

City of Garden Grove  
California

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

July 1, 2008 - June 30, 2009





City of Garden Grove, California

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the fiscal year ended

**June 30, 2009**

**Department of Finance**

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**Kingsley Okereke**  
Finance Director



**CITY OF GARDEN GROVE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**TABLE OF CONTENTS**

<b>INTRODUCTORY SECTION</b>	<b>PAGE</b>
Letter of Transmittal.....	i
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	vii
Organization Chart .....	viii
List of Elected Officials.....	ix
 <b>FINANCIAL SECTION</b>	
Independent Auditor’s Report .....	1
Management’s Discussion and Analysis (Unaudited) .....	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets.....	13
Statement of Activities .....	14
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet .....	16
Reconciliation of Balance Sheet to the Statement of Net Assets .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22
Proprietary Funds:	
Statement of Net Assets.....	24
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	26
Statement of Cash Flows .....	28
Notes to the Basic Financial Statements .....	33
Required Supplementary Information (Unaudited)	
Schedule of Funding Progress – Public Employees Retirement System .....	73
Schedule of Funding Progress - Postemployment Benefits .....	74
Budgetary Comparison Schedule:	
General Fund .....	75
Housing Authority Special Revenue Fund .....	76
Note to Required Supplementary Information .....	77
Other Supplementary Information	
Major Governmental Funds:	
Schedules of Revenues, Expenditures and Changes in Fund Balance Budget and Actual:	
Community Project Debt Service Fund.....	79
Community Project Capital Projects Fund.....	80
Low Income Housing Capital Projects Fund .....	81
Nonmajor Governmental Funds:	
Combining Balance Sheet .....	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	88
Schedules of Revenues, Expenditures and Changes in Fund Balance Budget and Actual:	
Public Safety Special Revenue Fund .....	92
State Gas Tax Special Revenue Fund.....	93
Golf Course Special Revenue Fund .....	94
Self Supporting Revenue Special Revenue Fund.....	95
Developer Fees Special Revenue Fund.....	96

**CITY OF GARDEN GROVE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**TABLE OF CONTENTS (Continued)**

---

Garden Grove Cable Special Revenue Fund .....	97
Street Lighting Special Revenue Fund .....	98
Park Maintenance Special Revenue Fund.....	99
Parking District Special Revenue Fund .....	100
Air Quality Improvement Special Revenue Fund.....	101
Federal Employment Grants Special Revenue Fund .....	102
Other Grants and Contributions Special Revenue Fund .....	103
HOME Grant Special Revenue Fund .....	104
Street Rehabilitation Special Revenue Fund .....	105
Buena-Clinton Project Debt Service Fund .....	106
Buena-Clinton Project Capital Projects Fund .....	107
Internal Service Funds:	
Combining Statement of Net Assets .....	110
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets .....	112
Combining Statement of Cash Flows .....	114

**STATISTICAL SECTION (UNAUDITED)**

Government-wide Information:	
Net Assets by Component – Last Eight Fiscal Years.....	120
Changes in Net Assets – Last Eight Fiscal Years .....	122
Fund Information:	
Fund Balance of Governmental Funds – Last Eight Fiscal Years .....	126
Changes in Fund Balances of Governmental Funds – Last Eight Fiscal Years.....	128
General Fund Major Tax Revenues by Source – Last Ten Fiscal Years .....	130
Assessed Value and Estimated Actual Values of Taxable Property – Last Ten Fiscal Years ....	131
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years .....	132
Principal Property Tax Payers – Current Year and Nine Years Ago .....	133
Property Tax Levies and Collections – Last Ten Fiscal Years .....	134
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	136
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years .....	138
Direct and Overlapping Bonds and Debt .....	139
Legal Debt Margin Information – Last Ten Fiscal Years.....	140
Pledged-Revenue Coverage – Last Ten Fiscal Years .....	142
Demographic and Economic Statistics - Last Ten Calendar Years .....	144
Principal Employers – Current Year and Nine Years Ago .....	145
Full-Time and Part-Time City Employees by Department – Last Ten Fiscal Years .....	146
Operating Indicators by Function.....	147
Capital Asset Statistics by Function .....	148



# **Introductory Section**







# CITY OF GARDEN GROVE

William J. Dalton  
*Mayor*

Steven R. Jones

*Mayor Pro Tem*

Dina Nguyen

*Council Member*

Bruce A. Broadwater

*Council Member*

Andrew Do

*Council Member*

December 15, 2009

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, 2009. 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, and the remaining aggregate fund information. We also believe that all disclosures necessary to enable the reader to fully understand the City's financial activities have been presented. The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB) and include the unqualified opinion of Macias Gini & O'Connell LLP, independent auditors for the City of Garden Grove. The Independent Auditor's Report is presented as the first component of the financial section of this report.

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

while focusing on administration of federal grant awards. Satisfying these requirements are duties required of the independent auditor, which are, in addition to the "Single Audit" report, on the fair presentation of the financial statements. These "Single Audit" reports are available for the City of Garden Grove, as a separately issued report, upon a request to the Finance Director.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the 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 174,000. It is the fifth largest City in Orange County and the twenty-seventh largest in the State of California. Despite the City's comparatively large size, it is a relatively young community, having been incorporated on June 18, 1956. During the late 1950's and the 1960's, Garden Grove experienced rapid growth as 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 encompasses an area of 17.8 square miles and is the largest general law city in the State of California. It has the Council-Manager form of government, with the Mayor elected at large for a two-year term, and four council members elected at large for four-year staggered terms. The City Council engages the City Manager and City Attorney. The City Manager has the responsibility for hiring the department heads and for administering the City's programs in accordance with the policies adopted by the Council.

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

Falling home prices, tight credit, shrinking equity values, factory slowdowns, and job losses delivered a severe blow to the national and California economies in 2008. Consumer and business spending, the core of both economies, plunged during the year. In late 2008, the committee of economists that officially dates the troughs and peaks of the national economy determined the U.S. was in recession. The California and national economies entered 2009 with very little, if any momentum. As a result, both economies are still very weak.

As the economic situation deteriorated throughout California and the nation, the local economy also worsened. The City's unemployment rate increased from 5.0% in the previous fiscal year to 11.7% as of June 30, 2009. Garden Grove's revenues (sales tax, business tax, interest, and building permits) began a sharp decline creating a serious structural budget deficit. Last fall, as the economic situation became more severe, immediate measures were implemented within the City organization to bring spending in line with declining revenues. These measures included a freeze on hiring, lock-down on expenditures (e.g., vehicle/equipment purchases, building improvements, travel, conferences, various contractual and commodity items), and the development of a 3-Year Financial/Budget Implementation Plan. The plan articulates the City's budget cost reduction and revenue strategies designed to ride out the economic recession, and bring the City's structural budget deficit under control. The first year of the 3-year plan is reflected in the FY 2009-10 budget

Economic outlook for the local economy and the City of Garden Grove is expected to be subdued in the short run but regaining momentum over time. In the past few months the local economy exhibited some degree of hopeful turnaround in large measure from the government stimulus programs. The cash for clunkers program was quite successful as evidenced by the increases observed in sales tax revenues for the months of July and August 2009. Also, recent observations and trends in consumer confidence are beginning to bolster hope and expectation of imminent economic turnaround. However, there are concerns that the perceived recovery might not have enough steam

and may in fact be short lived if the government stimulus programs recede prematurely.

For the longer term, the City believes and is committed to community development and redevelopment activities as a viable and sustainable source of economic growth in the City. Garden Grove will continue to take advantage of its strategic location in North-Central Orange County near major tourist attractions, convention facilities, and its close proximity to major employment centers. The trend toward improving efficiency in operations, by using the latest computer hardware and software, will continue. The City will continue to pursue and consider cooperative ventures with other public agencies and the private sector in its efforts to control and reduce the costs of services. Compliance with new rules, regulations, and procedures has always been the highest priority in the past and present, and will continue to be in the future.

### **Long-Term Financial Planning**

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

#### *Five-Year Operating Plan*

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

#### *Five-Year Capital Plan*

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

#### *General Fund Three Year Budget Plan*

The Three-Year Budget plan articulates the City's budget cost reduction and revenue strategies designed to ride short to medium term situations such as the current economic recession, and bring the City's structural budget deficit under control. The City's 3-Year Budget Implementation Plan focuses on a range of temporary and permanent cost reduction initiatives, economic development and revenue generation priorities, and the use of fiscal reserves to be implemented over the next three fiscal years. Addressing the situation over a three year approach allows the City to continue to provide critical services to the public while helping the City Council achieve goals for public safety, improved transportation infrastructure, park improvements and enhanced long-term financial stability for the City.

## **Financial Policies**

The City maintains financial policies over various programs and activities:

### *Enterprise Fund Business Principles*

The City of Garden Grove maintains a set of business principles and policies for managing its enterprise fund operations. They include the following: To break even and operate efficiently; To maintain two months cash flow as well as \$500,000.00 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 ensuring the receipt of the best value for the tax dollar.

## **Major Initiatives**

In March 2005, City Council approved the City's Community Vision Statement, Guiding Principles, and Strategic Goals through which the City promotes a safe, attractive, and economically vibrant city with an informed and involved public.

From the Strategic Goals, a comprehensive Five Year Strategic Plan was developed and comprise of specific work items tailored to meet the goals. The Strategic Goals are based on the Community Vision and Guiding Principles and focus on the following eight areas: Public Safety, Economic Development, Neighborhoods, Arts/Culture/Diversity, Transportation and Infrastructure, Communications and Governance, Quality of Life, and Organizational Development.

## **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, 2008. 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 Annual Financial Report, in a timely manner, is an undertaking that requires the dedicated efforts of many of the staff in the Finance Department and other City departments. I would like to express my appreciation to all City and Finance department staff who assisted in, and contributed to, its preparation. I particularly would like to commend the Finance Department - Accounting Division team that led this effort. Finally, I would also like to thank the Mayor, the City Council, Board members, the City Manager, and the Central Management team of the City for their continued interest and support in planning and conducting the financial operations of the City in a professional and progressive manner.



Kingsley Okereke  
Finance Director

# 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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



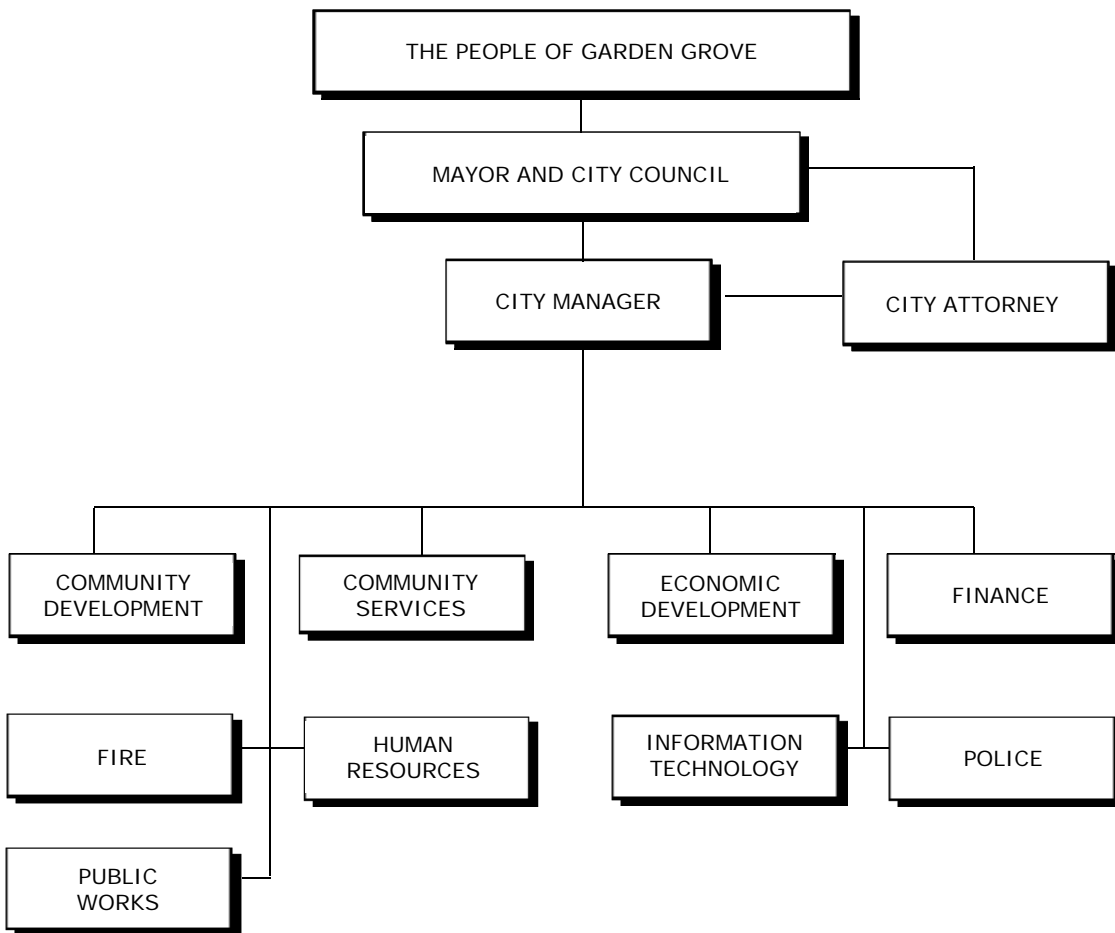
A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# CITY OF GARDEN GROVE





# CITY OF GARDEN GROVE

## CITY COUNCIL

**William Dalton**  
*Mayor*

**Steven R Jones**  
*Mayor Pro Tem*

**Bruce A Broadwater**  
*Council Member*

**Dina Nguyen**  
*Council Member*

**Andrew Do**  
*Council Member*

## CITY OFFICIALS

**Matthew J Fertal**  
*City Manager*

**Tom Nixon**  
*City Attorney*

**Dave Bertka**  
*Fire Chief*

**Susan Emery**  
*Community Development Director*

**Charles Kalil**  
*Information Technology Director*

**Kim Huy**  
*Community Services Director*

**John Clark**  
*Human Resources Director*

**Chet Yoshizaki**  
*Economic Development Director*

**Joseph Polisar**  
*Police Chief*

**Kingsley Okereke**  
*Finance Director*

**Keith Jones**  
*Public Works Director*

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# **Financial Section**





**MACIAS GINI & O'CONNELL** LLP  
Certified Public Accountants & Management Consultants

NEWPORT BEACH  
1201 Dove Street, Suite 680  
Newport Beach, CA 92660  
949.221.0025

SACRAMENTO

OAKLAND

WALNUT CREEK

LOS ANGELES

SAN MARCOS

SAN DIEGO

To the City Council  
City of Garden Grove, California

### Independent Auditor's Report

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, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Garden Grove, California's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2009 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and other required supplementary information identified in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Garden Grove, California's basic financial statements. The accompanying introductory section, the major fund budgetary comparison schedules and the combining and individual nonmajor fund financial statements and schedules listed as supplementary information in the table of contents and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The major fund budgetary comparison schedules and combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Macias Jini & O'Connell LLP*

Certified Public Accountants  
Newport Beach, California

December 15, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Garden Grove, we offer readers of the City of Garden Grove's financial statements this narrative overview and analysis of the financial activities of the City of Garden Grove for the fiscal year ended June 30, 2009. 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 net assets of the City of Garden Grove for the fiscal year ended June 30, 2009 totaled \$854.3 million. Of this amount, \$45.6 million is unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of Garden Grove's governmental funds reported combined ending fund balances of \$142.5 million, a decrease of \$4.4 million from the prior year balance.
- The unreserved deficit amount of \$33.8 million reported in the Community Project Capital Projects fund is as a result of capital project acquisitions and improvements funded with long-term debt and intercity loans.
- The City of Garden Grove entered into a Capital Lease for new Fire Trucks in the amount of \$1.6 million and paid \$4.9 million in principal debt payments. The City of Garden Grove's total debt decreased by \$3.3 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *Statement of Net Assets* presents information on all of the City of Garden Grove's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 major program costs and match major resources with each. To the extent a program's cost is not recovered by grants and direct charges, it is paid from general taxes and other resources. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include fire, police, traffic safety, public right of way, drainage, community buildings, community services, parks and greenbelts, community planning and development, and municipal support. The business-type activities of the City include a Water Utility, Sewage Collection, Solid Waste Disposal, Mobile Home Parks operation, and RV Park.

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

The City of Garden Grove maintains twenty-four 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, Housing Authority special revenue fund, Community Project debt service fund, 2008 RDA Loan debt service fund,



Community Project capital projects fund, Low Income Housing capital projects fund, and 2003 Tax Allocation capital projects fund, all of which are considered to be major funds. Data from the other seventeen 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 its funds. A budgetary comparison statement has been provided for the General fund and the Housing Authority special revenue fund as required supplementary information, and for all other budgeted governmental funds in other supplementary information, to demonstrate compliance with the budget.

**Proprietary funds.** The City of Garden Grove maintains five 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, Mobile Home Parks operations and RV Park.

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

The proprietary funds reports provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Water Utility, Sewage Collection, Solid Waste Disposal, Mobile Home Parks and RV Park, all but the RV Park are considered to be major funds of the City.

Conversely, all 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.

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

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the budgetary comparison reports.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Garden Grove, assets exceeded liabilities by \$854.3 million at the close of the current fiscal year.

By far the largest portion of the City's net assets (86.3%) reflects its investment in capital assets (e.g., land, street, water, sewer and storm drain systems, buildings and park assets, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	City of Garden Grove, Net Assets (in millions)					
	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 284.4	\$ 286.3	\$ 37.0	\$ 39.9	\$ 321.4	\$ 326.2
Capital assets	665.5	665.6	119.8	107.1	785.3	772.7
Total assets	<u>949.9</u>	<u>951.9</u>	<u>156.8</u>	<u>147.0</u>	<u>1,106.7</u>	<u>1,098.9</u>
Long-term liabilities	148.2	148.8	45.4	46.5	193.6	195.3
Other liabilities	48.9	47.7	9.9	8.5	58.8	56.2
Total liabilities	<u>197.1</u>	<u>196.5</u>	<u>55.3</u>	<u>55.0</u>	<u>252.4</u>	<u>251.5</u>
Net assets	<u>\$ 752.8</u>	<u>\$ 755.4</u>	<u>\$ 101.5</u>	<u>\$ 92.0</u>	<u>\$ 854.3</u>	<u>\$ 847.4</u>
Invested in capital assets, net of related debt	661.3	662.5	75.9	65.6	737.3	728.1
Restricted	71.4	79.9	-	-	71.4	79.9
Unrestricted	20.1	13.0	25.5	26.4	45.6	39.4
Total net assets	<u>\$ 752.8</u>	<u>\$ 755.4</u>	<u>\$ 101.5</u>	<u>\$ 92.0</u>	<u>\$ 854.3</u>	<u>\$ 847.4</u>

An additional portion of the City's net assets, \$71.4 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$45.6 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Garden Grove is able to report positive total net asset balance for the government as a whole with a \$6.9 million increase in City's net assets over the prior fiscal year end balance. The same situation held true for the prior fiscal year.

