 2,656 | 3,109 |
| 19,574 | 10,012 | 13,277 | 13,295 | 15,819 |
| 4,847 | 5,789 | 5,435 | 6,032 | 3,569 |
| <u>36,318</u> | <u>28,205</u> | <u>31,972</u> | <u>31,725</u> | <u>32,949</u> |
| 34,318 | 33,738 | 35,186 | 33,145 | 29,158 |
| 12,294 | 13,204 | 12,051 | 12,095 | 12,339 |
| 1 | - | - | - | - |
| 30,662 | 30,582 | 30,656 | 30,726 | 31,730 |
| - | - | - | - | - |
| <u>77,275</u> | <u>77,524</u> | <u>77,893</u> | <u>75,966</u> | <u>73,227</u> |
| <u>113,593</u> | <u>105,729</u> | <u>109,865</u> | <u>107,691</u> | <u>106,176</u> |
| (79,659) | (85,582) | (85,464) | (93,084) | (83,764) |
| 13,931 | 10,878 | 13,551 | 7,128 | 1,203 |
| <u>(65,728)</u> | <u>(74,704)</u> | <u>(71,913)</u> | <u>(85,956)</u> | <u>(82,561)</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 | | | | |
|---|------------------|------------------|-----------------|------------------|------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| General revenues and other changes in net position: | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Sales taxes | \$ 19,696 | \$ 19,780 | \$ 16,236 | \$ 14,076 | \$ 16,776 |
| Property taxes | 36,251 | 39,144 | 43,786 | 42,212 | 52,268 |
| Transient occupancy taxes | 12,180 | 12,673 | 11,257 | 10,196 | 11,697 |
| Other taxes | 4,952 | 4,934 | 4,825 | 4,864 | 5,775 |
| Motor vehicle taxes, levied for general purposes | 13,603 | 14,011 | 14,088 | 513 | 801 |
| Investment income | 4,747 | 5,687 | 6,257 | 8,830 | 4,240 |
| Other general revenues | 3,095 | 1,511 | 3,579 | 2,153 | 425 |
| Gain/(Loss) on sale of capital assets | - | - | - | - | - |
| Transfers | 70 | 70 | 70 | - | - |
| Capital Contribution | - | - | - | - | - |
| Total governmental activities | <u>94,594</u> | <u>97,810</u> | <u>100,098</u> | <u>82,844</u> | <u>91,982</u> |
| Business-type activities: | | | | | |
| Investment income | 1,527 | 2,579 | 1,701 | 1,583 | 1,510 |
| Gain/(Loss) on sale of capital assets | - | - | - | - | 12,886 |
| Other general revenues | - | - | - | - | - |
| Discontinued operations | - | - | - | - | - |
| Transfers | (70) | (70) | (70) | - | - |
| Total business-type activities | <u>1,457</u> | <u>2,509</u> | <u>1,631</u> | <u>1,583</u> | <u>14,396</u> |
| Total primary government | <u>96,051</u> | <u>100,319</u> | <u>101,729</u> | <u>84,427</u> | <u>106,378</u> |
| Changes in net position | | | | | |
| Governmental activities | 16,278 | 872 | (2,640) | 6,533 | 11,339 |
| Business-type activities | 9,510 | 12,173 | 9,451 | 11,830 | 20,805 |
| Total primary government | <u>\$ 25,788</u> | <u>\$ 13,045</u> | <u>\$ 6,811</u> | <u>\$ 18,363</u> | <u>\$ 32,144</u> |

Source: Finance Department, City of Garden Grove

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

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

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

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

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

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

| Fiscal Year | | | | |
|-----------------------|--------------------|----------------------|----------------|----------------|
| 2012 | 2013 | 2014 | 2015 | 2016 |
| \$ 18,461 | \$ 19,805 | \$ 20,285 | \$ 19,251 | \$ 22,052 |
| 43,920 | 35,145 | 35,286 | 36,972 | 40,574 |
| 12,320 | 14,448 | 16,443 | 17,217 | 20,897 |
| 7,297 | 7,316 | 7,438 | 7,761 | 8,214 |
| 87 | 90 | 75 | 72 | 71 |
| 760 | 1,757 | 1,945 | 2,005 | 3,344 |
| 651 | 1,210 | 297 | 534 | 7,270 |
| (18,941) ¹ | - | (1,002) ⁵ | 3 | 2,774 |
| 20,373 ³ | - | - | (7) | - |
| - | 2,309 ⁴ | - | - | - |
| <u>84,928</u> | <u>82,080</u> | <u>80,767</u> | <u>83,808</u> | <u>105,196</u> |
| 334 | 437 | 715 | 523 | 428 |
| - | - | 41 | 169 | 59 |
| 95 | - | 169 | 29 | 159 |
| (2,918) ² | - | - | - | - |
| (20,373) ³ | - | - | 7 | - |
| <u>(22,862)</u> | <u>437</u> | <u>925</u> | <u>728</u> | <u>646</u> |
| <u>62,066</u> | <u>82,517</u> | <u>81,692</u> | <u>84,536</u> | <u>105,842</u> |
| 5,269 | (3,502) | (4,697) | (9,276) | 21,432 |
| (8,931) | 11,315 | 14,476 | 7,856 | 1,849 |
| <u>\$ (3,662)</u> | <u>\$ 7,813</u> | <u>\$ 9,779</u> | <u>(1,420)</u> | <u>23,281</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 | | | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2007 | 2008 | 2009 | 2010 |
| General fund: | | | | |
| Reserved | \$ 46,878 | \$ 50,999 | \$ 49,176 | \$ 47,951 |
| Non-Spendable: | | | | |
| Agency reimbursement agreement | - | - | - | - |
| COP reimbursement agreement | - | - | - | - |
| Intercity loan | - | - | - | - |
| Land held for resale | - | - | - | - |
| Prepaid items | - | - | - | - |
| Deposits | - | - | - | - |
| Committed: | | | | |
| Post-Employment Benefits | - | - | - | - |
| Community planning and development | - | - | - | - |
| Assigned: | | | | |
| Post-Employment Benefits | - | - | - | - |
| Garden Grove tourism improvement | - | - | - | - |
| Property tax lawsuit | - | - | - | - |
| Building improvements | - | - | - | - |
| General Plan | - | - | - | - |
| Other purposes | - | - | - | - |
| Unreserved | 25,482 | 14,721 | 5,479 | 71 |
| Unassigned | - | - | - | - |
| Total general fund | <u>\$ 72,360</u> | <u>\$ 65,720</u> | <u>\$ 54,655</u> | <u>\$ 48,022</u> |
| All other governmental funds: | | | | |
| Reserved | \$ 57,165 | \$ 141,053 | \$ 158,393 | \$ 142,099 |
| Non-Spendable: | | | | |
| Intercity loan | - | - | - | - |
| Land held for resale | - | - | - | - |
| Prepaid items | - | - | - | - |
| Deposits | - | - | - | - |
| Restricted: | | | | |
| Fire | - | - | - | - |
| Police | - | - | - | - |
| Public right of way | - | - | - | - |
| Drainage | - | - | - | - |
| Community services | - | - | - | - |
| Community planning and development | - | - | - | - |
| Municipal support | - | - | - | - |
| Committed: | | | | |
| Community planning and development | - | - | - | - |
| Assigned: | | | | |
| Post-Employment Benefits | - | - | - | - |
| Property tax lawsuit | - | - | - | - |
| Building improvements | - | - | - | - |
| Other purposes | - | - | - | - |
| Unreserved, reported in: | | | | |
| Special revenue funds | 10,724 | (27,845) | (41,485) | (11,371) |
| Debt service funds | (8) | (1,423) | 4,463 | 1,399 |
| Capital projects funds | (26,409) | (30,645) | (33,563) | (39,251) |
| Unassigned | - | - | - | - |
| Total all other governmental funds | <u>\$ 41,472</u> | <u>\$ 81,140</u> | <u>\$ 87,808</u> | <u>\$ 92,876</u> |

Source: Finance Department, City of Garden Grove

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

**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 | | | |
|---|-----------------|------------------|-------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 |
| Revenues: | | | | |
| Taxes | \$ 87,437 | \$ 91,292 | \$ 90,692 | \$ 85,353 |
| Licenses and permits | 1,859 | 1,068 | 818 | 1,553 |
| Fines, forfeitures and penalties | 2,567 | 2,870 | 2,761 | 3,103 |
| Investment earnings | 5,148 | 6,576 | 7,219 | 7,689 |
| Charges for current services | 11,401 | 10,083 | 11,065 | 11,413 |
| From other agencies | 42,230 | 42,295 | 39,707 | 55,879 |
| Other revenues | 3,597 | 2,516 | 3,053 | 2,100 |
| Total revenues | <u>154,239</u> | <u>156,700</u> | <u>155,315</u> | <u>167,090</u> |
| Expenditures | | | | |
| Current: | | | | |
| Fire | 17,946 | 19,724 | 20,769 | 19,331 |
| Police | 38,600 | 43,048 | 44,787 | 43,863 |
| Traffic safety | 3,274 | 3,026 | 2,896 | 2,967 |
| Public right of way | 6,881 | 5,973 | 8,130 | 7,373 |
| Drainage | - | - | 148 | 13 |
| Community buildings | 3,529 | 3,581 | 3,935 | 3,366 |
| Community services | 3,846 | 4,208 | 4,433 | 4,428 |
| Economic development | - | - | - | - |
| Parks and greenbelts | 1,653 | 1,925 | 1,804 | 1,649 |
| Community planning and development | 29,537 | 30,076 | 31,145 | 59,813 |
| Municipal support | 6,367 | 7,163 | 7,079 | 7,639 |
| Capital outlay | 19,233 | 26,290 | 23,162 | 16,671 |
| Debt service: | | | | |
| Principal retirement | 4,621 | 3,971 | 3,519 | 4,956 |
| Interest and other charges | 6,873 | 7,783 | 8,076 | 7,726 |
| Total expenditures | <u>142,360</u> | <u>156,768</u> | <u>159,883</u> | <u>179,795</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>11,879</u> | <u>(68)</u> | <u>(4,568)</u> | <u>(12,705)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 26,474 | 48,225 | 32,608 | 52,785 |
| Transfers out | (26,251) | (48,394) | (32,438) | (47,597) |
| Issuance of debt | - | 41,675 | - | - |
| Proceeds of debt | - | - | - | - |
| Gain/(Loss) on sale of capital assets | (1,322) | - | - | 2,320 |
| Contribution to Housing Authority | (3,796) | - | - | - |
| Extraordinary Gain/(Loss) | - | - | - | - |
| Payment to bond escrow agent | - | (8,410) | - | - |
| Total other financing sources (uses) | <u>(4,895)</u> | <u>33,096</u> | <u>170</u> | <u>7,508</u> |
| Net change in fund balances | <u>\$ 6,984</u> | <u>\$ 33,028</u> | <u>\$ (4,398)</u> | <u>\$ (5,197)</u> |
| Debt service as a percentage of noncapital expenditures | 9.3% | 9.0% | 8.5% | 7.8% |