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

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 12.1	\$ 12.0	\$ 47.0	\$ 45.1	\$ 59.1	\$ 57.1
Operating grants and contributions	36.1	42.9	0.8	0.8	36.9	43.7
Capital grants and contributions	9.6	4.9	-	-	9.6	4.9
General revenues:						
Sales taxes	16.2	19.8	-	-	16.2	19.8
Property taxes	43.8	39.1	-	-	43.8	39.1
Other taxes	30.2	31.6	-	-	30.2	31.6
Earning on investments	6.3	5.7	1.7	2.6	8.0	8.3
Other	3.6	1.5	(0.1)	-	3.5	1.5
Total revenues	<u>157.9</u>	<u>157.5</u>	<u>49.4</u>	<u>48.5</u>	<u>207.3</u>	<u>206.0</u>
Expenses:						
Fire	21.3	19.8	-	-	21.3	19.8
Police	47.0	45.3	-	-	47.0	45.3
Traffic safety	4.1	3.3	-	-	4.1	3.3
Public right of way	14.9	14.0	-	-	14.9	14.0
Drainage	1.5	1.3	-	-	1.5	1.3
Community buildings	4.3	4.4	-	-	4.3	4.4
Community services	4.7	4.4	-	-	4.7	4.4
Parks and greenbelts	1.6	2.0	-	-	1.6	2.0
Community planning and development	44.4	46.1	-	-	44.4	46.1
Municipal support	8.5	8.4	-	-	8.5	8.4
Interest on Long-term debt	8.2	7.7	-	-	8.2	7.7
Water utility	-	-	24.3	20.6	24.3	20.6
Sewage collection	-	-	5.6	6.1	5.6	6.1
Solid waste disposal	-	-	7.8	7.2	7.8	7.2
Mobile home parks	-	-	1.6	1.8	1.6	1.8
RV park	-	-	0.6	0.6	0.6	0.6
Total expenses	<u>160.5</u>	<u>156.7</u>	<u>39.9</u>	<u>36.3</u>	<u>200.4</u>	<u>193.0</u>
Change in net assets	(2.6)	0.8	9.5	12.2	6.9	13.0
Net assets, July 1	755.4	754.6	92.0	79.8	847.4	834.4
Net assets, June 30	<u>\$ 752.8</u>	<u>\$ 755.4</u>	<u>\$ 101.5</u>	<u>\$ 92.0</u>	<u>\$ 854.3</u>	<u>\$ 847.4</u>

**Governmental Activities.** The City of Garden Grove governmental activities net assets decreased by \$2.6 million for the year ended June 30, 2009. Key elements of this decrease are as follows:

- Increase in Fire and Police expenditures by \$3.2 million over prior year.
- Revenue remained relatively the same versus prior year, the increase in expenditures resulted in the decrease in net assets from prior year.

**Business-type activities.** Business-type activities net assets increased by \$9.5 million largely as a result of a net asset increase in Water Utility and Sewage Collection by \$5.2 million and \$4.5 million from prior year due to a 7.5% water rate increase and a 2.3% CPI sewer rate increase.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *expendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Garden Grove's governmental funds reported combined ending fund balances of \$142.5 million, a decrease of \$4.4 million in comparison with the prior year. The unreserved portion of fund balance ended with a deficit of \$64.1 million that consists of a surplus in the Housing Authority special revenue fund (\$0.5 million) and the General fund (\$6.5 million), and deficits in the Community Development capital projects funds (\$34.5 million) and NonMajor Governmental funds (\$41.0 million). The remainder of the fund balance is reserved as follows to indicate that it is not available for new spending: 1) to liquidate contracts and purchase orders of the prior period (\$11.2 million), 2) to reserve the cost of land held for resale (\$59.3 million), 3) to reserve an amount to cover intercity loans receivable (\$46.2 million), 4) to pay debt service (\$12.5 million), 5) to fund prior period continuing projects (\$67.5 million), 6) to reserve an amount to cover contingencies (\$3.0 million), and 7) to reserve a variety of other restricted purposes (\$6.9 million).

- **General fund.** The general fund is the chief operating fund of the City of Garden Grove. At the end of the fiscal year, the total general fund balance was \$54.7 million of which \$5.5 million was unreserved. The total general fund year-end balance decreased by \$11.1 million compared to the previous year.
- **Housing Authority special revenue fund.** The Housing Authority special revenue fund decreased in the amount of \$1.4 million due to decrease in revenue per the Department of Housing and Urban Development policies. This program has a fund balance of \$2.5 million at year-end.
- **Community Project debt service fund.** The Community Project debt service fund reserve, which provides an accounting of resources used to pay principal and interest on the Agency's Tax Allocation Bonds, ended the year with a fund balance \$4.4 million.
- **2008 RDA Loan.** The 2008 RDA Loan debt service fund accounts for the principal and interest on the 2008 RDA Loans between Garden Grove Agency for Community Development and both Union Bank of California and Katella Cottages, LLC. The fund balance decreased by \$16.1 million as funds were used for property acquisitions.

- **Community Project capital projects fund.** The Community Project capital projects fund provides an accounting for the City's redevelopment projects within the "Community Project Area". The Agency is currently involved in the acquisition of land and capital improvements in the Harbor Corridor development area of the City. These acquisitions and improvements have been funded by proceeds of long-term debt and intercity loans, which have had the effect of increasing the unreserved portion of the fund balance to a deficit of (\$33.8) million. The total fund balance for the fiscal year increased by \$13.1 million. The reserved balance of \$53.1 million reflects an increase of \$15.8 million over prior year due primarily to a \$17.5 million increase in land held for resale.
- **Low Income Housing capital projects fund.** The Low Income Housing capital projects fund accounts for the proceeds of the 20 percent set-aside of tax increment revenues for the City's redevelopment Agency. The reserved fund balance increased by \$5.0 million due to an increase in land held for resale of \$1.3 million and increase in contractual commitments of \$3.7 million.
- **2003 Tax Allocation capital projects fund.** The 2003 Tax Allocation capital projects fund accounts for capital projects, as well as the principal and interest on the 2003 Tax Allocation Refunding Bonds within the Agency for Community Development Community project area. The reserved fund balance increased by \$130,080.

**Proprietary funds.** The RV Park is the only non-major proprietary fund of the City's six proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Utility fund at the end of the year amounted to deficit (\$1.8) million. For the Sewage Collection fund, unrestricted net assets was \$19.6 million, Solid Waste Disposal fund was \$1.8 million and Mobile Home Parks fund was \$5.1 million. Other factors concerning the finances of these funds are also addressed in the discussion of the City of Garden Grove business-type activities.

## **MAJOR FUND BUDGETARY HIGHLIGHTS**

**General fund.** There were some changes between the original budget and the final amended budget. Additionally, any significant variances between the final amended budget and actual results are outlined below.

### *Original Budget vs. Final Budget*

- There were no significant budgetary differences between the original and the final amended budget. The final budgeted fund balance was amended by

\$777,345, which is less than 1.45% of the original budgeted fund balance of \$53.7 million.

*Final Budget vs. Actuals*

- Actual General Fund revenues of \$144.8 million were less than final budgeted revenues of \$148.0 million by \$3.3 million (2.25)%. The reduction was primarily due to decrease in tax income revenue.
- Actual General Fund expenditures of \$87.6 million were less than final budgeted expenditures of \$93.5 million by \$6.0 million (6.79%). Municipal support expenditures of \$6.7 million were less than final budgeted expenditures of \$8.5 million by \$1.8 million due to budgeted loans from General Fund to Water Fund that were not needed. Community planning and development expenditures of \$3.6 million were less than final budgeted expenditures of \$5.3 million by \$1.7 million due to reduced expenses on the General Plan Update.

**CAPITAL ASSET AND LONG-TERM DEBT**

**Capital assets.** The City of Garden Grove’s investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$785.2 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, reported as net of related accumulated depreciation.

The implementation of GASB Statement 34 required the City to perform an inventory of its capital assets. The objective of this inventory was to develop cost data that could be used to comply with the infrastructure and capital asset reporting requirements. In fiscal year ended June 30, 2002, all infrastructure and capital assets were reported. In fiscal year ended June 30, 2003, the estimated value of converted street land was reported.

	Government activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 411.9	\$ 410.4	\$ 18.2	\$ 17.3	\$ 430.1	\$ 427.7
Construction in progress	6.8	0.7	9.8	1.7	16.6	2.4
Infrastructure	209.7	217.2	91.6	88.0	301.3	305.2
Building and structures	24.7	25.3	0.0	-	24.7	25.3
Furniture, machinery, and equipment	12.3	12.0	0.1	0.1	12.4	12.1
Total capital assets	<u>\$ 665.4</u>	<u>\$ 665.6</u>	<u>\$ 119.7</u>	<u>\$ 107.1</u>	<u>\$ 785.1</u>	<u>\$ 772.7</u>

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

- A variety of street widening and expansion projects for \$2.9 million and related construction in progress projects for \$6.1 million.
- An improvement to the City water utility system of \$3.2 million.

- An improvement to the City sewer system of \$3.0 million.

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

**Long-term debt.** At the end of the current fiscal year, the City of Garden Grove had total debt outstanding of \$168.4 million. The City’s total debt decreased by \$3.3 million during the current fiscal year. Other than a capital lease agreement for the purchase of three new fire trucks the City did not enter into any other long-term debt agreements during the 2008-2009 fiscal year.

California statutes limit the amount of general obligation debt a governmental entity may issue to 3.75 percent of its total assessed valuation (\$10,076,761,228). The current debt limitation for the City of Garden Grove is \$377.9 million. There are no outstanding general obligation bonds for the City.

Additional information on the City of Garden Grove’s long-term debt can be found in the financial statements Note 10 of this report.

	Government activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Tax allocation bonds	\$ 52.0	\$ 53.7	\$ -	\$ -	\$ 52.0	\$ 53.7
Certificates of participation	20.6	21.0	10.9	11.4	31.5	32.4
Unamortized premium	1.0	1.1	-	-	1.0	1.1
2008 Subordinate Note	2.0	2.0	-	-	2.0	2.0
Agreements payable	42.3	43.2	-	-	42.3	43.2
Capital lease purchase	3.9	3.0	-	-	3.9	3.0
Sewer revenue COP	-	-	22.2	21.8	22.2	21.8
Water revenue bonds	-	-	13.4	14.5	13.4	14.5
Total net assets	<u>\$ 121.8</u>	<u>\$ 124.0</u>	<u>\$ 46.5</u>	<u>\$ 47.7</u>	<u>\$ 168.3</u>	<u>\$ 171.7</u>

## ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

During the 2008-09 fiscal year, much of the California economy weakened due to falling home prices, tight credit, shrinking equity values, factory slowdowns and job losses. Consumer and business spending decreased significantly during the year. In order to balance its budget, the State made significant cuts to local government. As a result, Orange County’s economy has been impacted by these negative economic conditions. The City’s sales tax revenues have declined and the growth in the City’s other revenue sources has slowed. During the current fiscal year the City’s unemployment rate increased to 11.7% from the previous year’s rate of 5.0%. Additionally, in fiscal year 2009-2010, the State will be borrowing \$2.5 million from Garden Grove and taking \$7.9 million from the City’s Redevelopment Agency. The economic forecast projects a slow recovery to begin next year with continued declines in housing and anticipated increases in job losses.

The City’s 2009-10 fiscal year basic operating budget of \$88.8 million and capital budget of \$6.0 million was balanced in part with a large projected General Fund balance carry-over from 2008-09 of approximately \$9.5 million. In the fall of

2008, as the economic situation declined, immediate measures were implemented within the City organization to bring spending in line with declining revenues. These measures included a freeze on hiring, lock-down on expenditures (e.g. vehicle/equipment purchases, building improvements, travel, conferences, various contractual and commodity items), and the development of a 3-Year Financial/Budget Implementation Plan. The plan articulates the City's budget cost reduction and revenue strategies designed to ride out the economic recession, and bring the City's structural budget deficit under control. Addressing the situation over a three year approach, will allow the City to continue to provide critical services to the public while helping the City Council achieve goals for public safety, improved transportation infrastructure, park improvements and enhanced long-term financial stability for the city. During this difficult and uncertain time, all revenues and expenditures will be closely monitored and appropriate adjustments will be made to ensure the City's financial health and stability. Overall, the City is in a stable financial position. As in past years, staff will strive to strengthen the City's financial condition through planning, effective management, and expanding the City's economic base through aggressive economic development and active pursuit of state, federal and local grant funds.

## **REQUESTS FOR INFORMATION**

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





# **Basic Financial Statements**



**CITY OF GARDEN GROVE  
STATEMENT OF NET ASSETS  
JUNE 30, 2009**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 172,952,694	\$ 34,879,388	\$ 207,832,082
Cash and investments with fiscal agents	9,477,729	4,328,513	13,806,242
Receivables	12,304,239	7,810,143	20,114,382
Internal balances	10,863,081	(10,863,081)	-
Inventory	511,597	-	511,597
Prepaid items	1,973,482	-	1,973,482
Total current assets	<u>208,082,822</u>	<u>36,154,963</u>	<u>244,237,785</u>
Noncurrent assets:			
Deposits	3,070,580	15,000	3,085,580
Notes receivable	16,196,078	-	16,196,078
Allowance for notes receivable	(3,724,651)	-	(3,724,651)
Land held for resale	59,318,272	-	59,318,272
Deferred issuance costs	1,484,976	846,595	2,331,571
Capital assets:			
Land	411,921,150	18,175,914	430,097,064
Construction in progress	6,835,047	9,832,885	16,667,932
Depreciable infrastructure, net	209,706,244	91,631,253	301,337,497
Depreciable buildings and structures, net	24,692,185	24,585	24,716,770
Depreciable equipment, net	12,295,397	89,597	12,384,994
Total noncurrent assets	<u>741,795,278</u>	<u>120,615,829</u>	<u>862,411,107</u>
Total assets	<u>949,878,100</u>	<u>156,770,792</u>	<u>1,106,648,892</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	19,731,987	6,805,858	26,537,845
Refundable deposits	2,591,329	386,361	2,977,690
Unearned revenue	4,588,020	1,004,770	5,592,790
Long-term debt, due within one year	5,345,584	1,620,000	6,965,584
Claims payable, due within one year	15,930,582	-	15,930,582
Accrued compensated absences, due within one year	720,659	54,456	775,115
Total current liabilities	<u>48,908,161</u>	<u>9,871,445</u>	<u>58,779,606</u>
Noncurrent liabilities:			
Postemployment benefit obligation	994,049	-	994,049
Long-term debt, due in more than one year	116,472,789	44,924,207	161,396,996
Claims payable, due in more than one year	24,208,717	-	24,208,717
Accrued compensated absences, due in more than one year	6,475,934	500,105	6,976,039
Total noncurrent liabilities	<u>148,151,489</u>	<u>45,424,312</u>	<u>193,575,801</u>
Total liabilities	<u>197,059,650</u>	<u>55,295,757</u>	<u>252,355,407</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	661,323,108	75,931,790	737,254,898
Restricted for:			
Debt service	9,331,441	-	9,331,441
Low income housing	34,221,814	-	34,221,814
Streets and roads	18,611,269	-	18,611,269
Other purposes	9,233,036	-	9,233,036
Unrestricted	20,097,782	25,543,245	45,641,027
Total net assets	<u>\$ 752,818,450</u>	<u>\$ 101,475,035</u>	<u>\$ 854,293,485</u>

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

**CITY OF GARDEN GROVE  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<b>Functions/programs</b>	<b>Expenses</b>	<b>Program Revenue</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>
Governmental activities:			
Fire	\$ 21,278,771	\$ 1,377,271	\$ 2,401
Police	47,004,018	3,431,253	1,361,005
Traffic safety	4,135,001	1,340,513	297,186
Public right of way	14,858,715	157,379	6,057,830
Drainage	1,482,079	-	-
Community buildings	4,268,346	-	-
Community services	4,701,539	848,579	451,183
Parks and greenbelts	1,627,518	1,381,671	187,906
Community planning and development	44,429,233	1,178,860	27,339,708
Municipal support	8,543,347	2,383,800	355,462
Interest on long term debt	8,160,849	-	-
Total governmental activities	<u>160,489,416</u>	<u>12,099,326</u>	<u>36,052,681</u>
Business-type activities:			
Water utility	24,339,329	27,845,900	57,493
Sewage collection	5,647,889	8,646,589	401,057
Solid waste disposal	7,770,429	7,560,704	299,369
Mobile home parks	1,617,103	2,514,421	14,322
RV park	554,801	396,037	13,213
Total business-type activities	<u>39,929,551</u>	<u>46,963,651</u>	<u>785,454</u>
Total	<u>\$ 200,418,967</u>	<u>\$ 59,062,977</u>	<u>\$ 36,838,135</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

Earning on investments

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets-July 1

Net assets-June 30

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

Program Revenue	Net (Expense) Revenue and Changes in Net Assets		
	Capital Grants and Contributions	Governmental Activities	Business-type Activities
\$ 98	\$ (19,899,001)	\$ -	\$ (19,899,001)
-	(42,211,760)	-	(42,211,760)
2,191,296	(306,006)	-	(306,006)
6,197,843	(2,445,663)	-	(2,445,663)
206,190	(1,275,889)	-	(1,275,889)
-	(4,268,346)	-	(4,268,346)
-	(3,401,777)	-	(3,401,777)
800,817	742,876	-	742,876
203,067	(15,707,598)	-	(15,707,598)
-	(5,804,085)	-	(5,804,085)
-	(8,160,849)	-	(8,160,849)
<u>9,599,311</u>	<u>(102,738,098)</u>	<u>-</u>	<u>(102,738,098)</u>
-	-	3,564,064	3,564,064
-	-	3,399,757	3,399,757
-	-	89,644	89,644
-	-	911,640	911,640
-	-	(145,551)	(145,551)
-	-	<u>7,819,554</u>	<u>7,819,554</u>
<u>\$ 9,599,311</u>	<u>(102,738,098)</u>	<u>7,819,554</u>	<u>(94,918,544)</u>
	16,235,658	-	16,235,658
	43,785,534	-	43,785,534
	2,293,500	-	2,293,500
	2,530,725	-	2,530,725
	11,257,402	-	11,257,402
	14,087,771	-	14,087,771
	6,257,372	1,700,624	7,957,996
	3,578,861	-	3,578,861
	<u>70,000</u>	<u>(70,000)</u>	<u>-</u>
	<u>100,096,823</u>	<u>1,630,624</u>	<u>101,727,447</u>
	(2,641,275)	9,450,178	6,808,903
	<u>755,459,725</u>	<u>92,024,857</u>	<u>847,484,582</u>
	<u>\$ 752,818,450</u>	<u>\$ 101,475,035</u>	<u>\$ 854,293,485</u>

**CITY OF GARDEN GROVE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	<u>Special Revenue Fund</u> <u>Debt Service Funds</u>			
	<u>General Fund</u>	<u>Housing Authority</u>	<u>Community Project</u>	<u>RDA Loan 2008</u>
<b>ASSETS</b>				
Cash and cash investments	\$ 22,011,775	\$ 873,265	\$ 4,657,226	\$ -
Cash and cash investments with fiscal agents	-	-	-	4,867,949
Taxes receivable	2,415,394	-	287,200	-
Accounts receivable	3,043,297	49,584	-	-
Interest receivable	311,833	4,061	-	-
Intergovernmental receivable	-	-	-	-
Notes receivable	264,313	-	-	-
Allowance for notes receivable	-	-	-	-
Intercity loans receivable	51,476,962	-	-	-
Due from other funds	476,160	-	-	-
Land held for resale	-	-	-	-
Prepaid items	-	1,973,482	-	-
Deposits	16,740	-	-	-
Total assets	<u>\$ 80,016,474</u>	<u>\$ 2,900,392</u>	<u>\$ 4,944,426</u>	<u>\$ 4,867,949</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 11,510,537	\$ 47,032	\$ 49,856	\$ -
Other accrued liabilities	3,034,593	112,726	-	-
Refundable deposits	1,494,996	260,139	-	-
Due to other funds	-	-	471,347	-
Deferred revenue	9,321,377	-	-	-
Intercity loans payable	-	-	-	-
Total liabilities	<u>25,361,503</u>	<u>419,897</u>	<u>521,203</u>	<u>-</u>
Fund balances (deficit)				
Reserved for:				
Encumbrances	65,861	-	-	-
Property tax lawsuit	500,000	-	-	-
Building improvements	1,300,000	-	-	-
Intercity loans receivable	42,155,585	-	-	-
Contingencies	3,000,000	-	-	-
Continuing projects	1,138,087	-	-	-
Postemployment benefits	1,000,000	-	-	-
Land held for resale	-	-	-	-
Contractual commitments	-	-	-	-
Debt service	-	-	-	4,867,949
Deposits	16,740	-	-	-
Prepaid items	-	1,973,482	-	-
Unreserved, reported in:				
General fund	5,478,698	-	-	-
Special revenue funds	-	507,013	-	-
Debt service funds	-	-	4,423,223	-
Capital projects funds	-	-	-	-
Total fund balances (deficit)	<u>54,654,971</u>	<u>2,480,495</u>	<u>4,423,223</u>	<u>4,867,949</u>
Total liabilities and fund balances	<u>\$ 80,016,474</u>	<u>\$ 2,900,392</u>	<u>\$ 4,944,426</u>	<u>\$ 4,867,949</u>

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

<b>Capital Projects Funds</b>				
<b>Community Project</b>	<b>Low Income Housing</b>	<b>2003 Tax Allocation</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 9,798,017	\$ 10,346,060	\$ 3,010,709	\$ 34,135,759	\$ 84,832,811
-	-	4,597,239	12,541	9,477,729
-	77,424	-	472,499	3,252,517
65,671	5,239	-	1,647,287	4,811,078
108,978	55,040	2,286	171,292	653,490
-	-	-	1,734,059	1,734,059
4,233,919	3,268,968	-	8,428,878	16,196,078
(2,421,446)	(425,260)	-	(877,945)	(3,724,651)
-	4,033,041	-	-	55,510,003
-	-	-	-	476,160
49,966,112	9,352,160	-	-	59,318,272
-	-	-	-	1,973,482
3,000,000	-	-	2,657	3,019,397
<u>\$ 64,751,251</u>	<u>\$ 26,712,672</u>	<u>\$ 7,610,234</u>	<u>\$ 45,727,027</u>	<u>\$ 237,530,425</u>
\$ -	\$ -	\$ -	\$ 985,225	\$ 12,592,650
11,856	41,627	-	1,011,415	4,212,217
764,635	165	-	69,874	2,589,809
-	-	-	5,907,318	6,378,665
1,812,473	2,843,708	-	12,431,925	26,409,483
42,885,025	-	-	-	42,885,025
<u>45,473,989</u>	<u>2,885,500</u>	<u>-</u>	<u>20,405,757</u>	<u>95,067,849</u>
-	-	-	7,475	73,336
-	-	-	-	500,000
-	-	-	-	1,300,000
-	4,033,041	-	-	46,188,626
-	-	-	-	3,000,000
94,000	-	-	66,315,271	67,547,358
-	-	-	-	1,000,000
49,966,112	9,352,160	-	-	59,318,272
-	11,170,490	-	-	11,170,490
-	-	7,610,234	-	12,478,183
3,000,000	-	-	2,657	3,019,397
-	-	-	-	1,973,482
-	-	-	-	5,478,698
-	-	-	(41,992,356)	(41,485,343)
-	-	-	40,269	4,463,492
(33,782,850)	(728,519)	-	947,954	(33,563,415)
<u>19,277,262</u>	<u>23,827,172</u>	<u>7,610,234</u>	<u>25,321,270</u>	<u>142,462,576</u>
<u>\$ 64,751,251</u>	<u>\$ 26,712,672</u>	<u>\$ 7,610,234</u>	<u>\$ 45,727,027</u>	<u>\$ 237,530,425</u>

**CITY OF GARDEN GROVE  
RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

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

Fund balances - total governmental funds	\$ 142,462,576
Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet.	665,450,023
Certain notes receivables are not available to pay for current period expenditures, and therefore are offset by deferred revenue in the governmental funds.	21,821,463
Internal service funds are used by management to charge the costs of various city activities to individual governmental and business-like funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service funds net assets are:	45,724,070
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(122,639,682)</u>
Net assets of governmental activities	<u><u>\$ 752,818,450</u></u>

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



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**CITY OF GARDEN GROVE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Special Revenue Fund</u>		<u>Debt Service Fund</u>	
	<u>General Fund</u>	<u>Housing Authority</u>	<u>Community Project</u>	<u>RDA Loan 2008</u>
<b>REVENUES</b>				
Taxes	\$ 62,066,790	\$ -	\$ 21,982,327	\$ -
Licenses and permits	800,216	-	-	-
Fines, forfeits and penalties	1,829,685	-	-	-
Investment earnings	3,029,183	123,654	-	113,002
Charges for current services	7,410,047	-	-	-
From other agencies	425,445	23,792,698	-	-
Other revenues	2,577,348	11,191	-	-
Total revenues	<u>78,138,714</u>	<u>23,927,543</u>	<u>21,982,327</u>	<u>113,002</u>
<b>EXPENDITURES</b>				
Current:				
Fire	20,727,331	-	-	-
Police	43,142,446	-	-	-
Traffic safety	664,673	-	-	-
Public right of way	4,926,794	-	-	-
Drainage	-	-	-	-
Community buildings	3,935,465	-	-	-
Community services	2,491,888	-	-	-
Parks and greenbelts	800,456	-	-	-
Community planning and development	3,607,260	25,258,427	-	-
Municipal support	6,674,086	32,874	173,409	-
Capital outlay:				
Fire	-	-	-	-
Police	8,033	-	-	-
Traffic safety	-	-	-	-
Public right of way	4,288	-	-	-
Drainage	-	-	-	-
Community buildings	6,242	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	505,836	-	1,710,000	-
Interest and other charges	144,638	-	2,450,660	1,554,538
Total expenditures	<u>87,639,436</u>	<u>25,291,301</u>	<u>4,334,069</u>	<u>1,554,538</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,500,722)</u>	<u>(1,363,758)</u>	<u>17,648,258</u>	<u>(1,441,536)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	917,616	-	1,000,000	-
Transfers out	(2,481,685)	-	(13,378,214)	(14,683,192)
Total other financing sources (uses)	<u>(1,564,069)</u>	<u>-</u>	<u>(12,378,214)</u>	<u>(14,683,192)</u>
Net change in fund balances	(11,064,791)	(1,363,758)	5,270,044	(16,124,728)
<b>Fund balances (deficit), July 1</b>	<u>65,719,762</u>	<u>3,844,253</u>	<u>(846,821)</u>	<u>20,992,677</u>
<b>Fund balances, June 30</b>	<u>\$ 54,654,971</u>	<u>2,480,495</u>	<u>\$ 4,423,223</u>	<u>\$ 4,867,949</u>

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

<b>Capital Projects Funds</b>				
<b>Community Project</b>	<b>Low Income Housing</b>	<b>2003 Tax Allocation</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 5,605,854	\$ -	\$ 1,036,700	\$ 90,691,671
-	-	-	18,006	818,222
-	-	-	931,667	2,761,352
2,084,266	400,273	130,080	1,338,416	7,218,874
-	-	-	3,655,351	11,065,398
-	-	-	15,489,195	39,707,338
92,137	26,572	-	346,230	3,053,478
<u>2,176,403</u>	<u>6,032,699</u>	<u>130,080</u>	<u>22,815,565</u>	<u>155,316,333</u>
-	-	-	41,510	20,768,841
-	-	-	1,644,567	44,787,013
-	-	-	2,231,242	2,895,915
-	-	-	3,203,579	8,130,373
-	-	-	147,575	147,575
-	-	-	-	3,935,465
-	-	-	1,940,980	4,432,868
-	-	-	1,003,323	1,803,779
-	-	-	2,278,915	31,144,602
-	-	-	199,061	7,079,430
-	-	-	36,685	36,685
-	-	-	31,476	39,509
-	-	-	1,983,260	1,983,260
40,581	-	-	6,758,033	6,802,902
-	-	-	7,239	7,239
22,188	-	-	-	28,430
436	-	-	-	436
-	-	-	33,261	33,261
12,857,201	974,277	-	-	13,831,478
-	399,892	-	-	399,892
1,303,465	-	-	-	3,519,301
3,758,656	-	-	167,088	8,075,580
<u>17,982,527</u>	<u>1,374,169</u>	<u>-</u>	<u>21,707,794</u>	<u>159,883,834</u>
(15,806,124)	4,658,530	130,080	1,107,771	(4,567,501)
29,182,361	79,433	-	1,428,386	32,607,796
(281,282)	-	-	(1,613,423)	(32,437,796)
<u>28,901,079</u>	<u>79,433</u>	<u>-</u>	<u>(185,037)</u>	<u>170,000</u>
13,094,955	4,737,963	130,080	922,734	(4,397,501)
6,182,307	19,089,209	7,480,154	24,398,536	146,860,077
<u>\$ 19,277,262</u>	<u>\$ 23,827,172</u>	<u>\$ 7,610,234</u>	<u>\$ 25,321,270</u>	<u>\$ 142,462,576</u>

**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, 2009**

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

Net change in fund balances - total governmental funds	\$ (4,397,501)
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 exceeded capital expense in the current period.	(649,371)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,815,541
Certain expenditures relate to current financial resources and, therefore effect net assets for governmental activities.	(600,000)
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 as governmental activities.	(1,418,940)
Loans are recorded as expenditures in the governmental funds when issued. Repayment on these long-term loans are recorded as revenues in the governmental funds when collected. However, neither of these transactions has any effect on net assets.	<u>1,608,996</u>
Change in net assets of governmental activities	<u><u>\$ (2,641,275)</u></u>

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

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**CITY OF GARDEN GROVE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009**

	<b>Business-Type Activities- Enterprise Funds</b>	
	<b>Water Utility</b>	<b>Sewage Collection</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash investments	\$ 8,250,007	\$ 21,060,581
Cash and cash investments with fiscal agents	1,303,445	1,829,646
Taxes receivable	-	64,553
Accounts receivable	4,632,866	1,190,751
Interest receivable	70,191	200,818
Due from other funds	-	-
Intercity loans receivable	750,000	-
Inventory	-	-
Total current assets	<u>15,006,509</u>	<u>24,346,349</u>
Noncurrent assets:		
Deposits	15,000	-
Deferred issuance costs	224,108	264,563
Capital assets:		
Land	1,470,304	915,538
Construction in progress	1,022,061	8,810,824
Depreciable infrastructure, net	49,894,501	41,751,753
Depreciable equipment, net	46,836	28,516
Total noncurrent assets	<u>52,672,810</u>	<u>51,771,194</u>
Total assets	<u>67,679,319</u>	<u>76,117,543</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	3,066,207	1,775,308
Accrued interest payable	25,127	42,639
Other current liabilities	241,557	436,499
Refundable deposits	373,075	10,315
Due to other funds	-	-
Deferred revenue	-	-
Current portion of long-term obligations	695,000	440,000
Total current liabilities	<u>4,400,966</u>	<u>2,704,761</u>
Noncurrent liabilities:		
Intercity loans payable	13,374,978	-
Accrued compensated absences	-	-
Claims payable	-	-
Noncurrent portion of long-term obligations:		
Lease purchase	-	-
Certificates of participation payable	12,714,182	21,785,460
Total noncurrent liabilities	<u>26,089,160</u>	<u>21,785,460</u>
Total liabilities	<u>30,490,126</u>	<u>24,490,221</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	39,024,520	32,002,934
Unrestricted	(1,835,327)	19,624,388
Total net assets	<u>\$ 37,189,193</u>	<u>\$ 51,627,322</u>

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

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

<b>Business-Type Activities- Enterprise Funds</b>				<b>Governmental</b>
<b>Solid Waste Disposal</b>	<b>Mobile Home Parks</b>	<b>Nonmajor RV Park</b>	<b>Total</b>	<b>Activities - Internal Service Funds</b>
\$ 2,161,427	\$ 3,258,471	\$ 148,902	\$ 34,879,388	\$ 88,119,883
-	1,195,422	-	4,328,513	-
95,477	-	-	160,030	-
1,432,139	14,903	66,139	7,336,798	1,268,006
12,096	30,210	-	313,315	585,089
-	490,634	-	490,634	5,902,505
-	-	-	750,000	-
-	-	-	-	511,597
<u>3,701,139</u>	<u>4,989,640</u>	<u>215,041</u>	<u>48,258,678</u>	<u>96,387,080</u>
-	-	-	15,000	51,183
-	357,924	-	846,595	-
-	11,790,072	4,000,000	18,175,914	-
-	-	-	9,832,885	-
-	9,584	-	91,655,838	-
2,750	11,495	-	89,597	8,981,524
<u>2,750</u>	<u>12,169,075</u>	<u>4,000,000</u>	<u>120,615,829</u>	<u>9,032,707</u>
<u>3,703,889</u>	<u>17,158,715</u>	<u>4,215,041</u>	<u>168,874,507</u>	<u>105,419,787</u>
924,834	-	18,929	5,785,278	1,387,352
15,258	259,500	-	342,524	-
-	-	-	678,056	227,532
2,010	961	-	386,361	1,520
-	-	490,634	490,634	-
1,004,770	-	-	1,004,770	-
-	485,000	-	1,620,000	16,705,697
<u>1,946,872</u>	<u>745,461</u>	<u>509,563</u>	<u>10,307,623</u>	<u>18,322,101</u>
-	-	-	13,374,978	-
-	-	-	-	6,976,039
-	-	-	-	24,208,717
-	-	-	-	1,677,091
-	10,424,565	-	44,924,207	-
-	10,424,565	-	58,299,185	32,861,847
<u>1,946,872</u>	<u>11,170,026</u>	<u>509,563</u>	<u>68,606,808</u>	<u>51,183,948</u>
2,750	901,586	4,000,000	75,931,790	7,304,433
1,754,267	5,087,103	(294,522)	24,335,909	46,931,406
<u>\$ 1,757,017</u>	<u>\$ 5,988,689</u>	<u>\$ 3,705,478</u>	<u>100,267,699</u>	<u>\$ 54,235,839</u>
			<u>1,207,336</u>	
			<u>\$ 101,475,035</u>	

**CITY OF GARDEN GROVE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<b>Business-Type Activities</b>	
	<b>Water Utility</b>	<b>Sewage Collection</b>
<b>Operating revenues:</b>		
Charges for services	\$ -	\$ -
Water sales	28,485,477	-
Mobile home parks operation	-	-
Solid waste disposal fees	-	-
Property assessments	-	2,184,393
Sewer user fees	-	6,893,330
RV park operations	-	-
Other	50,847	714
Total operating revenues	28,536,324	9,078,437
<b>Operating expenses:</b>		
Salaries and wages	3,672,951	1,478,722
Contractual services	4,925,123	1,858,087
Claims	-	-
Materials and supplies	553,490	125,908
Water production expenses	10,429,972	-
Mobile home parks on-site operations	-	-
RV park on-site operations	-	-
Depreciation	1,819,623	1,161,831
Amortization	40,329	-
Total operating expenses	21,441,488	4,624,548
Operating income (loss)	7,094,836	4,453,889
<b>Nonoperating revenues (expenses):</b>		
Investment income	488,761	995,663
Gain on disposal of assets	-	-
Other nonoperating revenues	-	100,000
Interest expense	(2,343,280)	(1,023,341)
Total nonoperating revenues (expenses)	(1,854,519)	72,322
Income (loss) before transfers	5,240,317	4,526,211
Transfers in/(out)	-	-
Change in net assets	5,240,317	4,526,211
<b>Total net assets, July 1</b>	31,948,876	47,101,111
<b>Total net assets, June 30</b>	\$ 37,189,193	\$ 51,627,322

Adjustment to reflect the consolidation of internal service fund activities to enterprise funds  
Change in net assets of business-type activities.