Source: Finance Department, City of Garden Grove

Fiscal Year

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------|--------------------|-------------------|-------------------|-------------------|------------------|
| \$ 91,330 | \$ 82,531 | \$ 77,231 | \$ 80,010 | \$ 81,823 | \$ 92,268 |
| 962 | 946 | 1,128 | 1,405 | 1,139 | 1,554 |
| 2,911 | 2,673 | 2,960 | 2,755 | 2,629 | 2,222 |
| 4,859 | 1,560 | 1,800 | 1,780 | 1,546 | 1,285 |
| 12,002 | 10,401 | 10,084 | 10,267 | 9,528 | 9,943 |
| 50,336 | 15,617 | 13,324 | 12,857 | 15,945 | 15,991 |
| 6,393 | 1,612 | 3,332 | 1,991 | 2,079 | 11,071 |
| <u>168,793</u> | <u>115,340</u> | <u>109,859</u> | <u>111,065</u> | <u>114,689</u> | <u>134,334</u> |
| 18,862 | 19,996 | 20,447 | 20,143 | 21,672 | 23,195 |
| 44,727 | 45,558 | 45,478 | 47,027 | 49,389 | 51,942 |
| 2,733 | 2,894 | 2,595 | 3,105 | 3,102 | 2,959 |
| 5,865 | 5,880 | 5,730 | 5,662 | 6,886 | 7,515 |
| - | - | - | - | - | - |
| 3,188 | 3,519 | 3,082 | 3,086 | 3,408 | 3,317 |
| 4,037 | 4,449 | 4,453 | 4,562 | 4,793 | 5,470 |
| - | - | - | - | 1,944 | 2,333 |
| 1,664 | 1,883 | 1,927 | 2,019 | 2,247 | 2,217 |
| 51,950 | 10,871 | 7,761 | 8,156 | 7,359 | 7,229 |
| 7,359 | 8,805 | 6,797 | 7,215 | 7,600 | 8,012 |
| 15,754 | 15,569 | 10,366 | 14,956 | 9,032 | 7,371 |
| 4,214 | 4,434 | 1,939 | 2,036 | 1,937 | 2,097 |
| 4,938 | 3,226 | 1,383 | 1,280 | 1,199 | 939 |
| <u>165,291</u> | <u>127,084</u> | <u>111,958</u> | <u>119,247</u> | <u>120,568</u> | <u>124,596</u> |
| <u>3,502</u> | <u>(11,744)</u> | <u>(2,099)</u> | <u>(8,182)</u> | <u>(5,879)</u> | <u>9,738</u> |
| 41,588 | 78,846 | 1,239 | 3,232 | 7,761 | 11,783 |
| (41,492) | (57,373) | (1,139) | (1,181) | (3,558) | (11,683) |
| 2,500 | - | - | - | - | 25,962 |
| - | 1,856 | - | - | - | - |
| - | - | - | 1,307 | 22 | 1,735 |
| - | - | - | - | - | - |
| - | (98,139) | - | - | - | - |
| - | - | - | - | - | (17,462) |
| <u>2,596</u> | <u>(74,810)</u> | <u>100</u> | <u>3,358</u> | <u>4,225</u> | <u>10,335</u> |
| <u>\$ 6,098</u> | <u>\$ (86,554)</u> | <u>\$ (1,999)</u> | <u>\$ (4,824)</u> | <u>\$ (1,654)</u> | <u>\$ 20,073</u> |
| 6.1% | 6.9% | 3.3% | 3.2% | 2.8% | 2.6% |

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

| Fiscal Year | Sales Tax | Property Tax | Franchise Tax | Business Operation Tax | Transient Occupancy Tax | Motor Vehicle Tax | Total |
|--------------------|------------------|---------------------|----------------------|-------------------------------|--------------------------------|--------------------------|--------------|
| 2007 | 19,695,520 | 14,177,626 | 2,413,279 | 2,538,442 | 12,179,453 | 13,603,437 | 64,607,757 |
| 2008 | 19,780,085 | 14,892,274 | 2,337,053 | 2,596,833 | 12,672,985 | 14,011,002 | 66,290,232 |
| 2009 | 16,235,658 | 15,661,734 | 2,293,500 | 2,530,725 | 11,257,402 | 14,087,771 | 62,066,790 |
| 2010 | 14,075,879 | 14,400,002 | 2,482,292 | 2,381,098 | 10,195,885 | 513,106 | 44,048,262 |
| 2011 | 16,776,350 | 17,254,068 | 2,349,125 | 3,425,691 | 11,696,706 | 800,742 | 52,302,682 |
| 2012 | 18,461,031 | 19,519,146 | 2,540,297 | 4,756,384 | 12,319,744 | 86,882 | 57,683,484 |
| 2013 | 19,804,727 | 35,145,142 | 2,506,722 | 4,809,344 | 14,447,817 | 90,025 | 76,803,777 |
| 2014 | 20,285,111 | 35,286,424 | 2,483,878 | 4,953,958 | 16,442,817 | 74,506 | 79,526,694 |
| 2015 | 19,251,431 | 36,972,309 | 2,532,706 | 5,228,239 | 17,216,510 | 71,970 | 81,273,165 |
| 2016 | 22,051,778 | 40,574,176 | 2,577,292 | 5,636,389 | 20,897,283 | 70,518 | 91,807,436 |

Source: Finance Department, City of Garden Grove

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

| Fiscal Year Ended June 30 | City | | | Successor Agency (1) | | | Total Direct Tax Rate |
|---------------------------------|------------|-----------|------------------------------|----------------------|-----------|------------------------------|-----------------------------|
| | Secured | Unsecured | Taxable Assessed Value | Secured | Unsecured | Taxable Assessed Value | |
| 2007 | 8,876,151 | 321,203 | 9,197,354 | 2,312,965 | 277,545 | 2,590,510 | 1.030% |
| 2008 | 9,569,537 | 324,404 | 9,893,941 | 2,513,876 | 275,427 | 2,789,302 | 1.030% |
| 2009 | 9,729,884 | 346,877 | 10,076,761 | 2,770,894 | 309,969 | 3,080,863 | 1.029% |
| 2010 | 9,306,477 | 370,450 | 9,676,927 | 2,813,239 | 327,815 | 3,141,054 | 1.029% |
| 2011 | 9,304,082 | 321,497 | 9,625,579 | 2,707,066 | 302,619 | 3,009,685 | 1.064% |
| 2012 | 9,492,746 | 303,025 | 9,795,771 | 2,689,600 | 299,937 | 2,989,537 | 1.064% |
| 2013 | 9,580,743 | 303,685 | 9,884,428 | 2,720,784 | 271,370 | 2,992,154 | 1.074% |
| 2014 | 9,933,103 | 308,944 | 10,242,047 | 2,785,756 | 295,259 | 3,081,015 | 1.074% |
| 2015 | 10,538,784 | 356,435 | 10,895,219 | 2,897,658 | 328,394 | 3,226,052 | 1.074% |
| 2016 | 10,568,876 | 234,280 | 10,803,155 | 3,070,910 | 317,449 | 3,388,360 | 1.074% |