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



<b>-Enterprise Funds</b>				<b>Governmental</b>
<b>Solid Waste</b>	<b>Mobile Home</b>	<b>Nonmajor</b>	<b>Total</b>	<b>Activities -</b>
<b>Disposal</b>	<b>Parks</b>	<b>RV Park</b>		<b>Internal Service</b>
				<b>Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 44,207,699
-	-	-	28,485,477	-
-	2,528,743	-	2,528,743	-
7,500,977	-	-	7,500,977	-
359,096	-	-	2,543,489	-
-	-	-	6,893,330	-
-	-	396,037	396,037	-
-	-	13,213	64,774	-
<u>7,860,073</u>	<u>2,528,743</u>	<u>409,250</u>	<u>48,412,827</u>	<u>44,207,699</u>
351,182	-	-	5,502,855	20,191,186
7,414,280	-	-	14,197,490	15,113,661
-	-	-	-	10,888,625
4,417	-	-	683,815	2,216,937
-	-	-	10,429,972	-
-	951,181	-	951,181	-
-	-	554,801	554,801	-
550	2,491	-	2,984,495	1,299,750
-	28,119	-	68,448	-
<u>7,770,429</u>	<u>981,791</u>	<u>554,801</u>	<u>35,373,057</u>	<u>49,710,159</u>
89,644	1,546,952	(145,551)	13,039,770	(5,502,460)
84,503	147,154	-	1,716,081	2,824,647
-	-	-	-	32,075
-	-	-	100,000	50,000
-	(635,312)	-	(4,001,933)	(56,942)
<u>84,503</u>	<u>(488,158)</u>	<u>-</u>	<u>(2,185,852)</u>	<u>2,849,780</u>
174,147	1,058,794	(145,551)	10,853,918	(2,652,680)
-	(70,000)	-	(70,000)	(100,000)
174,147	988,794	(145,551)	10,783,918	(2,752,680)
1,582,870	4,999,895	3,851,029		56,988,519
<u>\$ 1,757,017</u>	<u>\$ 5,988,689</u>	<u>\$ 3,705,478</u>		<u>\$ 54,235,839</u>
			(1,333,740)	
			<u>\$ 9,450,178</u>	

**CITY OF GARDEN GROVE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water Utility</b>	<b>Sewage Collection</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 28,627,098	\$ 9,028,746
Payments to suppliers	(15,902,926)	(824,405)
Payments to employees	(3,672,951)	(2,033,686)
Internal activity-payments to/from other funds	-	-
Net cash provided by operating activities	<u>9,051,221</u>	<u>6,170,655</u>
<b>CASH FLOWS FROM (TO) NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from sale of equipment	-	-
Transfers from (to) other funds	-	100,000
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>100,000</u>
<b>CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(4,204,818)	(11,400,382)
Proceeds from disposal of capital assets	-	-
Principal paid on capital debt	(675,000)	-
Interest paid on capital debt	(2,343,280)	(1,027,141)
Net cash provided (used) by capital and related financing activities	<u>(7,223,098)</u>	<u>(12,427,523)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earnings	<u>488,761</u>	<u>995,663</u>
Net cash provided by investing activities	<u>488,761</u>	<u>995,663</u>
Net increase (decrease) in cash and cash equivalents	2,316,884	(5,161,205)
Cash and cash equivalents, July 1	<u>7,236,568</u>	<u>28,051,432</u>
Cash and cash equivalents, June 30	<u>\$ 9,553,452</u>	<u>\$ 22,890,227</u>

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

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Solid Waste Disposal	Mobile Home Parks	Nonmajor RV Park	Total	
\$ 7,892,859	\$ 2,283,107	\$ 651,689	\$ 48,483,499	\$ 44,174,898
(7,145,776)	(951,181)	(562,013)	(25,386,301)	(20,369,638)
(351,182)	-	-	(6,057,819)	(19,472,987)
-	-	-	-	(1,012,719)
<u>395,901</u>	<u>1,331,926</u>	<u>89,676</u>	<u>17,039,379</u>	<u>3,319,554</u>
-	-	-	-	6,064
-	(70,000)	-	30,000	(100,000)
-	(70,000)	-	30,000	(93,936)
-	(8,217)	-	(15,613,417)	(79,232)
-	-	-	-	60,106
-	(455,000)	-	(1,130,000)	(297,823)
-	(635,312)	-	(4,005,733)	(56,942)
-	(1,098,529)	-	(20,749,150)	(373,891)
84,503	147,154	-	1,716,081	2,904,500
<u>84,503</u>	<u>147,154</u>	<u>-</u>	<u>1,716,081</u>	<u>2,904,500</u>
480,404	310,551	89,676	(1,963,690)	5,756,227
1,681,023	4,143,342	59,226	41,171,591	82,363,656
<u>\$ 2,161,427</u>	<u>\$ 4,453,893</u>	<u>\$ 148,902</u>	<u>\$ 39,207,901</u>	<u>\$ 88,119,883</u>

CONTINUED

**CITY OF GARDEN GROVE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water Utility</b>	<b>Sewage Collection</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 7,094,836	\$ 4,453,889
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	1,819,623	1,161,831
Amortization expense	40,328	-
Decrease (increase) in taxes receivable	-	1,306
Decrease (increase) in accounts receivable	89,475	(29,913)
Decrease (increase) in accrued interest receivable	1,299	(21,084)
Decrease (increase) in due to/from other funds	-	-
Decrease (increase) in inventory	-	-
Decrease (increase) in deposits	-	-
Increase (decrease) in accounts payable	(115,390)	534,355
Increase (decrease) in accrued compensated absences	-	-
Increase (decrease) in accrued interest payable	(774)	-
Increase (decrease) in other accrued liabilities	39,593	70,270
Increase (decrease) in refundable deposits	10,800	1
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in intercity loans payable	71,431	-
Increase (decrease) in claims payable	-	-
Total adjustments	<u>1,956,385</u>	<u>1,716,766</u>
Net cash provided by operating activities	<u>\$ 9,051,221</u>	<u>\$ 6,170,655</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Borrowing under capital lease	-	-

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

Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
Solid Waste Disposal	Mobile Home Parks	Nonmajor RV Park	Total	
\$ 89,644	\$ 1,546,952	\$ (145,551)	\$ 13,039,770	\$ (5,502,460)
550	2,491	-	2,984,495	1,299,750
-	28,119	-	68,447	-
(866)	-	-	440	-
34,529	11,399	(17,719)	87,771	(32,801)
(877)	3,123	-	(17,539)	-
-	(260,158)	260,158	-	(1,012,719)
-	-	-	-	36,738
-	-	-	-	(10,648)
273,148	-	(7,212)	684,901	1,611
-	-	-	-	718,199
-	-	-	(774)	-
631	-	-	110,494	48,220
-	-	-	10,801	-
(858)	-	-	(858)	-
-	-	-	71,431	-
-	-	-	-	7,773,664
306,257	(215,026)	235,227	3,999,609	8,822,014
\$ 395,901	\$ 1,331,926	\$ 89,676	\$ 17,039,379	\$ 3,319,554
-	-	-	-	1,598,140

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**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2009**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**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 Agency for Community Development (the "Agency") was established in November 1970 pursuant to California Community Redevelopment Laws and is reported as debt service funds and capital project funds 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 agency budget, and the City provides staffing.
- b. The Garden Grove Housing Authority (the "Housing Authority") was established in October 1975, pursuant to the provisions of the Housing and Community Development Act of 1974 and is reported as a special revenue fund as if it were part of the primary government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Housing Authority budget, and the City provides staffing.
- c. The Garden Grove Sanitary District (the "Sanitary District") began its operations in 1924 as a special district operating under the authority of the State of California. The Health and Safety Code of California (the Sanitary District Act of 1923) is the governing law. The Sanitary District provides portions of the cities of Garden Grove, Fountain Valley, Westminster and County of Orange unincorporated areas with sewage collection services, maintenance and cleaning of sewage collection lines, inspection of sewage lines built within the district by developers and the provision for trash and solid waste collection and disposal for residents and commercial establishments. The district became a subsidiary district and component unit of the City of Garden Grove on May 30, 1997. The Sanitary District is reported as two enterprise funds, the Sewage Collection enterprise fund and Solid Waste Disposal enterprise fund as if it were part of the primary City government 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.

## Notes to Basic Financial Statements (Continued)

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

Complete financial statements for the Garden Grove Agency for Community Development and Garden Grove Sanitary District can be obtained from: The City of Garden Grove Finance Department, 11222 Acacia Parkway, Garden Grove, California 92840. Separate reports are not issued for the Garden Grove Housing Authority and Garden Grove Public Financing Authority.

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

### **2. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets 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 and proprietary funds. 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 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



## Notes to Basic Financial Statements (Continued)

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recognized when the exchange takes place. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Grant funds received before the revenue recognition criteria have been met are reported as deferred revenues.

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

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

The City reports the following major governmental funds:

### ***General fund***

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

### ***Housing Authority special revenue fund***

The Housing Authority special revenue fund accounts for the revenues and expenditures pertaining to the federal Section 8 Housing Program.

### ***Community Project debt service fund***

The Community Project debt service fund is used to account for resources provided to pay principal and interest on the Agency for Community Development project debt.

### ***RDA Loan 2008 debt service fund***

This fund is used to account for the issuance of debt and the resources provided to pay for 2008 Agency for Community Development debt.

### ***Community Project capital projects fund***

Capital projects within the Agency for Community Development Community project area are accounted for in this fund.

### ***Low Income Housing capital projects fund***

This fund records the 20% set-aside of tax increment revenue of the Agency for Community Development. In accordance with the State Health and Safety Code, this amount is used only for projects relating to low income housing within the project areas.

## Notes to Basic Financial Statements (Continued)

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### ***2003 Tax Allocation capital projects fund***

This fund accounts for capital projects resulted from the 2003 Tax Allocation Refunding Bonds within the Agency for Community Development Community project area.

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.

#### ***Mobile Home Parks fund***

The purpose of this fund is to account for the operation and debt service obligations of the Bahia Trailer Village and Emerald Isle mobile home parks located within the City. These mobile home parks were purchased as a way to help further the City's goal of preservation and protection of low and moderate-income housing.

Additionally, the City reports the following fund type:

#### ***Internal Service funds***

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

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

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

## Notes to Basic Financial Statements (Continued)

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

The City has elected, for all proprietary type activities, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements. The City has elected not to follow subsequent private-sector guidance.

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 assets or equity**

#### ***a. Deposits and investments***

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

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

#### ***b. Receivables and payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter fund loans) or "advances to/from other funds" (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".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

## Notes to Basic Financial Statements (Continued)

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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.

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

The property tax calendar is as follows:

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

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

November 20, 2008	7% - 10%
December 12, 2008	20% - 25%
December 18, 2008	15% - 20%
January 23, 2009	1% - 5%
March 6, 2009	5% - 7%
April 24, 2009	30% - 35%
May 22, 2009	1% - 5%
July 14, 2009	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, 2009 and is located in the City's redevelopment project area.

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

## Notes to Basic Financial Statements (Continued)

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applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are capitalized at cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The net interest cost incurred in the financing of projects during the construction period is not capitalized, except for enterprise funds.

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. 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.

### ***g. Long term obligations***

In the government-wide financial statements, and proprietary 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 type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance

## Notes to Basic Financial Statements (Continued)

costs are reported as deferred charges and amortized over the term of the related debt.

### ***h. Encumbrances***

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations.

### ***i. Fund equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **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 assets**

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

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

Land	\$	411,921,150
Construction in progress		6,835,047
Depreciable infrastructure, net		209,706,244
Depreciable buildings and park assets, net		24,692,185
Depreciable equipment, net		12,295,397
	\$	<u>665,450,023</u>

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

Deferred revenue-beginning of year	\$	20,212,467
Note receivables not available to pay for current period expenditures		273,453
Grant receivables not available to pay for current period expenditures		1,335,543
	\$	<u>21,821,463</u>

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

## Notes to Basic Financial Statements (Continued)

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Internal service funds net assets-beginning of year	\$	54,447,443
Change in net assets		(1,418,940)
Capital assets investment		(8,981,524)
Lease purchase investment		1,677,091
	\$	<u>45,724,070</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 \$122,639,682 adjustment are as follows:

Tax allocation refunding bonds	\$	(52,030,000)
Certificates of participation		(20,525,000)
2008 Subordinate note		(2,015,000)
Agreements payable		(42,331,430)
Lease purchases		(3,881,383)
Accrued interest payable		(1,312,236)
Postemployment benefit obligation		(994,049)
Deferred charge for issuance costs (to be amortized over life of debt)		1,484,976
Unamortized bonds premium		(1,035,560)
	\$	<u>(122,639,682)</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 assets 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 and reported as depreciation expense". The details of this difference are as follows:

Capital outlay capitalization for year	\$	11,567,352
Current year governmental depreciation		(12,216,723)
	\$	<u>(649,371)</u>

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

## Notes to Basic Financial Statements (Continued)

Debt principal repayments:		
Tax allocation bonds	\$	1,710,000
Certificates of participation		470,000
Agreements payable		893,624
Lease purchase payments		412,360
Amortization of issuance costs		(68,890)
Amortization of premium		49,313
Change in accrued interest		(65,692)
Change in postemployment benefit obligation		(585,174)
Total long term debt adjustment	\$	<u>2,815,541</u>

### C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### 1. Budgetary information

Under Article XIIB 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, debt service funds, special revenue funds, and capital projects funds. These funds are budgeted based on the modified accrual basis of accounting and include proposed expenditures and 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 based by program. The City does not budget for the RDA Loan 2008 debt service fund, 2002 Capital Improvement Project debt service fund, and 2003 Tax Allocation capital projects fund.

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

During the year, the budget is used as a management information, planning and control device. To facilitate this process, encumbrances are recorded for commitments of the City to acquire materials, supplies and services under purchase order or contract. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. All unexpended appropriations at year-end lapse, unless they are specifically designated by City Council Resolution.

#### 2. Excess of expenditures over appropriations

The following individual fund exceeded its expenditures budget:

Fund	Type of Fund	Amount over Budget
Community Project	Capital projects fund	\$ 6,155,704
Garen Grove Cable	Special revenue fund	30,744
Park Maintenance	Special revenue fund	784,026
Buena Clinton Project	Capital projects fund	775



## Notes to Basic Financial Statements (Continued)

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The unbudgeted expenditures in the Community Project capital projects fund were funded by transfers in. The Garden Grove Cable special revenue fund unbudgeted expenditures were funded by future revenues and transfers. The Park Maintenance special revenue fund unbudgeted expenditures were funded by transfers from the General Fund and future revenues. The Buena Clinton Project capital project fund was funded by current year revenues.

### 3. Deficit fund equity

The following funds had a deficit at June 30, 2009:

<u>Fund</u>	<u>Type of Fund</u>	<u>Deficit Fund Equity</u>
Garden Grove Cable	Special revenue fund	94,360
Park Maintenance	Special revenue fund	11,471

All the deficits are expected to be eliminated with future revenues and transfers.

### 4. Tax increment financing - Agency for Community Development

Under provisions of the California Constitution and the City's redevelopment plan, taxes levied by any taxing agency on all taxable property in the project area, when collected, are divided as follows:

An amount each year, equal to the current tax rates applied to the assessed valuation (within the project area) prior to the adoption of the redevelopment plan, is paid into the funds of the respective taxing agencies.

Taxes received over and above that amount as computed above are deposited in the debt service funds of the Agency. The plan calls for a 20 percent set-aside of tax increment revenue for low-income housing. In accordance with the Health and Safety Code, these funds have been placed in the Low Income Housing capital projects fund, to be used for replacement or improvement of low-income housing.

### 5. Reimbursement agreements

There is a written reimbursement agreement between the City and the Agency for Community Development stating that funds needed for Agency expenditures are to be advanced by the City's general fund. The debt service funds receive tax increment money, which is only available for payment of debt; therefore, advances are repaid monthly by the debt service funds.

### 6. 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.

## Notes to Basic Financial Statements (Continued)

### D. DETAILED NOTES ON ALL FUNDS

#### 1. Classifications of deposits and investments by credit risk

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments - unrestricted	\$ 207,832,082
Cash and investments with fiscal agent	13,806,242
Total cash and investments	<u>\$ 221,638,324</u>

Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	\$ 45,369
Deposits with financial institutions	4,795,486
Investments	216,797,469
Total cash and investments	<u>\$ 221,638,324</u>

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

The table below identifies the **investment types** that are authorized by 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 City's investment policy.

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

## Notes to Basic Financial Statements (Continued)

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

### Disclosures Relating to Interest Rate Risk

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

Authorized Investment Type	Amount	Weighted Average Maturity (in years)
U.S. Treasury	\$ 53,500,000	1.15
U.S. Agency Securities		
FHLB	40,780,000	2.15
FFCB	54,525,000	2.06
FNMA	27,027,000	2.39
Mortgage-backed Securities	1,982	0.50
Local Agency Investment Fund (LAIF)	27,157,245	0.50
Held by fiscal agent:		
Investment Contracts	2,770,500	0.50
Money Market Funds	11,035,742	0.50
Total	<u>\$ 216,797,469</u>	

### Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments (including investments held by bond trustees) include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant

## Notes to Basic Financial Statements (Continued)

reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.

\$1,982

### 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	\$ 53,500,000	N/A	\$ 53,500,000	\$ -	\$ -
U.S. Agency Securities					
FHLB	40,780,000	N/A	-	40,780,000	-
FFCB	54,525,000	N/A	-	54,525,000	-
FNMA	27,027,000	N/A	-	27,027,000	-
Local Agency Investment Fund	27,157,245	N/A	-	-	27,157,245
GNMA (mortgage backed securities)	1,982	N/A	1,982	-	-
Held by fiscal agent:					
Investment Contracts	2,770,500	AAA	-	-	2,770,500
Money Market Funds	11,035,742	AAA	-	11,035,742	-
<b>Total</b>	<b>\$ 216,797,469</b>		<b>\$ 53,501,982</b>	<b>\$ 133,367,742</b>	<b>\$ 29,927,745</b>

### 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	\$ 40,780,000
FFCB	U.S. Agency Securities	54,525,000
FNMA	U.S. Agency Securities	27,027,000

### 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

## Notes to Basic Financial Statements (Continued)

California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

### 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, 2009 was \$25.2 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2009 had a balance of \$50.7 billion, of that amount, 14.71% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 235 days as of June 30, 2009.