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

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

Source: Orange County Assessor's Office/HdL Coren & Cone

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

| Fiscal Year | Basic Levy | City Paramedic | Metropolitan Water District | Orange County | Sanitation and Water | School Services | Other | Total |
|--------------------|-------------------|-----------------------|------------------------------------|----------------------|-----------------------------|------------------------|--------------|--------------|
| 2007 | 1.0000 | 0.02500 | 0.00470 | - | - | - | - | 1.02970 |
| 2008 | 1.0000 | 0.02500 | 0.00450 | - | - | - | - | 1.02950 |
| 2009 | 1.0000 | 0.02500 | 0.00430 | - | - | - | - | 1.02930 |
| 2010 | 1.0000 | 0.02500 | 0.00430 | - | - | - | - | 1.02930 |
| 2011 | 1.0000 | 0.06000 | 0.00430 | - | - | - | - | 1.06430 |
| 2012 | 1.0000 | 0.06000 | 0.00370 | - | - | - | - | 1.06370 |
| 2013 | 1.0000 | 0.07000 | 0.00350 | - | - | - | - | 1.07350 |
| 2014 | 1.0000 | 0.07000 | 0.00350 | - | - | - | - | 1.07350 |
| 2015 | 1.0000 | 0.07000 | 0.00350 | - | - | - | - | 1.07350 |
| 2016 | 1.0000 | 0.07000 | 0.00350 | - | - | - | - | 1.07350 |

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

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

Source: Orange County Tax Rates Book

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

| Taxpayer | 2016 | | 2007 | |
|-------------------------------------|---------------------------------------|---|---------------------------------------|---|
| | Taxable Assessed Value | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Percent of Total City Taxable Assessed Value |
| Landmark Marriott Suites LLC | \$ 111,585,560 | 1.02% | | |
| Investel Harbor Resorts LLC | 72,034,298 | 0.66% | | |
| Park Grove Fee Owner LLC | 48,449,050 | 0.44% | | |
| Chatham Rigg LLC | 47,276,430 | 0.43% | | |
| Newage Garden Grove LLC | 45,117,503 | 0.41% | | |
| HGGA Promenade | 43,917,426 | 0.40% | | |
| OHI Resort Hotels LLC | 42,164,043 | 0.39% | | |
| PPF Industrial | 39,242,588 | 0.36% | | |
| SPS Technologies LLC | 36,346,236 | 0.33% | | |
| CAR NOA GGN LLC | 36,319,780 | 0.33% | | |
| Ashford Anaheim LP | | | 76,629,141 | 0.65% |
| Landmark Hotels | | | 92,697,951 | 0.79% |
| Ohi Resort Hotels LLC | | | 37,649,192 | 0.32% |
| RLJ Anaheim Hotel LLC | | | 35,603,304 | 0.30% |
| Swedlow Inc. | | | 26,565,523 | 0.23% |
| Kilroy Realty LP | | | 29,021,072 | 0.25% |
| BB Promenade LLC | | | 23,925,006 | 0.20% |
| Calwest Industrial | | | 46,306,909 | 0.39% |
| American Medical international Inc. | | | 19,971,681 | 0.17% |
| CC Technology LP | | | 19,800,892 | 0.17% |
| | \$ 522,452,914 | 4.80% | \$ 408,170,671 | 3.47% |

Source: Hdl Coren & Cone The City of Garden Grove 2015/16 Top Ten Property Taxpayers

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

| Fiscal Year | City Tax Rate (Per \$100) | Total Tax Levied | Current Tax Collections | Percent of Current Taxes Collected | Delinquent Tax Collections | Total Tax Collections | Ratio of Total tax Collections to Total Tax Levy | Outstanding Delinquent Taxes | Ratio of Delinquent Taxes to Total Tax Levy |
|--------------------|----------------------------------|-------------------------|--------------------------------|---|-----------------------------------|------------------------------|---|-------------------------------------|--|
| 2007 | 0.0025 | 13,989,410 | 13,080,248 | 93.5 | 197,376 | 13,277,624 | 94.9 | 286,295 | 2.0% |
| 2008 | 0.0030 | 14,804,471 | 13,934,785 | 94.1 | 366,321 | 14,301,107 | 96.6 | 196,069 | 1.3% |
| 2009 | 0.0030 | 14,783,375 | 13,920,288 | 94.2 | 640,136 | 14,560,424 | 98.5 | 139,682 | 0.9% |
| 2010 | 0.0030 | 14,063,297 | 13,732,288 | 97.6 | 719,481 | 14,451,770 | 102.8 | 422,664 | 3.0% |
| 2011 | 0.0030 | 17,407,275 | 16,491,089 | 94.7 | 520,209 | 17,011,298 | 97.7 | 302,494 | 1.7% |
| 2012 | 0.0030 | 17,792,829 | 16,539,285 | 93.0 | 277,560 | 16,816,846 | 94.5 | 333,343 | 1.9% |
| 2013 | 0.0030 | 19,080,983 | 18,555,697 | 97.2 | 339,959 | 18,895,656 | 99.0 | 264,446 | 1.4% |
| 2014 | 0.0030 | 20,112,895 | 19,256,287 | 95.7 | 281,184 | 19,537,471 | 97.1 | 231,857 | 1.2% |
| 2015 | 0.0025 | 21,411,687 | 20,704,013 | 96.7 | 237,945 | 20,941,958 | 97.8 | 230,751 | 1.1% |
| 2016 | 0.0025 | 22,611,366 | 21,721,987 | 96.1 | 213,997 | 21,935,984 | 97.0 | 517,198 | 2.3% |

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 ⁸ | RDA 2008 Bonds | Tax Allocation Bonds ¹ | Loans ^{2 3} | Capital Leases ⁴ | |
| 2007 | 21,455,000 | - | 55,400,000 | 13,414,185 | 3,061,446 | 93,330,631 |
| 2008 | 20,995,000 | 2,015,000 | 53,740,000 | 43,225,054 | 2,993,427 | 122,968,481 |
| 2009 | 20,525,000 | 2,015,000 | 52,030,000 | 42,331,431 | 2,498,371 | 119,399,802 |
| 2010 | 20,025,000 | 1,955,000 | 50,265,000 | 42,304,693 | 3,221,506 | 117,771,199 |
| 2011 | 19,510,000 | 1,890,000 | 48,415,000 | 44,157,481 | 2,850,033 | 116,822,514 |
| 2012 | 18,970,000 | - | - | 7,380,266 | 2,134,919 | 28,485,185 |
| 2013 | 18,410,000 | - | - | 6,345,613 | 1,371,910 | 26,127,523 |
| 2014 | 17,830,000 | - | - | 5,276,879 | 817,516 | 23,924,395 |
| 2015 | 17,210,000 | - | - | 4,128,913 | 812,176 | 22,151,089 |
| 2016 | - | - | - | 2,895,399 | 546,422 | 3,441,822 |

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

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

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

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

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

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

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

⁸ The City refunded 2002 COP in 2015.

Source: Finance Department, City of Garden Grove

| Business-type Activities | | | | | | |
|---|---------------------------------------|--------------------------------------|---------------------------------------|---------------------------------|---|-------------------------------------|
| Water Revenue Bonds ⁷ | Sewer Revenue COP ⁵ | Certificates of Participation | Total Business-type Activities | Total Primary Government | Percentage of Personal Income ⁶ | Debt Per Capita ⁶ |
| 15,130,000 | 21,845,000 | 11,840,000 | 48,815,000 | 142,145,631 | 0.40% | 823 |
| 14,465,000 | 21,845,000 | 11,405,000 | 47,715,000 | 170,683,481 | 0.46% | 986 |
| 13,790,000 | 21,845,000 | 10,950,000 | 46,585,000 | 165,984,802 | 0.42% | 950 |
| 29,720,000 | 21,405,000 | 10,465,000 | 61,590,000 | 179,361,199 | 0.42% | 1021 |
| 28,670,000 | 20,945,000 | - | 49,615,000 | 166,437,514 | 0.36% | 974 |
| 27,390,000 | 20,470,000 | - | 47,860,000 | 76,345,185 | 0.17% | 442 |
| 26,826,738 | 20,298,745 | - | 47,125,483 | 73,253,006 | 0.16% | 423 |
| 25,382,945 | 19,769,567 | - | 45,152,512 | 69,076,907 | 0.15% | 397 |
| 23,884,150 | 19,220,388 | - | 43,104,538 | 65,255,626 | 0.13% | 373 |
| 20,775,000 | 18,365,000 | - | 39,140,000 | 42,581,822 | 0.09% | 240 |

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

| Fiscal Year Ended June 30 | Outstanding General Bonded Debt | | | Percent of Assessed Value ¹ | Per Capita |
|--|---|-------------------------------------|--------------|---|-----------------------|
| | Certificates of Participation ² | Tax Allocation Bonds | Total | | |
| 2007 | 21,455 | 55,400 | 76,855 | 0.65% | 445 |
| 2008 | 20,995 | 53,740 | 74,735 | 0.59% | 432 |
| 2009 | 20,525 | 52,030 | 72,555 | 0.55% | 415 |
| 2010 | 20,025 | 50,265 | 70,290 | 0.55% | 400 |
| 2011 | 19,510 | 48,415 | 67,925 | 0.54% | 397 |
| 2012 | 18,970 | - | 18,970 | 0.15% | 110 |
| 2013 | 18,410 | - | 18,410 | 0.14% | 106 |
| 2014 | 17,830 | - | 17,830 | 0.13% | 102 |
| 2015 | 17,210 | - | 17,210 | 0.12% | 98 |
| 2016 | - | - | - | 0.00% | 0 |