## 2. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor and internal service funds in the aggregate are as follows:

Governmental activities:	Taxes Receivable	Accounts Receivable	Interest Receivable	Intergovernmental Receivable	Total
General fund	\$ 2,415,394	\$ 3,043,297	\$ 311,833	\$ -	\$ 5,770,524
Housing authority special revenue	-	49,584	4,061	-	53,645
Community project debt service	287,200	-	-	-	287,200
Community project capital projects	-	65,671	108,978	-	174,649
Low income housing capital projects	77,424	5,239	55,040	-	137,703
2003 tax allocation capital projects	-	-	2,286	-	2,286
Nonmajor governmental funds	472,499	1,647,287	171,292	1,734,059	4,025,137
Internal service funds	-	1,268,006	585,089	-	1,853,095
Total	<u>\$ 3,252,517</u>	<u>\$ 6,079,084</u>	<u>\$ 1,238,579</u>	<u>\$ 1,734,059</u>	<u>\$ 12,304,239</u>

## Notes to Basic Financial Statements (Continued)

Business-type activities:	Taxes Receivable	Accounts Receivable	Interest Receivable	Total
Water utility enterprise	\$ -	\$ 4,632,866	\$ 70,191	\$ 4,703,057
Sewage collection enterprise	64,553	1,190,751	200,818	1,456,122
Solid waste disposal enterprise	95,477	1,432,139	12,096	1,539,712
Mobile home parks enterprise	-	14,903	30,210	45,113
Nonmajor RV park	-	66,139	-	66,139
Total	\$ 160,030	\$ 7,336,798	\$ 313,315	\$ 7,810,143

### 3. Intercity loans receivable/payable at June 30, 2009 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 of 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. Loans from the General fund to the Community Project capital projects fund:

The General fund has loaned to the Community Project capital projects fund a total of \$7,175,791 to assist in funding the Agency's operating budget for the past six fiscal years. The loans accrue interest at a rate of 6.5% per annum. There is no set repayment schedule for these loans. Interest of \$228,398 accrued during the current year, and the outstanding principal and interest balance is \$3,742,213 at June 30, 2009.

3,742,213

#### c. Loan from the General fund to the Community Project capital projects fund:

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 June 18, 1991, the City Council authorized annual repayment in the amount of \$240,000. The loan has no fixed amortization date, with all unpaid interest being added to the principal.

4,423,233

## Notes to Basic Financial Statements (Continued)

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***d. Loan from the General fund to the Community Project capital projects fund:***

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%, beginning March 1, 2005. Also, the Agency was responsible for making interest-only payments until March 1, 2005 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. Beginning March 1, 2005, the Agency is responsible for principal and interest payment on the Certificates to the extent that the Agency has utilized Certificate proceeds. The Agency received additional advances of \$3,589,099, \$6,041,483, \$2,342,049, \$1,712,687, and \$1,874,816 during fiscal year ends June 30, 2005, 2006, 2007, 2008, and 2009 respectively, which brings the total under this agreement to \$29,936,538 at June 30, 2009.

29,936,538

***e. Loan from the Water Utility fund to the Community Project capital projects fund:***

The Community Project capital projects fund 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.

750,000

***f. Loan from Low Income Housing capital project fund to the Community Project capital project fund:***

The Community Project capital projects fund has three loans from the Low Income Housing capital project fund, that were used to make the fiscal year 2003-04 (\$912,172), 2004-05 (\$1,577,177), and 2005-06 (\$1,386,434) mandated Educational Revenue Augmentation Fund payments. 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%. Interest of \$21,462, \$25,639, and \$32,331 were accrued during the current fiscal year for each of the loans and the combined outstanding principal and interest balance is \$4,033,041 at June 30, 2009. The loans are due in 10 years from the loan establishment.

4,033,041

**TOTAL INTERCITY LOANS RECEIVABLE/PAYABLE**

\$56,260,003

**4. Notes receivable at June 30, 2009 consisted of the following:**

## Notes to Basic Financial Statements (Continued)

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### **a. Commercial rehabilitation:**

The Garden Grove Agency for Community Development Community Project capital projects fund holds seven notes related to commercial property rehabilitation loans. The terms of each note vary by circumstance. Some of these loans allow for credits against the outstanding note balance based on net new sales tax and/or property tax generated from the site. Since the note repayments are not available for current expenditures, these notes receivable are offset by deferred revenue in the Community Project capital projects fund. Revenue will be recognized when received.

\$68,974

### **b. Property acquisitions-hotels:**

The Garden Grove Agency for Community Development Community Project capital projects fund has entered into agreements with seven major hotels for the acquisition and development of property located at the corner of Chapman Avenue and Harbor Boulevard. All seven notes are due and payable within 10 to 14 years from date of note issuance subject to yearly assemblage credits against the outstanding principal balance based on generated revenues as outlined in the agreements. Since the note repayments are not available for current expenditures, these notes receivable are offset by deferred revenue in the Community Project capital projects fund. An allowance of \$2,421,446 has been recorded to reflect the amount of loans not expected to be collectible.

2,421,446

### **c. Property acquisitions:**

The Garden Grove Agency for Community Development Community Project capital projects fund and other governmental funds have entered into agreements with various commercial businesses throughout the City for the purpose of assisting them in the acquisition and development of commercial property. Some of these loans allow for credits against the outstanding note balance based on either net new sales tax and/or new property tax generated at the business site. Since the note payments are not available for current expenditures, these note receivables are offset by deferred revenue in the Community Project capital projects fund. Revenue will be recognized when received.

1,494,384

### **d. Trask Avenue relocation:**

A mortgage assistance program was established for residents displaced as a result of the Trask Avenue widening project. The Garden Grove Agency for Community Development has made four loans under this program to assist in the purchasing of new residences for those displaced. The loans are evidenced by promissory notes which are secured by second trust deeds on the replacement property. The terms of each note vary by circumstance. Since the note repayments are not available for



## Notes to Basic Financial Statements (Continued)

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current expenditures, these notes receivable are offset by deferred revenue in the Community Project capital projects fund. Revenue will be recognized when payments are received. 24,489

**e. Rental rehabilitation:**

The Garden Grove Agency for Community Development Low Income Housing capital projects fund and Community Project capital projects fund holds seven notes related to property rehabilitation loans, which have been used to assist developers in the rehabilitation; of multifamily residential buildings located within the City for the purpose of providing adequate low income housing opportunities for City residents. Since these note repayments are not available for current expenditures, the notes receivable are offset by deferred revenue in the Low Income Housing capital projects fund (\$3,268,968) and Community Project capital projects fund (\$224,626). Revenue will be recognized when received. An allowance of \$425,260 has been recorded to reflect the amount of the loans not expected to be collectible. 3,493,594

**f. Rental rehabilitation –Other governmental funds:**

The City has entered into fifteen Housing Rehabilitation Agreements utilizing CDBG and HOME funds, which are reflected in other governmental funds. These loans were for the purpose of assisting developers in the rehabilitation and operation of multifamily apartment buildings for the purpose of providing adequate low-income housing to City residents. Many of these buildings had suffered from serious structural deterioration, overcrowding and high crime. Since the note repayments are not available for current expenditures, these notes receivable are offset by deferred revenue in other governmental funds. Revenue will be recognized when received. An allowance of \$877,945 has been recorded to reflect the amount of the loans not expected to be collectible. 8,428,878

**g. Affordable housing agreement – General fund:**

The City has entered into an Affordable Housing Agreement with a developer wherein the developer has agreed to comply to certain affordability covenants including the reimbursement to the City of forgone property taxes which would have been payable for the property, increasing at the rate of 2 percent annually. Since the note repayments are not available for current expenditures, the note receivable is offset by deferred revenue in the General fund. Revenue will be recognized when received. 264,313

**TOTAL NOTES RECEIVABLE**

\$16,196,078

**5. Inventories – Land held for resale**

## Notes to Basic Financial Statements (Continued)

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The Community Project capital projects fund and Low Income Housing capital projects fund's land held for resale is an inventory of land purchased by the Agency for Community Development which is intended to be sold to developers. The land is carried at the lower of cost or estimated net realizable value, as determined upon execution of a disposition and development agreement. Land held for resale at June 30, 2009 is \$59,318,272, an increase of \$18.7 million from the prior fiscal year due to land acquisitions.

## Notes to Basic Financial Statements (Continued)

### 6. Capital assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 410,446,275	\$ 1,474,875	\$ -	\$ 411,921,150
Construction in progress	736,938	6,202,685	(104,576)	6,835,047
Total capital assets, not being depreciated	<u>411,183,213</u>	<u>7,677,560</u>	<u>(104,576)</u>	<u>418,756,197</u>
Capital assets, being depreciated:				
Infrastructure				
Street system	333,691,430	2,865,783	-	336,557,213
Storm drain assets	68,466,149	62,613	-	68,528,762
Buildings and park assets	41,868,219	489,273	-	42,357,492
Furniture and equipment	28,934,887	2,304,075	(678,554)	30,560,408
Total capital assets, being depreciated	<u>472,960,685</u>	<u>5,721,744</u>	<u>(678,554)</u>	<u>478,003,875</u>
Less accumulated depreciated for:				
Infrastructure				
Street system	(150,967,996)	(9,093,715)	-	(160,061,711)
Storm drain assets	(33,950,685)	(1,367,335)	-	(35,318,020)
Buildings and park assets	(16,608,110)	(1,057,197)	-	(17,665,307)
Furniture and equipment	(16,911,241)	(1,998,228)	644,458	(18,265,011)
Total accumulated depreciation	<u>(218,438,032)</u>	<u>(13,516,475)</u>	<u>644,458</u>	<u>(231,310,049)</u>
Total capital assets, being depreciated, net	<u>254,522,653</u>	<u>(7,794,731)</u>	<u>(34,096)</u>	<u>246,693,826</u>
Governmental activities capital assets, net	<u>\$ 665,705,866</u>	<u>\$ (117,171)</u>	<u>\$ (138,672)</u>	<u>\$ 665,450,023</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 17,323,762	\$ 852,152	\$ -	\$ 18,175,914
Construction in progress	1,673,101	8,159,784	-	9,832,885
Total capital assets, not being depreciated	<u>18,996,863</u>	<u>9,011,936</u>	<u>-</u>	<u>28,008,799</u>
Capital assets, being depreciated:				
Buildings and structures	115,806	8,217	-	124,023
Water system	84,619,938	3,182,759	-	87,802,697
Sewer system	77,244,585	3,410,505	(387,183)	80,267,907
Machinery and equipment	293,386	-	-	293,386
Total capital assets, being depreciated:	<u>162,273,715</u>	<u>6,601,481</u>	<u>(387,183)</u>	<u>168,488,013</u>
Less accumulated depreciated for:				
Buildings and structures	(99,267)	(171)	-	(99,438)
Water system	(36,118,657)	(1,804,540)	-	(37,923,197)
Sewer system	(37,746,151)	(1,157,186)	387,183	(38,516,154)
Machinery and equipment	(181,191)	(22,598)	-	(203,789)
Total accumulated depreciation	<u>(74,145,266)</u>	<u>(2,984,495)</u>	<u>387,183</u>	<u>(76,742,578)</u>
Total capital assets, being depreciated, net	<u>88,128,449</u>	<u>3,616,986</u>	<u>-</u>	<u>91,745,435</u>
Business-type activities capital assets, net	<u>\$ 107,125,312</u>	<u>\$ 12,628,922</u>	<u>\$ -</u>	<u>\$ 119,754,234</u>

## Notes to Basic Financial Statements (Continued)

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

	Governmental Activities	Business-type Activities
Fire	\$ 445,407	\$ -
Police	1,112,174	-
Traffic safety	333,861	-
Right of way	9,072,640	-
Drainage	1,371,772	-
Community buildings	597,616	-
Community services	217,955	-
Parks and greenbelts	216,137	-
Community development	84,954	-
Municipal support	63,959	-
Water	-	1,819,623
Sewage collection	-	1,161,831
Solid waste disposal	-	550
Mobile home park	-	2,491
Total	<u>\$ 13,516,475</u>	<u>\$ 2,984,495</u>

### 7. Interfund receivables, payables, and transfers

a. The composition of interfund receivable/payable balances as of June 30, 2009 is as follows:

	Due From Other Funds	Due To Other Funds
General fund	\$ 476,160	\$ -
Community Project debt service fund	-	471,347
Mobile Home Parks enterprise fund	490,634	-
Nonmajor governmental funds	-	5,907,318
Nonmajor enterprise fund	-	490,634
Internal service funds	5,902,505	-
Total	<u>\$ 6,869,299</u>	<u>\$ 6,869,299</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.

## Notes to Basic Financial Statements (Continued)

### b. The composition of interfund transfer balances for the year ended June 30, 2009 is as follows:

Transfers out:	Transfers In					Total
	General fund	Community Project debt service fund	Community Project capital projects fund	Low Income Housing capital projects	Nonmajor governmental funds	
General Fund	\$ -	\$ -	\$ 2,120,426	\$ -	\$ 361,259	\$ 2,481,685
Community Projects debt service fund	-	-	13,378,214	-	-	13,378,214
Community Projects capital project fund	201,849	-	-	79,433	-	281,282
RDA Loan 2008 debt service fund	-	1,000,000	13,683,192	-	-	14,683,192
Nonmajor governmental funds	600,000	-	529	-	1,012,894	1,613,423
Mobile Home Parks enterprise fund	70,000	-	-	-	-	70,000
Internal service funds	45,767	-	-	-	54,233	100,000
<b>Total</b>	<b>\$ 917,616</b>	<b>\$ 1,000,000</b>	<b>\$ 29,182,361</b>	<b>\$ 79,433</b>	<b>\$ 1,428,386</b>	<b>\$ 32,607,796</b>

- Transfers between the General Fund and Community Project capital projects fund, and between the Community Project capital projects fund and Community Project debt service fund provided financing based on a reimbursement agreement between the Agency for Community Development and the City (see note C5).
- Additional transfers between the Community Project capital projects fund and Community Project debt service fund were related to the issuance of new debt in the prior year.
- Transfers between the Community Project debt service fund and RDA Loan 2008 debt service fund were for the repayment of outstanding debt.
- Transfers between the RDA Loan 2008 debt service fund and the Community Project capital projects fund was to fund the purchase of certain parcels of real property.
- In addition, the General Fund provided funding to the Self-supporting Revenue special revenue fund to support recreational programs and the General Fund received funding from the Golf Course special revenue fund to cover administrative costs.
- Other transfers were minimal.

### 8. Compensated absences

The City accounts for compensated absences (unpaid vacation, annual leave, comp time off and sick leave) in the Employee Benefit internal service fund. The balance for accrued compensated absences at June 30, 2009 is \$7,751,154.

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 hours per month after 19 years, and 21 hours per month after 24 years. The maximum an employee may accumulate is an amount equivalent to 2 full calendar years of service.

## Notes to Basic Financial Statements (Continued)

Annual leave accrues for all fireman at 17 hours per month from date of hire through 1 year, 22 hours per month after 1 year, 25 hours per month after 9 years, 28 hours per month after 14 years, 31 hours per month after 19 years, and 35 hours per month after 24 years. The maximum a fireman may accumulate is an amount equivalent to 2 full calendar years of service plus 72 hours. Accumulated vacation, annual leave benefits and comp time, payable in future years when used by City employees, totaled \$5,468,669 at June 30, 2009.

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 fire. The City has adopted a policy for payment of unused sick leave benefits at time of retirement, miscellaneous and league employees can be paid 50% for all unused hours up to 1000, police employees 50% of up to 1,000 unused hours, and management employees 50% of all unused hours. Fire employees do not accumulate sick leave benefits since converting to the annual leave benefit. Studies have indicated that only 75 percent of all accumulated sick leave is actually used by employees, therefore, the sick leave liability is estimated at 25 percent of the total accumulated benefit, or \$2,282,485 June 30, 2009.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Vacation, annual leave, benefits, and comp time	\$ 4,868,349	\$ 5,128,553	\$ (4,528,233)	\$ 5,468,669	\$ 546,867
Sick leave	2,164,606	1,460,749	(1,342,870)	2,282,485	228,248
	<u>\$ 7,032,955</u>	<u>\$ 6,589,302</u>	<u>\$ (5,871,103)</u>	<u>\$ 7,751,154</u>	<u>\$ 775,115</u>

### 9. Deferred revenue

The deferred revenue in the General fund in the amount of \$9,321,377 represents \$2,974,140 due from the State of California for mandated cost reimbursements, \$6,079,522 for accumulated interest on an intercity loan with the Agency for Community Development capital projects fund (see Note D3), and \$264,313 for a developer's note receivable. Deferred revenue in the Community Project and Low Income Housing capital projects funds are associated with the notes receivable discussed in Note D4.

Certain federal, state and county grants have advanced funds for project expenditures. These funds are recorded in nonmajor governmental funds as deferred revenue in the amount of \$4,287,701. In addition, the City had incurred grant reimbursable expenditures totaling \$851,641 that was recorded as deferred revenue in the Other Grants and Contributions and \$457,174 received in the Street Rehabilitation and \$6,835,409 in the HOME Grant special revenue funds.

The deferred revenue of \$1,004,770 in the Solid Waste Disposal enterprise fund represents user fees for refuse collection for the months of July and August 2009.