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

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

² *The City refunded 2002 COP in 2015.*

Source: Finance Department, City of Garden Grove

**SCHEDULE XII
CITY OF GARDEN GROVE
DIRECT AND OVERLAPPING BONDS AND DEBT
JUNE 30, 2016**

CITY OF GARDEN GROVE

2015-16 Assessed Valuation: \$14,275,470,802

| | Total Debt <u>6/30/2016</u> | <u>% Applicable (1)</u> | City's Share of <u>Debt 6/30/16</u> |
|---|--------------------------------|-------------------------|--|
| OVERLAPPING TAX AND ASSESSMENT DEBT: | | | |
| Metropolitan Water District | \$ 92,865,000 | 0.006 | 540,474 |
| Coast Community College District | 498,864,504 | 6.366 | 31,757,714 |
| North Orange County Joint Community College District | 271,564,001 | 2.318 | 6,294,854 |
| Rancho Santiago Community College District | 268,052,899 | 6.083 | 16,305,658 |
| Rancho Santiago Community College District SFID No. 1 | 64,240,000 | 10.852 | 6,971,325 |
| Garden Grove Unified School District | 240,640,160 | 57.808 | 139,109,264 |
| Anaheim Union High School District | 166,803,955 | 0.073 | 105,707 |
| Huntington Beach Union High School District | 198,629,998 | 1.278 | 2,538,491 |
| Anaheim School District | 144,388,918 | 0.095 | 137,169 |
| Magnolia School District | 22,673,305 | 0.195 | 44,213 |
| Westminster School District | 75,929,834 | 7.067 | <u>\$ 5,365,961</u> |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | | \$ 209,170,830 |
| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> | | | |
| Orange County General Fund Obligations | \$ 124,614,000 | 2.86% | \$ 3,565,207 |
| Orange County Pension Obligation Bonds | 353,417,858 | 2.861 | 10,111,285 |
| Orange County Board of Education Certificates of Participation | 14,840,000 | 2.861 | 424,572 |
| Municipal Water District of Orange County Water Facilities Corporation | 2,770,000 | 3.410 | 94,457 |
| North Orange Regional Occupation Program Certificates of Participation | 10,190,000 | 0.026 | 2,649 |
| Coast Community College District General Fund Obligations | 3,765,000 | 6.366 | 239,680 |
| Orange Unified School District Certificates of Participation | 27,837,063 | 0.967 | 269,184 |
| Orange Unified School District Benefit Obligations | 82,965,000 | 0.967 | 802,272 |
| Anaheim Union High School District Certificates of Participation | 5,000,000 | 0.073 | 3,650 |
| Huntington Beach Union High School District Certificates of Participation | 64,611,090 | 1.278 | 825,730 |
| Westminster School District Certificates of Participation | 45,016,589 | 7.067 | 3,181,322 |
| City of Garden Grove Certificates of Participation | 24,010,000 | 100% | <u>\$ 24,010,000</u> |
| TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | \$ 43,530,008 |
| Less: MWDOC Water Facilities Corporation (100% self-supporting) | | | 94,457 |
| TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | <u>\$ 43,435,551</u> |
| OVERLAPPING TAX INCREMENT DEBT (Successor Agency): | \$ 70,485,000 | 100% | \$ 70,485,000 |
| TOTAL DIRECT DEBT | | | \$ 24,010,000 |
| TOTAL GROSS OVERLAPPING DEBT | | | \$ 299,175,838 |
| TOTAL NET OVERLAPPING DEBT | | | \$ 299,081,381 |
| GROSS COMBINED TOTAL DEBT | | | \$ 323,185,838 (2) |
| NET COMBINED TOTAL DEBT | | | 323,091,381 |

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2015-16 Assessed Valuation:

| | |
|---|--------------|
| Total Overlapping Tax and Assessment Debt | 1.47% |
| Total Direct Debt (\$24,010,000) | 0.17% |
| Gross Combined Total Debt | 2.26% |
| Net Combined Total Debt | 2.26% |

Ratios to Redevelopment Successor Agency Incremental Valuation (\$2,904,517,648):

| | |
|--------------------------------------|-------|
| Total Overlapping Tax Increment Debt | 2.43% |
|--------------------------------------|-------|

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

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

| | Fiscal Year | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 |
| Assessed valuation | \$ 9,197,354 | \$ 9,893,941 | \$ 10,076,761 | \$ 9,676,927 |
| Conversion percentage | 25% | 25% | 25% | 25% |
| Adjusted assessed valuation | 2,299,339 | 2,473,485 | 2,519,190 | 2,419,232 |
| Debt limit percentage | 15% | 15% | 15% | 15% |
| Debt limit | 344,901 | 371,023 | 377,879 | 362,885 |
| Total net debt applicable to limit: General obligation bonds | - | - | - | - |
| Legal debt margin | <u>\$ 344,901</u> | <u>\$ 371,023</u> | <u>\$ 377,879</u> | <u>\$ 362,885</u> |
| Total debt applicable to the limit as a percentage of debt limit | 0.0% | 0.0% | 0.0% | 0.0% |

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

¹ Prior year figure amended.

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

| Fiscal Year | | | | | | |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
| \$ 9,625,579 | \$ 9,795,771 | \$ 9,884,428 | \$ 10,242,047 | \$ 10,895,219 | \$ 10,803,155 | |
| <u>25%</u> | <u>25%</u> | <u>25%</u> | <u>25%</u> | <u>25%</u> | <u>25%</u> | |
| 2,406,395 | 2,448,943 | 2,471,107 | 2,560,512 | 2,723,805 | 2,700,789 | |
| <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> | |
| 360,959 | 367,341 | 370,666 | 384,077 | 408,571 | 405,118 | |
| - | - | - | - | - | - | |
| <u>\$ 360,959</u> | <u>\$ 367,341</u> | <u>\$ 370,666</u> | <u>\$ 384,077</u> | <u>\$ 408,571</u> | <u>\$ 405,118</u> | |
| 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | |

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

| Fiscal Year | Gross Revenue | Expenses (1) | Water Revenue Bonds | | Coverage | | |
|--------------------|----------------------|---------------------|---|---------------------------------|-----------------|-----------------|--------------|
| | | | Resources Available for Debt Service | Debt Service Requirement | | | |
| | | | | Principal | | Interest | Total |
| 2007 | 20,516,447 | 17,921,191 | 2,595,256 | 665,000 | 629,938 | 1,294,938 | 2.00 |
| 2008 | 26,049,669 | 18,065,826 | 7,983,843 | 675,000 | 612,344 | 1,287,344 | 6.20 |
| 2009 | 29,025,085 | 19,581,536 | 9,443,549 | 695,000 | 592,638 | 1,287,638 | 7.33 |
| 2010 | 29,312,717 | 20,713,227 | 8,599,490 | 1,050,000 | 1,299,320 | 2,349,320 | 3.66 |
| 2011 | 30,651,300 | 21,520,593 | 9,130,707 | 1,280,000 | 1,386,327 | 2,666,327 | 3.42 |
| 2012 | 34,492,870 | 21,413,634 | 13,079,236 | 1,320,000 | 1,495,448 | 2,815,448 | 4.65 |
| 2013 | 33,933,081 | 22,848,625 | 11,084,456 | 1,320,000 | 1,340,727 | 2,660,727 | 4.17 |
| 2014 | 35,511,650 | 21,707,732 | 13,803,918 | 1,375,000 | 1,294,940 | 2,669,940 | 5.17 |
| 2015 | 33,374,670 | 25,146,242 | 8,228,428 | 1,430,000 | 1,225,677 | 2,655,677 | 3.10 |
| 2016 | 29,302,117 | 22,982,489 | 6,319,628 | 1,400,000 | 1,272,458 | 2,672,458 | 2.36 |