## Notes to Basic Financial Statements (Continued)

### 10. Long-Term Debt

**a. Following is a summary of long-term debt transactions for the City for the year ended June 30, 2009:**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Tax allocation bonds	\$ 53,740,000	\$ -	\$ (1,710,000)	\$ 52,030,000	\$ 1,765,000
Certificates of participation	20,995,000	-	(470,000)	20,525,000	500,000
Unamortized premium	1,084,873	-	(49,313)	1,035,560	-
2008 Subordinate Note	2,015,000	-	-	2,015,000	60,000
Agreements payable	43,225,054	-	(893,624)	42,331,430	2,346,737
Lease purchase	2,993,427	1,598,140	(710,184)	3,881,383	673,847
Governmental activities long-term liabilities	<u>\$ 124,053,354</u>	<u>\$ 1,598,140</u>	<u>\$ (3,833,121)</u>	<u>\$ 121,818,373</u>	<u>\$ 5,345,584</u>
<u>Business-type activities</u>					
Water revenue COP	\$ 14,465,000	\$ -	\$ (675,000)	\$ 13,790,000	\$ 695,000
Add: premium	169,022	-	(10,564)	158,458	-
Less: deferred amounts on refunding	(575,228)	-	35,952	(539,276)	-
Sewer Revenue COP	21,845,000	-	-	21,845,000	440,000
Add: premium	394,640	-	(14,180)	380,460	-
Certificates of participation	11,405,000	-	(455,000)	10,950,000	485,000
Less: deferred amounts for issuance discounts	(43,290)	-	2,855	(40,435)	-
Business-type activities long- term liabilities	<u>\$ 47,660,144</u>	<u>\$ -</u>	<u>\$ (1,115,937)</u>	<u>\$ 46,544,207</u>	<u>\$ 1,620,000</u>

**b. Governmental long-term debt at June 30, 2009 consisted of the following:**

**Tax allocation refunding bonds issue of 2003:**

\$57,025,000 Tax allocation refunding bonds were issued on August 25, 2003. The bonds were issued for the purpose of (i) refunding the Agency's previously issued \$62,000,000 community project tax allocation bonds, Series 1993, which refunded the Agency's previously issued \$30,000,000 community project tax allocation bonds, Series 1996 and \$10,800,000 Community Center Project 1979 tax allocation bonds; and to (ii) finance additional redevelopment activities of the Agency. The tax allocation refunding bonds are secured and to be serviced from tax increment revenues excluding dedicated housing tax increment, through the fiscal year 2029. The remaining principal and interest requirements on the debt is \$83,137,501. Pledged tax increment revenue recognized during the year was \$22.3 million against the total debt service payment of \$4.4 million. Principal payments ranging from \$1,625,000 to \$3,320,000 are due annually starting October 1, 2006 through the year 2022, and two lump sum payments of \$9,465,000 and \$8,375,000 due on October 1, 2024 and October 1, 2028 respectively. Interest is due semi-annually on October 1 and April 1, at rates ranging from 2.250% to 5.250%. Such bonds are subject to Federal arbitrage regulations, however, no liability is reported at June 30, 2009.

\$52,030,000

## Notes to Basic Financial Statements (Continued)

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Unamortized bond premium 1,035,560

53,065,560

### **Certificates of participation:**

\$22,735,000 City of Garden Grove Certificates of Participation, Series A of 2002, were executed to provide funds for the acquisition of land to assist certain redevelopment activity of the Garden Grove Agency for Community development and for other improvement projects of the Agency or the City. The Certificates represent fractional interests of the owners in the lease payments, for certain real property and improvements thereon, to be made by the City, as lessee, to the Garden Grove Public Financing Authority, as lessor, under a Lease/Purchase Agreement. The leased properties consist of Garden Grove Park, Willowick Golf Course, a municipal amphitheater, a community meeting center, fire station, and related land. Lease payments are structured to be sufficient to pay, when due, the principal and interest on the Certificates. Principal payments ranging from \$410,000 to \$1,150,000 are due annually on March 1, beginning March 1, 2005, and continuing until March 1, 2032. Interest is payable semiannually, beginning on September 1, 2002, with an interest rate ranging from 3.500% to 5.125% over the life of the bond. Such bonds are subject to Federal arbitrage regulations, however, no liability is reported at June 30, 2009.

\$20,525,000

### **Subordinate Note:**

On June 1, 2008, the 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.

\$2,015,000

### **Agreements payable:**

\$7,660,000 Federal Housing and Community Development Section 108 Loan was issued for the purpose of refinancing the \$13,380,000 Section 108 Loan that was issued for the purpose of acquisition and development of property located in the section of the City identified as the Harbor Corridor. The Agency for Community Development has pledged future Community Development 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 \$9,035,821. Pledged revenue recognized during the year was \$1.8 million against the total debt service payment of \$186,672. 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.

\$7,660,000



## Notes to Basic Financial Statements (Continued)

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\$300,000 capital improvement loan. On November 6, 2002 the City received an energy efficiency loan from the California Energy Commission to assist in the funding of an energy retrofit project. The loan has an annual interest rate of 4% with payments due semi-annually due until the loan is paid off on December 22, 2013.

139,365

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

651,798

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

380,267

On July 15, 2005, the Agency for Community Development entered into an agreement in the amount of \$1,500,000, in accordance with an Option Agreement executed on May 5, 2003 for the purchase of the Travel County RV Park located on Harbor Boulevard in Garden Grove. The loan has an annual interest rate of 6% with interest payments of \$7,500 due monthly until July 1, 2008. No interest will accrue after July 1, 2008. The full agreement amount including interest is due on July 15, 2009.

1,500,000

On June 2, 2008, the 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 loan has an annual interest rate of 2.98% with annual interest payments due on June 30 of each year. The principal balance is due in full on June 30, 2011.

32,000,000

***Total agreements payable***

\$42,331,430

**Lease purchases:**

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

\$1,333,758

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 to August 2019.

870,534

**Notes to Basic Financial Statements (Continued)**

In November 2007, the City entered into a capital lease arrangement in the amount of \$376,774 for 22 copy machines. The interest rate is 5.35% with a monthly payment of \$7,170 through December 2012. 274,100

In October 2008, the City entered into a capital lease arrangements in the amount of \$1,598,140 for 3 fire pumper trucks. The interest rate is 3.99% with a monthly payment of \$29,425 through October 2013. 1,402,991

**Total lease purchases** 3,881,383

**TOTAL GOVERNMENTAL LONG TERM DEBT** \$121,818,373

**c. Proprietary long-term debt at June 30, 2009 consisted of the following items:**

**Revenue certificates of participation - Water Utility enterprise fund:**

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

The City's previously issued \$20,495,000 water revenue bonds, series 1993, was originally issued to finance the construction of water storage and transmission facilities, and certain other city water systems. Principal payments for the Series 2004 certificates of participation range from \$435,000 to \$1,165,000 due annually on December 15, 2004 through 2023. Interest is due semi-annually on June 15 and December 15, at rates ranging from 2.000% to 5.000% over the life of the bond. Such bonds are subject to Federal arbitrage regulations, however, no liability is reported at June 30, 2009. \$13,790,000

Unamortized bond premium fees 158,458  
 Unamortized deferred refunding cost (539,276)

**Total certificates of participation** \$13,409,182

**Revenue certificates of participation debt service coverage:**

The Refunding Revenue Certificates of Participation are to be secured and to be serviced from revenues derived by the ownership and operations of the water system including all connection charges and fees collected by the City through the fiscal year 2024. At June 30, 2009 total interest and principal remaining on the certificates is \$19,092,993. Revenues recognized during the year was \$28.5 million against debt service payments of \$1,287,344. The Utility covenants that

**Notes to Basic Financial Statements (Continued)**

rates and charges for the water service will be sufficient to yield net revenues equal to 125% of the debt service coming due and payable during the next succeeding bond year. The following analysis shows the test result for compliance with this covenant:

Operating revenues	\$ 28,536,324
Non-operating revenues	488,761
Gross revenue	<u>29,025,085</u>
Less: Expenses (excluding depreciation, amortization, interest and fiscal charges)	<u>(19,581,536)</u>
Net revenues	<u>\$ 9,443,549</u>
Debt service requirement for next year: \$1,287,638 x 125%	<u>\$ 1,609,548</u>

**Revenue certificates of participation – Sewage collection enterprise fund:**

Garden Grove Sanitary District Revenue Certificates of Participation in the amount of \$21,845,000 were issued on April 12, 2006. The certificates are secured and to be serviced from the total revenues for the fiscal year excluding any proceeds of taxes or assessments restricted by law and less the operations and maintenance costs excluding depreciation through the fiscal year 2036. At June 30, 2009 total interest and principal remaining on the certificates is \$39,548,224. Net revenue recognized during the year was \$3.4 million against debt service payments of \$1,023,341. The Certificates were issued to (1) finance the rehabilitation, replacement and improvement of the wastewater collection system of the Garden Grove Sanitation District; (2) fund a reserve fund for the certificates; and (3) pay certain costs of issuance. The certificates are due in annual principal installments of \$440,000 to \$1,395,000 beginning June 15, 2010 through 2036. Interest rates range from 4.00% to 4.5% and is payable semiannually on June 15 and December 15. The total amount outstanding as of June 30, 2009 is \$21,845,000. Such bonds are subject to federal arbitrage regulations. An arbitrage liability in the amount of \$167,389 is reported at June 30, 2009.

\$21,845,000

Unamortized bond premium fees

380,460

**Total revenue certificates of participation**

\$22,225,460

**Certificates of Participation – Mobile Home enterprise fund:**

\$15,645,000 1993 Certificates of Participation (Bahia Village/Emerald Isle Project) were issued on August 26, 1993. Proceeds from the sale of the certificates were used to finance the acquisition by the Garden Grove Housing Authority of certain real property constituting two Mobile Home parks within the City (excluding the Mobile Homes in such parks): Bahia Village Mobile Home Park located at 13096 Blackbird Street and Emerald Isle Mobile Home Park located at 13741 Clinton Street.

## Notes to Basic Financial Statements (Continued)

The City is obligated under a lease agreement with the Garden Grove Housing Authority to make lease payments and additional rental payments from any source of legally available funds, as the rental for the right to the use and possession of the projects. Principal payments ranging from \$330,000 to \$1,045,000 are due annually on August 1 through the year 2023. Interest is due semiannually on August 1 and February 1 at rates ranging from 4.0% to 5.7%. Such certificates are subject to Federal arbitrage regulations, however, no liability is reported at June 30, 2009.

	\$10,950,000
Unamortized COP discount fee	<u>(40,435)</u>
<b>Total certificates of participation</b>	<b><u>\$10,909,565</u></b>
<b>TOTAL PROPRIETARY LONG TERM DEBT</b>	<b><u>\$46,544,207</u></b>
<b>TOTAL LONG TERM DEBT</b>	<b><u>\$168,362,580</u></b>

**d. The scheduled annual requirements to amortize all governmental long-term debt outstanding as of June 30, 2009, including interest payments, are as follows.**

Year Ending June 30	Tax Allocation Refunding Bonds Issue of 2003		
	Principal	Interest	Total
2010	\$ 1,765,000	\$ 2,577,762	\$ 4,342,762
2011	1,850,000	2,487,388	4,337,388
2012	1,945,000	2,402,238	4,347,238
2013	2,020,000	2,320,413	4,340,413
2014	2,105,000	2,232,756	4,337,756
2015-2019	12,195,000	9,399,194	21,594,194
2020-2024	12,310,000	5,782,750	18,092,750
2025-2029	17,840,000	3,905,000	21,745,000
Total	<u>\$ 52,030,000</u>	<u>\$ 31,107,501</u>	<u>\$ 83,137,501</u>

Year Ending June 30	2002 Certificates of Participation		
	Principal	Interest	Total
2010	\$ 500,000	\$ 1,062,590	\$ 1,562,590
2011	515,000	1,041,340	1,556,340
2012	540,000	1,019,452	1,559,452
2013	560,000	995,828	1,555,828
2014	580,000	970,628	1,550,628
2015-2019	3,405,000	4,390,183	7,795,183
2020-2024	4,425,000	3,358,137	7,783,137
2025-2029	5,770,000	2,013,918	7,783,918
2030-2032	4,230,000	440,750	4,670,750
Total	<u>\$ 20,525,000</u>	<u>\$ 15,292,826</u>	<u>\$ 35,817,826</u>

## Notes to Basic Financial Statements (Continued)

Year Ending June 30	2008 Subordinate Note		
	Principal	Interest	Total
2010	\$ 60,000	\$ 120,900	\$ 180,900
2011	65,000	117,300	182,300
2012	65,000	113,400	178,400
2013	70,000	109,500	179,500
2014	75,000	105,300	180,300
2015-2019	450,000	453,000	903,000
2020-2024	605,000	300,900	905,900
2025-2028	625,000	96,300	721,300
Total	<u>\$ 2,015,000</u>	<u>\$ 1,416,600</u>	<u>\$ 3,431,600</u>

Year Ending June 30	Agreements Payable		
	Principal	Interest	Total
2010	\$ 2,346,737	\$ 1,848,907	\$ 4,197,990
2011	32,902,268	1,821,112	38,013,606
2012	958,128	296,992	1,255,120
2013	1,024,459	258,660	1,283,119
2014	1,084,101	214,961	1,299,062
2015-2019	4,015,737	306,528	4,322,265
Total	<u>\$ 42,331,430</u>	<u>\$ 4,747,160</u>	<u>\$ 50,371,162</u>

Year Ending June 30	Lease Purchase Agreements		
	Principal	Interest	Total
2010	\$ 673,847	\$ 168,616	\$ 842,463
2011	693,776	137,304	831,080
2012	729,375	104,378	833,753
2013	723,255	70,196	793,451
2014	499,678	40,211	539,889
2015-2019	535,115	64,528	599,643
2020	26,337	297	26,634
Total	<u>\$ 3,881,383</u>	<u>\$ 585,530</u>	<u>\$ 4,466,913</u>

## Notes to Basic Financial Statements (Continued)

- e. The scheduled annual requirements to amortize all proprietary long-term debt outstanding as of June 30, 2009, including interest payments, are as follows.**

Year Ending June 30	2004 Water Utility Revenue Certificates of Participation		
	Principal	Interest	Total
2010	\$ 695,000	\$ 592,638	\$ 1,287,638
2011	720,000	570,512	1,290,512
2012	740,000	544,937	1,284,937
2013	765,000	515,763	1,280,763
2014	800,000	484,462	1,284,462
2015-2019	4,510,000	1,879,681	6,389,681
2020-2024	5,560,000	715,000	6,275,000
Total	<u>\$ 13,790,000</u>	<u>\$ 5,302,993</u>	<u>\$ 19,092,993</u>

Year Ending June 30	2006 Sewage Collection Revenue Certificates of Participation		
	Principal	Interest	Total
2010	\$ 440,000	\$ 1,023,341	\$ 1,463,341
2011	460,000	1,005,741	1,465,741
2012	475,000	987,340	1,462,340
2013	495,000	968,341	1,463,341
2014	515,000	948,541	1,463,541
2015-2019	2,910,000	4,413,045	7,323,045
2020-2024	3,580,000	3,742,812	7,322,812
2025-2029	4,490,000	2,834,263	7,324,263
2030-2034	5,755,000	1,573,800	7,328,800
2035-2036	2,725,000	206,000	2,931,000
Total	<u>\$ 21,845,000</u>	<u>\$ 17,703,224</u>	<u>\$ 39,548,224</u>

Year Ending June 30	1993 Mobile Home Park Certificate of Participation		
	Principal	Interest	Total
2010	\$ 485,000	\$ 609,099	\$ 1,094,099
2011	510,000	580,990	1,090,990
2012	535,000	551,469	1,086,469
2013	570,000	520,253	1,090,253
2014	600,000	487,200	1,087,200
2015-2019	3,555,000	1,866,892	5,421,892
2020-2024	4,695,000	698,392	5,393,392
Total	<u>\$ 10,950,000</u>	<u>\$ 5,314,295</u>	<u>\$ 16,264,295</u>

### 11. Reserves of fund equity

- Amounts reserved for encumbrances are commitments for materials and services on purchase orders.
- Amount reserved for property tax lawsuits represents an amount reserved for an anticipated property tax revenue reduction if the outcome of a lawsuit currently in litigation against the County of Orange is unfavorable.

## Notes to Basic Financial Statements (Continued)

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- c. Amount reserved for building improvements represents an amount reserved for anticipated building upgrades to city hall.
- d. Amounts reserved for intercity loans indicate that repayments are not available as a resource to meet expenditures of the current year.
- e. Amounts reserved for contingencies are for unknown future City commitments.
- f. Amounts reserved for continuing projects are unexpended appropriations on incomplete capital improvement projects which have been carried forward into the new fiscal year.
- g. The reserve for land held for resale in the capital projects funds is equal to the amount of land inventory available for sale to developers for development purposes in future years.
- h. Amounts reserved for contractual commitments represent commitments for future year expenditures against the current balance available.
- i. Amount reserved for debt service is the amount equal to the amount of debt due on the Tax Allocation Bonds during the next fiscal year
- j. Amounts reserved for deposits represent an amount reserved to cover refunding of deposits.
- k. Amounts reserved for prepaid items represent prepaid housing assistance.

### **12. Risk management**

The City utilizes a program to self-insure for workers' compensation liability for the first \$1 million, per occurrence, for injury or occupational illness to City employees pursuant to Workers' Compensation Laws of the State of California. The City contracts with a third party who administers the program and acts as the representative of the City in claim hearings or litigation. Excess coverage is placed with a joint powers authority for losses from \$1 million up to \$150 million per occurrence. This self-insurance program is accounted for in the Workers' Compensation internal service fund. There is an estimated liability of \$28,702,313 (\$10,264,311 estimated to be due within one year), for claims outstanding including claims incurred but not reported on June 30, 2009, which has been included as liabilities in the Workers' Compensation internal service fund.

The City also has a self-insured program for its tort and civil liabilities. The City is self-funded for the first \$2 million of each occurrence. Excess liability insurance is carried thereafter to \$10 million per occurrence with commercial insurers. Claims administration and adjusting services are provided by contract with a third party administrator specializing in public entity liability. Representation in matters of litigation is performed through the retaining of outside law firms and is supervised by the city attorney. This self-insurance program is accounted for in the Risk Management internal service fund. The City estimates a liability for claims outstanding, including claims incurred but not reported, on June 30, 2009, in the amount of \$11,436,986 (\$5,666,271 estimated to be due within one year), which has been included as liabilities in the Risk Management internal service fund.

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

## Notes to Basic Financial Statements (Continued)

the year ended June 30, 2009. 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, 2009 and June 30, 2008 are as follows:

<u>Workers' Compensation</u>	<u>2009</u>	<u>2008</u>
Liability, July 1	\$ 25,206,867	\$ 21,508,477
Incurring claims and changes in estimates	5,748,161	5,685,810
Claim payments	(2,252,715)	(1,987,420)
Liability, June 30	<u>\$ 28,702,313</u>	<u>\$ 25,206,867</u>
Due within one year	\$ 10,264,311	\$ 5,970,100
Due in more than one year	18,438,002	19,236,767
	<u>\$ 28,702,313</u>	<u>\$ 25,206,867</u>
<u>Risk Management</u>		
Liability, July 1	\$ 7,158,768	\$ 5,927,635
Incurring claims and changes in estimates	5,140,464	1,813,513
Claim payments	(862,246)	(582,380)
Liability, June 30	<u>\$ 11,436,986</u>	<u>\$ 7,158,768</u>
Due within one year	\$ 5,666,271	\$ 2,179,847
Due in more than one year	5,770,715	4,978,921
	<u>\$ 11,436,986</u>	<u>\$ 7,158,768</u>

### 13. Public Employees Retirement System

#### *a. Plan description*

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

#### *b. Funding policy*

Active plan members in the miscellaneous plan of the City are required to contribute 8% of their annual covered salary for a 2.5% at 55 retirement plan. Active plan members in the safety plan of the City are required to contribute 9% of their annual covered salary for a 3% at 50 retirement plan. To be eligible for CalPERS retirement, employees must be at least age 55 for the miscellaneous plan and age 50 for safety plan and have five years of service credit. Upon retirement, retirement benefits are calculated using a formula that includes using years of service credit at retirement age and final compensation. Final compensation is calculated from the highest average full-time monthly pay rate for a 1-year period. The City is required to



## Notes to Basic Financial Statements (Continued)

contribute the actuarially determined remaining amounts necessary to fund the benefits for its members based on the Entry Age Actuarial Cost Method. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administrations. The required employer contribution rate for fiscal year ended June 30, 2009 was 13.67% for miscellaneous employees and 28.13% for public safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

The funded status of the plan based on the June 30, 2007 actuarial valuation is as follows:

Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	Actuarial Accrued Liability % of Payroll
<u>Miscellaneous Plan</u>					
\$ 161,461,946	\$ 145,956,233	\$ 15,505,713	90.4%	\$ 24,164,759	64.2%
<u>Safety Plan</u>					
\$ 285,650,077	\$ 239,310,860	\$ 46,339,217	83.8%	\$ 23,068,092	200.9%

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

### **c. Annual pension cost**

For the fiscal year ended June 30, 2009 the City of Garden Grove's annual pension cost of \$15,891,093 for PERS was equal to the City's required and actual contributions. The required contribution for fiscal year ended June 30, 2009 was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members and from 3.25% to 13.15% for safety members. Both (a) and (b) include an inflation component of 3.00%. The actuarial value of plan assets was determined using a 15 year smoothed market valuation.

FYE	Annual Pension Cost	% of Annual Pension Cost Contribution	Net Pension Obligation
6/30/2007	\$ 12,975,132	100%	0
6/30/2008	14,139,499	100%	0
6/30/2009	15,891,093	100%	0

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an

## Notes to Basic Financial Statements (Continued)

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amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year closed amortization period.

### **14. Postemployment benefits**

#### ***a. Plan Description***

The City provides retiree medical benefits under the CalPERS health 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 716 eligible active employees and 213 enrolled eligible retirees at June 30, 2009. 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 rate was \$80.80 per month for each retiree. For the year ended June 30, 2009, the City contributed \$242,226 to the plan. Plan members receiving benefits contributed \$1,548,321 (approximately 85% of total premiums) through their required contribution.

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

The City's OPEB obligation as of March 1, 2009, the most recent actuarial valuation, was \$994,049. The Annual Required Contribution (ARC) as of June 30, 2009, was \$827,400. 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:

## Notes to Basic Financial Statements (Continued)

	<u>June 30, 2009</u>
Annual required contribution	\$ 827,400
Interest on net OPEB obligation	20,444
Adjustment to annual required contribution	<u>(20,444)</u>
Annual OPEB cost (expense)	827,400
Contributions made	<u>(242,226)</u>
Increase in net OPEB obligation	585,174
Net OPEB Obligation, Beginning of Year	<u>408,875</u>
Net OPEB Obligation, End of Year	<u><u>\$ 994,049</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 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>
6/30/07	N/A	N/A	N/A
6/30/08	\$ 627,359	34.8%	\$ 408,875
6/30/09	827,400	29.3%	994,049

### ***d. Funding Status and Progress***

As of March 1, 2009, the most recent valuation date, the actuarial accrued liability for benefits was \$8.86 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$8.86 million and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0 percent. Covered payroll for the year was \$5,943,594 and the UAAL as a percentage of covered payroll was 149.1%.

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.

## Notes to Basic Financial Statements (Continued)

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

### 15. Non-committal debt:

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

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

c. On March 16, 1996, the Garden Grove Housing Authority issued Multifamily Housing Revenue Bonds (Stuart Drive/Rose Garden Apartments Project) Series 1996A in the amount of \$7,790,000, Taxable Multifamily Housing Revenue Bonds (Stuart Drive/Rose Garden Apartments Project) Series 1996B in the amount of \$2,000,000, and Low Income Housing Tax Increment Revenue Bonds (Stuart Drive/Rose Garden Apartments Project) Series 1996C in the amount of \$8,500,000. The proceeds of the bonds were used to provide funds for the purpose of the acquisition and rehabilitation of multifamily rental housing projects in the City. The Series A, B and C Bonds are special obligations of the Authority and 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 liable for the payment of principal or interest on the bonds. The City has, however, guaranteed the annual principal and interest payments on the Series C Bonds. The City's obligation under the limited guarantee does not accumulate and transfer to the following fiscal year of the City. The City will receive a promissory note from the developer of the multifamily rental housing project for any payments made by the City on the limited guarantee. As of June 30, 2009, the City has made payments totaling \$1,935,160 towards the guarantee.

d. Utilizing special assessment bond financing under the authority of the Improvement Bond Act of 1915, the City formed a special assessment district for the purpose of improving the water distribution system and fire hydrant infrastructure in the Dale-Josephine neighborhood of the City. The bonds, which financed this debt,

## Notes to Basic Financial Statements (Continued)

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were issued on September 15, 1990 for \$656,608. The bonds were considered a non-obligation special assessment debt and are wholly a liability of the property owners. The City's role is limited to acting in an agent capacity for the property owners. The interest rate on the bonds ranges from 8.10% to 8.15% and the bonds matures on September 2, 2010. The outstanding balance at June 30, 2009 was \$125,000

### **16. Maintenance of effort**

Beginning in October 1990, with the passage of Proposition 111, additional Highway Users Tax moneys under Section 2105 of the Streets and Highways Code has been allocated to cities for street and road expenditures. In an effort to supplement rather than supplant existing revenues used for streets and roads, these allocations are subject to yearly maintenance of effort provisions, which must be complied with in order to receive these funds.

During this same period of time, Section 7 of the Orange County Local Transportation Authority's Ordinance No. 2, for the Measure M sales tax, included a similar requirement as a condition to receiving Measure M sales tax revenue.

In fiscal year 2000-01 the Traffic Congestion Relief Fund (TCRF) was established by the state and funds were allocated to cities and counties for street purposes. Additional funds were allocated quarterly through fiscal year 2005-06. Cities are required to maintain their existing commitment of general funds for street work in order to remain eligible for allocation of the specified funds.

The minimum level of street and road expenditures required as the maintenance of effort has been met for the fiscal year ended June 30, 2009.

### **17. Commitments and contingencies**

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.

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

### **18. Low Income Housing Loan Programs**

The Garden Grove Agency for Community Development Low Income Housing capital projects fund and CDBG HOME other governmental fund provide down payment assistance to first time low or moderate income homebuyers and rental and home rehabilitation assistance to eligible low and moderate income persons. This financial assistance is provided in the form of deferred second mortgages, secured by promissory notes and deeds of trust on the property. These second mortgage loans become due upon the sale of the property or if the property no longer qualifies as the applicants principal residence. These loans are interest-free for up to thirty years. There is an equity participation interest on some of the loans. The balance of these loans at June 30, 2009 totaled \$1,180,375 in the Low Income Housing capital projects fund and \$56,180 in the HOME other governmental fund. Since the loans do not bear interest for

## Notes to Basic Financial Statements (Continued)

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at least thirty years, the present value of the loans is significantly less than the principal amounts. For this reason and because collection may be dependent on equity in the home when sold, the loans are not included as an asset. These loans are expensed when made and repayments are recorded as revenues in the year received.

### **19. Joint Venture**

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

Complete financial statements of the Authority can be obtained from: The City of Garden Grove Controller's office, 11222 Acacia Parkway, Garden Grove, California 92840.

### **20. Subsequent Event - SERAF**

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this revenue shift is approximately \$7.9 million in fiscal year 2009-2010 and \$1.6 million in fiscal year 2010-2011. Payments are to be made by May 10 of each respective fiscal year. In response to AB 26 4x, the Agency plans to reduce Agency expenditures.

The California Redevelopment Association (CRA) is the lead petitioner on a lawsuit to invalidate AB 26 4x, similar to last year's successful lawsuit challenging the constitutionality of AB 1389. CRA filed its lawsuit on October 20, 2009. The lawsuit asserts that the transfer of property tax increment to the SERAF is not permitted under Article XVI, Section 16 of the California Constitution. The complaint also asserts impairment of contract and gift of public funds arguments. While the State made adjustments in AB 26 4x to address the constitutional issues raised by the Superior Court over last year's lawsuit challenging AB 1389, the Agency, along with the CRA and other California redevelopment agencies, believe that the SERAF remains unconstitutional.



# **Required Supplemental Information**





**CITY OF GARDEN GROVE  
SCHEDULE OF FUNDING PROGRESS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
JUNE 30, 2009**

Actuarial Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status	Annual Covered Payroll	Actuarial Accrued Liability % of Payroll
<u>Miscellaneous Plan</u>						
6/30/2005	\$ 136,799,895	\$ 126,201,770	\$ 10,598,125	92.3%	\$ 20,468,785	51.8%
6/30/2006	148,531,509	135,417,625	13,113,884	91.2%	21,487,451	61.0%
6/30/2007	161,461,946	145,956,233	15,505,713	90.4%	24,164,759	64.2%
<u>Safety Plan</u>						
6/30/2005	247,094,142	207,003,020	40,091,122	83.8%	19,781,301	202.7%
6/30/2006	268,313,084	221,927,999	46,385,085	82.7%	21,696,132	213.8%
6/30/2007	285,060,077	239,310,860	46,339,217	83.8%	23,068,092	200.9%

**CITY OF GARDEN GROVE  
SCHEDULE OF FUNDING PROGRESS  
POSTEMPLOYMENT BENEFITS  
JUNE 30, 2009**

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	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2005	-	\$ 7,586,050	\$ 7,586,050	-	\$ 5,437,434	139.5%
3/1/2009	-	8,860,567	8,860,567	-	5,943,594	149.1%

**CITY OF GARDEN GROVE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<b>Original Budgeted Amount</b>	<b>Final Budgeted Amount</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
Fund balance, July 1	\$ 65,719,762	\$ 65,719,762	\$ 65,719,762	\$ -
Resources:				
Taxes	64,317,000	64,317,000	62,066,790	(2,250,210)
Licenses and permits	918,500	918,500	800,216	(118,284)
Fines, forfeits and penalties	2,030,100	2,030,100	1,829,685	(200,415)
Investment earnings	3,443,280	3,443,280	3,029,183	(414,097)
Charges for current services	7,506,223	7,506,223	7,410,047	(96,176)
From other agencies	563,000	560,000	425,445	(134,555)
Other revenues	3,472,500	3,472,500	2,577,348	(895,152)
Transfers from other funds	70,000	70,000	917,616	847,616
Amounts available for appropriation:	<u>148,040,365</u>	<u>148,037,365</u>	<u>144,776,092</u>	<u>(3,261,273)</u>
Charges to appropriations:				
Current:				
Fire	20,286,709	20,286,709	20,727,331	(440,622)
Police	44,740,893	44,745,893	43,142,446	1,603,447
Traffic safety	866,538	866,538	664,673	201,865
Public right of way	6,180,193	5,394,848	4,926,794	468,054
Community buildings	4,074,755	4,074,755	3,935,465	139,290
Community services	2,669,862	2,669,862	2,491,888	177,974
Parks and greenbelts	1,145,652	1,145,652	800,456	345,196
Community planning and development	5,277,259	5,277,259	3,607,260	1,669,999
Municipal support	8,462,926	8,462,926	6,674,086	1,788,840
Capital outlay:				
Police	8,033	8,033	8,033	-
Public right of way	4,288	4,288	4,288	-
Community buildings	6,242	6,242	6,242	-
Debt service:				
Principal retirement	505,836	505,836	505,836	-
Interest and other charges	144,638	144,638	144,638	-
Total charges to appropriation before other appropriations:	<u>94,373,824</u>	<u>93,593,479</u>	<u>87,639,436</u>	<u>5,954,043</u>
Other appropriations:				
Transfers to other funds	-	-	(2,481,685)	(2,481,685)
Total charges to appropriation:	<u>94,373,824</u>	<u>93,593,479</u>	<u>90,121,121</u>	<u>3,472,358</u>
Fund balance, June 30	<u>\$ 53,666,541</u>	<u>\$ 54,443,886</u>	<u>\$ 54,654,971</u>	<u>\$ 211,085</u>

*See accompanying note to required supplementary information.*

**CITY OF GARDEN GROVE  
BUDGETARY COMPARISON SCHEDULE  
HOUSING AUTHORITY SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
Fund balance, July 1	\$ 3,844,253	\$ 3,844,253	\$ -
Resources:			
Investment earnings	-	123,654	123,654
From other agencies	25,882,046	23,792,698	(2,089,348)
Other revenues	-	11,191	11,191
Amounts available for appropriation	<u>29,726,299</u>	<u>27,771,796</u>	<u>(1,954,503)</u>
Charges to appropriations:			
Current:			
Community planning and development	25,840,144	25,258,427	581,717
Municipal support	<u>41,902</u>	<u>32,874</u>	<u>9,028</u>
Total charges to appropriation:	<u>25,882,046</u>	<u>25,291,301</u>	<u>590,745</u>
Fund balance, June 30	<u><u>\$ 3,844,253</u></u>	<u><u>\$ 2,480,495</u></u>	<u><u>\$ (1,363,758)</u></u>

*See accompanying note to required supplementary information.*

**CITY OF GARDEN GROVE**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2009**

The City budget report is prepared under the direction of the City Manager in accordance with generally accepted accounting principles (GAAP) and the requirements of Municipal Code Section 2.08.150. Annual budgets are legally adopted for the general fund, debt service funds, special revenue funds, and capital projects funds. These funds are budgeted based on the modified accrual basis of accounting and include proposed expenditures and 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 based by program. However, the City does not budget for the RDA Loan 2008 debt service fund, 2002 Capital Improvement Project debt service fund, and 2003 Tax Allocation capital projects fund.

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

During the year, the budget is used as a management information, planning and control device. To facilitate this process, encumbrances are recorded for commitments of the City to acquire materials, supplies and services under purchase order or contract. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. All unexpended appropriations at year-end lapse, unless they are specifically designated by City Council Resolution.

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# **Other Supplemental Information**





**CITY OF GARDEN GROVE  
COMMUNITY PROJECT DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Taxes	\$ 18,525,000	\$ 21,982,327	\$ 3,457,327
<b>EXPENDITURES</b>			
Current:			
Municipal support		173,409	(173,409)
Debt service:			
Principal retirement	1,710,000	1,710,000	-
Interest and other charges	2,647,540	2,450,660	196,880
Total expenditures	<u>4,357,540</u>	<u>4,334,069</u>	<u>23,471</u>
Excess of revenues over expenditures	<u>14,167,460</u>	<u>17,648,258</u>	<u>3,480,798</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	1,000,000	1,000,000
Transfers out	-	<u>(13,378,214)</u>	<u>(13,378,214)</u>
Total other financing sources (uses)	<u>-</u>	<u>(12,378,214)</u>	<u>(12,378,214)</u>
Net change in fund balance	14,167,460	5,270,044	(8,897,416)
Fund Balance (deficit), July 1	<u>(846,821)</u>	<u>(846,821)</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 13,320,639</u>	<u>\$ 4,423,223</u>	<u>\$ (8,897,416)</u>

**CITY OF GARDEN GROVE  
COMMUNITY PROJECT CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment earnings	\$ 990,000	\$ 990,000	\$ 2,084,266	\$ 1,094,266
Other revenues	<u>10,000</u>	<u>10,000</u>	<u>92,137</u>	<u>82,137</u>
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,176,403</u>	<u>1,176,403</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Public right of way	43,608	43,608	40,581	3,027
Community buildings	50,584	50,584	22,188	28,396
Community services	-	-	436	(436)
Community planning and development	6,654,165	6,670,510	12,857,201	(6,186,691)
Debt service:				
Principal retirement	1,303,465	1,303,465	1,303,465	-
Interest and other charges	<u>3,758,656</u>	<u>3,758,656</u>	<u>3,758,656</u>	<u>-</u>
Total expenditures	<u>11,810,478</u>	<u>11,826,823</u>	<u>17,982,527</u>	<u>(6,155,704)</u>
(Deficiency) of revenues (under) expenditures	<u>(10,810,478)</u>	<u>(10,826,823)</u>	<u>(15,806,124)</u>	<u>(4,979,301)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	29,182,361	29,182,361
Transfers out	<u>-</u>	<u>-</u>	<u>(281,282)</u>	<u>(281,282)</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>28,901,079</u>	<u>28,901,079</u>
Net change in fund balance	(10,810,478)	(10,826,823)	13,094,955	23,921,778
Fund balance, July 1	<u>6,182,307</u>	<u>6,182,307</u>	<u>6,182,307</u>	<u>-</u>
Fund balance (deficit), June 30	<u><u>\$ (4,628,171)</u></u>	<u><u>\$ (4,644,516)</u></u>	<u><u>\$ 19,277,262</u></u>	<u><u>\$ 23,921,778</u></u>

**CITY OF GARDEN GROVE  
 LOW INCOME HOUSING CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Taxes	\$ 4,768,750	\$ 5,605,854	\$ 837,104
Investment earnings	43,000	400,273	357,273
Other revenues	<u>207,000</u>	<u>26,572</u>	<u>(180,428)</u>
Total revenues	<u>5,018,750</u>	<u>6,032,699</u>	<u>1,013,949</u>
<b>EXPENDITURES</b>			
Capital outlay:			
Community planning and development	4,706,064	974,277	3,731,787
Municipal support	<u>329,505</u>	<u>399,892</u>	<u>(70,387)</u>
Total expenditures	<u>5,035,569</u>	<u>1,374,169</u>	<u>3,661,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,819)</u>	<u>4,658,530</u>	<u>4,675,349</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>-</u>	<u>79,433</u>	<u>79,433</u>
Net change in fund balance	(16,819)	4,737,963	4,754,782
Fund balance, July 1	<u>19,089,209</u>	<u>19,089,209</u>	<u>-</u>
Fund balance, June 30	<u>\$ 19,072,390</u>	<u>\$ 23,827,172</u>	<u>\$ 4,754,782</u>

## **SPECIAL REVENUE FUNDS**

### ***Public Safety Fund***

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

### ***State Gas Tax Fund***

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

### ***Golf Course Fund***

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

### ***Self Supporting Revenue Fund***

Recreation Programs that are self-supporting are accounted for in this fund.