Source: Finance Department, City of Garden Grove

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

| Sewer Revenue Bond | | | | | | | |
|---------------------------|----------------------|-----------------|---|---------------------------------|---------------------|--------------|-----------------|
| Fiscal Year | Gross Revenue | Expenses | Resources Available for Debt Service | Debt Service Requirement | | | Coverage |
| | | | | Principal (2) | Interest (2) | Total | |
| 2007 | 10,365,028 | 2,192,430 | 8,172,598 | - | 1,023,341 | 1,023,341 | 7.99 |
| 2008 | 11,206,356 | 4,023,178 | 7,183,178 | - | 1,023,341 | 1,023,341 | 7.02 |
| 2009 | 10,074,100 | 3,462,717 | 6,611,383 | - | 1,023,341 | 1,023,341 | 6.46 |
| 2010 | 9,956,727 | 3,044,947 | 6,911,780 | 440,000 | 1,023,341 | 1,463,341 | 4.72 |
| 2011 | 9,570,394 | 2,786,977 | 6,783,417 | 460,000 | 1,005,741 | 1,465,741 | 4.63 |
| 2012 | 9,293,119 | 3,555,210 | 5,737,909 | 475,000 | 987,341 | 1,462,341 | 3.92 |
| 2013 | 10,302,890 | 3,645,873 | 6,657,017 | 495,000 | 968,341 | 1,463,341 | 4.55 |
| 2014 | 10,361,393 | 3,264,411 | 7,096,982 | 515,000 | 948,541 | 1,463,541 | 4.85 |
| 2015 | 10,242,532 | 3,841,962 | 6,400,570 | 535,000 | 927,941 | 1,462,941 | 4.38 |
| 2016 | 10,521,215 | 3,880,996 | 6,640,219 | 560,000 | 906,541 | 1,466,541 | 4.53 |

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

| Fiscal Year | Tax Allocation Bonds | | | | Coverage |
|--------------------|-----------------------------|---------------------------------|-----------------|--------------|-----------------|
| | Tax Increment (1) | Debt Service Requirement | | | |
| | | Principal | Interest | Total | |
| 2007 | 17,250,293 | 1,660,000 | 2,698,088 | 4,358,088 | 3.96 |
| 2008 | 18,915,215 | 1,710,000 | 2,647,537 | 4,357,537 | 4.34 |
| 2009 | 21,808,918 | 1,765,000 | 2,577,763 | 4,342,763 | 5.02 |
| 2010 | 21,107,303 | 1,850,000 | 2,533,638 | 4,383,638 | 4.82 |
| 2011 | 19,632,456 | 1,945,000 | 2,402,238 | 4,347,238 | 4.52 |
| 2012 | 7,194,875 | 2,020,000 | 2,320,413 | 4,340,413 | 1.66 |
| 2013 | 4,340,413 | 2,020,000 | 2,320,413 | 4,340,413 | 1.00 |
| 2014 | 4,337,756 | 2,105,000 | 2,232,756 | 4,337,756 | 1.00 |
| 2015 | 4,325,406 | 2,195,000 | 2,130,406 | 4,325,406 | 1.00 |
| 2016 | - | - | - | - | 0.00 |

Source: Finance Department, City of Garden Grove

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

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

| Fiscal Year | Population | Personal Income (in thousands) | Per Capita Personal Income | Unemployment Rate |
|--------------------|-------------------|---|-----------------------------------|--------------------------|
| 2007 | 172,781 | 3,595,557 | 20,933 | 4.3% |
| 2008 | 173,067 | 3,735,525 | 21,620 | 5.0% |
| 2009 | 174,715 | 3,979,307 | 22,993 | 11.7% |
| 2010 | 175,618 | 4,272,291 | 24,453 | 12.2% |
| 2011 | 170,883 | 4,567,065 | 26,006 | 11.2% |
| 2012 | 172,648 | 4,371,270 | 25,580 | 9.6% |
| 2013 | 173,075 | 4,696,862 | 27,205 | 7.8% |
| 2014 | 173,953 | 4,747,258 | 27,429 | 6.5% |
| 2015 | 174,774 | 4,924,023 | 28,307 | 4.2% |
| 2016 | 177,303 | 4,999,605 | 28,606 | 4.4% |

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

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

| Employer | 2016 | | 2007 | |
|--|----------------------------|------------------------------------|----------------------------|------------------------------------|
| | Number of Employees | Percent of Total Employment | Number of Employees | Percent of Total Employment |
| Great Wolf Lodge Southern California | 700 | 0.88% | 538 | 0.66% |
| Air Industries Company | 697 | 0.88% | | |
| Garden Grove Hospital/Prime Healthcare Svs | 516 | 0.65% | | |
| American Apparel Knit & Dye | 500 | 0.63% | | |
| Hyatt Regency | 424 | 0.53% | 363 | 0.45% |
| Saint Gobain Performance Plastics | 363 | 0.46% | 360 | 0.44% |
| Office Max North America Inc. | 360 | 0.45% | | |
| GKN Aerospace Transparency Systems, Inc. | 331 | 0.42% | 300 | 0.37% |
| Walmart #4171 | 325 | 0.41% | | |
| Kaiser Foundation Health Plan Inc. | 300 | 0.38% | | |
| Garden Grove Medical Center | | | 541 | 0.66% |
| Crystal Cathedral | | | 600 | 0.74% |
| Leiner Health Products LLC | | | 411 | 0.50% |
| Time Warner Communications | | | 364 | 0.45% |
| Costco | | | | |
| Driessen Aircraft Interior Systems | | | 370 | 0.45% |

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

Source: Business Tax Division, City of Garden Grove

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

| Department | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| City Manager | 9 | 13 | 12 | 10 | 10 | 9 | 9 | 9 | 9 | 10 |
| Community Development | 56 | 58 | 59 | 59 | 59 | 65 | 58 | 58 | 58 | 53 |
| Community Services | 146 | 149 | 148 | 145 | 143 | 159 | 156 | 157 | 151 | 147 |
| Economic Development | 12 | 13 | 13 | 13 | 13 | 13 | - | - | - | - |
| Finance | 34 | 35 | 37 | 37 | 37 | 37 | 39 | 40 | 40 | 41 |
| Fire | 112 | 112 | 112 | 111 | 110 | 110 | 107 | 109 | 111 | 111 |
| Information Technology | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 19 | 19 | 19 |
| Personnel | 9 | 10 | 10 | 9 | 9 | 10 | 9 | 9 | 9 | 10 |
| Police | 328 | 334 | 334 | 334 | 333 | 302 | 275 | 268 | 273 | 272 |
| Public Works | <u>192</u> | <u>197</u> | <u>197</u> | <u>196</u> | <u>196</u> | <u>199</u> | <u>194</u> | <u>195</u> | <u>194</u> | <u>196</u> |
| Total | <u>918</u> | <u>941</u> | <u>942</u> | <u>934</u> | <u>930</u> | <u>924</u> | <u>867</u> | <u>864</u> | <u>864</u> | <u>859</u> |
| Full Time employees | 661 | 676 | 685 | 682 | 681 | 676 | 621 | 623 | 633 | 632 |
| Part time employees | 257 | 265 | 257 | 252 | 249 | 248 | 246 | 241 | 231 | 227 |

Source: Budget Division, City of Garden Grove

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

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police: | | | | | | | | | | |
| Arrests | 7,767 | 6,951 | 7,316 | 7,195 | 6,920 | 6,651 | 6,774 | 6,423 | 6,478 | 5,468 |
| Traffic citations issued | 11,574 | 13,627 | 12,787 | 15,490 | 14,945 | 11,393 | 13,815 | 10,903 | 9,604 | 9,890 |
| Fire: | | | | | | | | | | |
| Number of emergency calls | 15,534 | 16,279 | 16,548 | 16,306 | 23,381 | 25,586 | 26,739 | 26,785 | 26,785 | 14,627 |
| Public Right-of-Way: | | | | | | | | | | |
| Parking citations issued | 30,052 | 32,718 | 30,464 | 26,660 | 24,800 | 24,590 | 24,571 | 25,919 | 28,017 | 25,500 |
| Permits issued | 3,175 | 1,525 | 276 | 269 | 201 | 314 | 406 | 501 | 605 | 546 |
| Community Services: | | | | | | | | | | |
| Number of recreation classes | 1,525 | 1,534 | 1,544 | 1,398 | 1,817 | 1,540 | 1,987 | 2,016 | 2,416 | 1,918 |
| Housing vouchers | 2,337 | 2,337 | 2,337 | 2,337 | 2,337 | 2,337 | 2,337 | 2,337 | 2,337 | 2,337 |
| Community Planning and Development | | | | | | | | | | |
| Building permits issued | 2,213 | 2,879 | 3,878 | 3,514 | 3,881 | 2,036 | 2,427 | 2,808 | 2,041 | 2,259 |
| Water: | | | | | | | | | | |
| Number of accounts | 34,090 | 34,152 | 34,217 | 34,239 | 33,689 | 33,751 | 34,206 | 33,807 | 33,834 | 33,870 |
| Average daily consumption (thousands of gallons) | 49,864 | 24,851 | 23,345 | 21,843 | 20,528 | 21,480 | 21,324 | 22,024 | 20,391 | 17,563 |
| Solid Waste Disposal: | | | | | | | | | | |
| Number of accounts | 30,928 | 30,938 | 30,895 | 30,723 | 33,308 | 33,424 | 33,886 | 34,136 | 33,658 | 33,968 |
| Drainage: | | | | | | | | | | |
| Channels cleaned (miles) | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Municipal Support: | | | | | | | | | | |
| Passports issued | 723 | 569 | 500 | 463 | 292 | 624 | 673 | 507 | 247 | 0 |

Source: City of Garden Grove

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

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire: | | | | | | | | | | |
| Fire stations | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Public Right-of-Way: | | | | | | | | | | |
| Streets (miles) | 305 | 305 | 305 | 305 | 305 | 305 | 305 | 305 | 305 | 305 |
| Community Services: | | | | | | | | | | |
| Parks | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 19 |
| Park acreage | 142 | 142 | 142 | 142 | 142 | 142 | 142 | 142 | 142 | 137 |
| Community centers | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Water: | | | | | | | | | | |
| Water mains (miles) | 360 | 360 | 433 | 433 | 433 | 433 | 433 | 433 | 433 | 433 |
| Number of connections | 34,090 | 34,152 | 34,217 | 34,239 | 33,689 | 33,751 | 34,206 | 34,257 | 34,294 | 34,313 |
| Sewage Collection: | | | | | | | | | | |
| Sanitary sewers (miles) | 312 | 312 | 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

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