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

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

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

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

The purpose of this fund is to provide an accounting of all City park maintenance revenue and expenditures. Revenue is received from property taxes collected by the County of Orange.

### ***Parking District Fund***

This fund is used to account for the maintenance of improvements on Main Street in downtown Garden Grove, and for the operation, maintenance, and acquisition of public parking facilities within the district.

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

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

### ***Federal Employment Grants Fund***

This fund is used to account for federal grant money received for the Federal Workforce investment Act (WIA), Temporary Aide for Needy Families (TANF), and Welfare to Work federal employment training programs.

## **SPECIAL REVENUE FUNDS (continued)**

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

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.

### ***HOME Grant Fund***

This 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.

### ***Street Rehabilitation Fund***

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

## **DEBT SERVICE FUNDS**

### ***2002 Capital Improvement Project Fund***

This fund accounts for the money held by fiscal agent in connection with the 2002-Series A Certificates of Participation issue.

### ***Buena-Clinton Project Fund***

This fund is used to account for resources provided to pay principal and interest on Agency for Community Development debt in a specific geographic location of the City known as Buena-Clinton.

## **CAPITAL PROJECTS FUND**

### ***Buena-Clinton Project Fund***

Capital projects within the Agency for Community Development Buena-Clinton Project Area are accounted for in this fund.

**CITY OF GARDEN GROVE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	<b>Special Revenue Funds</b>			
	<b>Public Safety</b>	<b>State Gas Tax</b>	<b>Golf Course</b>	<b>Self Supporting Revenue</b>
<b>ASSETS</b>				
Cash and investments	\$ 2,387,993	\$ 4,487,643	\$ 1,289,940	\$ 148,345
Cash and cash investments with fiscal agents	-	-	-	-
Taxes receivable	63,012	-	-	-
Accounts receivable	-	-	-	25
Interest receivable	12,610	23,401	-	-
Intergovernmental receivable	-	-	-	-
Notes receivable	-	-	-	-
Allowance for notes receivable	-	-	-	-
Deposits	2,600	-	-	-
<b>Total assets</b>	<b>\$ 2,466,215</b>	<b>\$ 4,511,044</b>	<b>\$ 1,289,940</b>	<b>\$ 148,370</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 371,431	\$ 500	\$ -	\$ 4,018
Other accrued liabilities	17,106	98,816	-	57,872
Refundable deposits	-	-	-	55,644
Due to other funds	-	316,588	-	-
Deferred revenue	-	-	23,074	-
<b>Total liabilities</b>	<b>388,537</b>	<b>415,904</b>	<b>23,074</b>	<b>117,534</b>
Fund balances (deficits):				
Reserved for:				
Encumbrances	-	-	-	-
Continuing projects	1,656,169	4,273,556	-	-
Deposits	2,600	-	-	-
Unreserved	418,909	(178,416)	1,266,866	30,836
<b>Total fund balances (deficits)</b>	<b>2,077,678</b>	<b>4,095,140</b>	<b>1,266,866</b>	<b>30,836</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,466,215</b>	<b>\$ 4,511,044</b>	<b>\$ 1,289,940</b>	<b>\$ 148,370</b>

**Special Revenue Funds**

<u>Developer Fees</u>	<u>Garden Grove Cable</u>	<u>Street Lighting</u>	<u>Park Maintenance</u>	<u>Parking District</u>	<u>Air Quality Improvement</u>
\$ 6,909,082	\$ -	\$ 152,826	\$ -	\$ 197,992	\$ 242,521
-	-	-	-	-	-
-	-	23,472	11,406	28	-
-	30,853	6,681	-	456	19,371
37,395	-	-	-	1,106	1,100
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	57
<u>\$ 6,946,477</u>	<u>\$ 30,853</u>	<u>\$ 182,979</u>	<u>\$ 11,406</u>	<u>\$ 199,582</u>	<u>\$ 263,049</u>
\$ 54,690	\$ -	\$ 8,690	\$ 2,697	\$ 255	\$ 105
12,104	3,883	9,416	390	-	67
425	-	-	-	-	-
-	121,330	-	19,790	-	88,080
-	-	-	-	-	-
<u>67,219</u>	<u>125,213</u>	<u>18,106</u>	<u>22,877</u>	<u>255</u>	<u>88,252</u>
7,475	-	-	-	-	-
1,868,421	-	-	-	-	25,431
-	-	-	-	-	57
5,003,362	(94,360)	164,873	(11,471)	199,327	149,309
<u>6,879,258</u>	<u>(94,360)</u>	<u>164,873</u>	<u>(11,471)</u>	<u>199,327</u>	<u>174,797</u>
<u>\$ 6,946,477</u>	<u>\$ 30,853</u>	<u>\$ 182,979</u>	<u>\$ 11,406</u>	<u>\$ 199,582</u>	<u>\$ 263,049</u>

*Continued*

**CITY OF GARDEN GROVE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (Continued)  
JUNE 30, 2009**

	Special Revenue Funds		
	Federal Employment Grants	Other Grants and Contributions	HOME Grant
<b>ASSETS</b>			
Cash and investments	\$ 1,176	\$ 2,097,900	\$ 535,698
Cash and cash investments with fiscal agents	-	-	-
Taxes receivable	-	352,084	-
Accounts receivable	-	1,390,342	199,559
Interest receivable	-	68	3,340
Intergovernmental receivable	-	357,637	-
Notes receivable	-	715,524	7,713,354
Allowance for notes receivable	-	-	(877,945)
Deposits	-	-	-
<b>Total assets</b>	<b>\$ 1,176</b>	<b>\$ 4,913,555</b>	<b>\$ 7,574,006</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 233,264	\$ 9,110
Other accrued liabilities	-	114,212	-
Refundable deposits	-	1,379	10,176
Due to other funds	-	2,556,315	-
Deferred revenue	-	828,567	6,835,409
<b>Total liabilities</b>	<b>-</b>	<b>3,733,737</b>	<b>6,854,695</b>
Fund balances (deficits):			
Reserved for:			
Encumbrances	-	-	-
Continuing projects	-	7,351,701	7,000
Deposits	-	-	-
Unreserved	1,176	(6,171,883)	712,311
<b>Total fund balances (deficits)</b>	<b>1,176</b>	<b>1,179,818</b>	<b>719,311</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,176</b>	<b>\$ 4,913,555</b>	<b>\$ 7,574,006</b>



Special Revenue Fund	Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
Street Rehabilitation	2002 Capital Improvement Project	Buena-Clinton Project	Buena-Clinton Project	
\$ 14,550,215	\$ -	\$ 10,044	\$ 1,124,384	\$ 34,135,759
-	12,541	-	-	12,541
-	-	22,497	-	472,499
-	-	-	-	1,647,287
86,089	-	-	6,183	171,292
1,376,422	-	-	-	1,734,059
-	-	-	-	8,428,878
-	-	-	-	(877,945)
-	-	-	-	2,657
<u>\$ 16,012,726</u>	<u>\$ 12,541</u>	<u>\$ 32,541</u>	<u>\$ 1,130,567</u>	<u>\$ 45,727,027</u>
\$ 295,652	\$ -	\$ -	\$ 4,813	\$ 985,225
697,549	-	-	-	1,011,415
2,250	-	-	-	69,874
2,800,402	-	4,813	-	5,907,318
4,744,875	-	-	-	12,431,925
<u>8,540,728</u>	<u>-</u>	<u>4,813</u>	<u>4,813</u>	<u>20,405,757</u>
-	-	-	-	7,475
50,955,193	-	-	177,800	66,315,271
-	-	-	-	2,657
(43,483,195)	12,541	27,728	947,954	(41,004,133)
<u>7,471,998</u>	<u>12,541</u>	<u>27,728</u>	<u>1,125,754</u>	<u>25,321,270</u>
<u>\$ 16,012,726</u>	<u>\$ 12,541</u>	<u>\$ 32,541</u>	<u>\$ 1,130,567</u>	<u>\$ 45,727,027</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, 2009**

	<b>Special Revenue Funds</b>			
	<b>Public Safety</b>	<b>State Gas Tax</b>	<b>Golf Course</b>	<b>Self Supporting Revenue</b>
<b>REVENUES:</b>				
Taxes	\$ 567,519	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	166,494	-	-	-
Investment earnings	98,060	196,036	-	7,000
Charges for current services	65,750	-	568,694	607,560
From other agencies	165,802	2,793,565	-	-
Other revenues	-	-	-	-
Total revenues	<u>1,063,625</u>	<u>2,989,601</u>	<u>568,694</u>	<u>614,560</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	39,309	-	-	-
Police	898,718	-	-	-
Traffic safety	-	198,955	-	-
Public right of way	-	2,171,509	-	-
Drainage	-	146,592	-	-
Community services	-	-	-	862,567
Parks and greenbelts	-	-	43,947	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	36,685	-	-	-
Police	31,476	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	7,239	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>1,006,188</u>	<u>2,524,295</u>	<u>43,947</u>	<u>862,567</u>
Excess (deficiency) of revenues over (under) expenditures	<u>57,437</u>	<u>465,306</u>	<u>524,747</u>	<u>(248,007)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	274,233
Transfers out	-	-	(500,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>274,233</u>
Net change in fund balances	57,437	465,306	24,747	26,226
Fund balances (deficits), July 1	<u>2,020,241</u>	<u>3,629,834</u>	<u>1,242,119</u>	<u>4,610</u>
Fund balances (deficits), June 30	<u>\$ 2,077,678</u>	<u>\$ 4,095,140</u>	<u>\$ 1,266,866</u>	<u>\$ 30,836</u>

**Special Revenue Funds**

<b>Developer Fees</b>	<b>Garden Grove Cable</b>	<b>Street Lighting</b>	<b>Park Maintenance</b>	<b>Parking District</b>	<b>Air Quality Improvement</b>
\$ -	\$ 28,075	\$ -	\$ -	\$ 16	\$ -
18,006	-	-	-	-	-
-	-	-	-	-	-
337,042	-	-	-	8,977	9,130
343,578	-	1,340,513	701,296	27,960	-
-	-	-	-	-	202,222
-	105,433	-	-	1,264	7,494
<u>698,626</u>	<u>133,508</u>	<u>1,340,513</u>	<u>701,296</u>	<u>38,217</u>	<u>218,846</u>
-	-	-	-	-	-
-	-	-	-	-	-
4,202	-	1,480,537	-	-	-
25,226	-	25,506	-	24,348	-
983	-	-	-	-	-
12,850	142,244	-	-	-	-
66,247	-	-	854,026	-	-
11,692	-	-	-	-	-
-	-	27,347	-	-	171,714
-	-	-	-	-	-
-	-	-	-	-	-
463,673	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
33,261	-	-	-	-	-
-	-	-	-	-	-
<u>618,134</u>	<u>142,244</u>	<u>1,533,390</u>	<u>854,026</u>	<u>24,348</u>	<u>171,714</u>
<u>80,492</u>	<u>(8,736)</u>	<u>(192,877)</u>	<u>(152,730)</u>	<u>13,869</u>	<u>47,132</u>
-	-	-	141,259	-	-
-	-	-	-	-	-
-	-	-	<u>141,259</u>	-	-
80,492	(8,736)	(192,877)	(11,471)	13,869	47,132
<u>6,798,766</u>	<u>(85,624)</u>	<u>357,750</u>	<u>-</u>	<u>185,458</u>	<u>127,665</u>
<u>\$ 6,879,258</u>	<u>\$ (94,360)</u>	<u>\$ 164,873</u>	<u>\$ (11,471)</u>	<u>\$ 199,327</u>	<u>\$ 174,797</u>

**CITY OF GARDEN GROVE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<b>Special Revenue Funds</b>		
	<b>Federal Employment Grants</b>	<b>Other Grants and Contributions</b>	<b>HOME Grant</b>
<b>REVENUES:</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Fines, forfeits and penalties	-	765,173	-
Investment earnings	-	901	31,895
Charges for current services	-	-	-
From other agencies	2,572	5,347,451	185,531
Other revenues	-	100,000	125,943
Total revenues	<u>2,572</u>	<u>6,213,525</u>	<u>343,369</u>
<b>EXPENDITURES:</b>			
Current:			
Fire	-	2,201	-
Police	-	603,012	-
Traffic safety	-	547,548	-
Public right of way	-	956,990	-
Drainage	-	-	-
Community services	-	923,176	-
Parks and greenbelts	-	39,103	-
Community planning and development	-	1,991,251	246,377
Municipal support	-	-	-
Capital outlay:			
Fire	-	-	-
Police	-	-	-
Traffic safety	-	-	-
Public right of way	-	-	-
Drainage	-	-	-
Parks and greenbelts	-	-	-
Debt service:			
Interest and other charges	-	167,088	-
Total expenditures	<u>-</u>	<u>5,230,369</u>	<u>246,377</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,572</u>	<u>983,156</u>	<u>96,992</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	-	(100,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balances	2,572	883,156	96,992
Fund balances (deficits), July 1	<u>(1,396)</u>	<u>296,662</u>	<u>622,319</u>
Fund balances (deficits), June 30	<u>\$ 1,176</u>	<u>\$ 1,179,818</u>	<u>\$ 719,311</u>

Special Revenue Fund	Debt-Service Funds		Capital Projects Funds	Total Nonmajor Governmental Funds
Street Rehabilitation	2002 Capital Improvement Project	Buena-Clinton Project	Buena-Clinton Project	
\$ -	\$ -	\$ 441,090	\$ -	\$ 1,036,700
-	-	-	-	18,006
-	-	-	-	931,667
604,955	649	-	43,771	1,338,416
-	-	-	-	3,655,351
6,792,052	-	-	-	15,489,195
-	-	-	6,096	346,230
<u>7,397,007</u>	<u>649</u>	<u>441,090</u>	<u>49,867</u>	<u>22,815,565</u>
-	-	-	-	41,510
-	-	-	142,837	1,644,567
-	-	-	-	2,231,242
-	-	-	-	3,203,579
-	-	-	-	147,575
-	-	-	143	1,940,980
-	-	-	-	1,003,323
-	-	-	29,595	2,278,915
-	-	-	-	199,061
-	-	-	-	36,685
-	-	-	-	31,476
1,519,587	-	-	-	1,983,260
6,758,033	-	-	-	6,758,033
-	-	-	-	7,239
-	-	-	-	33,261
-	-	-	-	167,088
<u>8,277,620</u>	<u>-</u>	<u>-</u>	<u>172,575</u>	<u>21,707,794</u>
<u>(880,613)</u>	<u>649</u>	<u>441,090</u>	<u>(122,708)</u>	<u>1,107,771</u>
-	-	301,952	710,942	1,428,386
-	(529)	(710,942)	(301,952)	(1,613,423)
-	(529)	(408,990)	408,990	(185,037)
(880,613)	120	32,100	286,282	922,734
<u>8,352,611</u>	<u>12,421</u>	<u>(4,372)</u>	<u>839,472</u>	<u>24,398,536</u>
<u>\$ 7,471,998</u>	<u>\$ 12,541</u>	<u>\$ 27,728</u>	<u>\$ 1,125,754</u>	<u>\$ 25,321,270</u>

**CITY OF GARDEN GROVE  
PUBLIC SAFETY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Taxes	\$ 500,000	\$ 567,519	\$ 67,519
Fines, forfeits and penalties	20,000	166,494	146,494
Investment earnings	25,000	98,060	73,060
Charges for current services	50,000	65,750	15,750
From other agencies	304,000	165,802	(138,198)
Total revenues	<u>899,000</u>	<u>1,063,625</u>	<u>164,625</u>
<b>EXPENDITURES:</b>			
Current:			
Fire	73,315	39,309	34,006
Police	1,437,810	898,718	539,092
Public right of way	7,000	-	7,000
Capital outlay:			
Fire	36,685	36,685	-
Police	31,476	31,476	-
Total expenditures	<u>1,586,286</u>	<u>1,006,188</u>	<u>580,098</u>
Excess (deficiency) of revenues over (under) expenditures	(687,286)	57,437	744,723
Fund balance, July 1	<u>2,020,241</u>	<u>2,020,241</u>	<u>-</u>
Fund balance, June 30	<u>\$ 1,332,955</u>	<u>\$ 2,077,678</u>	<u>\$ 744,723</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, 2009**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Investment earnings	\$ 182,000	\$ 196,036	\$ 14,036
From other agencies	<u>3,118,000</u>	<u>2,793,565</u>	<u>(324,435)</u>
Total revenues	<u>3,300,000</u>	<u>2,989,601</u>	<u>(310,399)</u>
<b>EXPENDITURES:</b>			
Current:			
Traffic safety	333,482	198,955	134,527
Public right of way	2,566,518	2,171,509	395,009
Drainage	242,761	146,592	96,169
Capital outlay:			
Drainage	<u>7,239</u>	<u>7,239</u>	<u>-</u>
Total expenditures	<u>3,150,000</u>	<u>2,524,295</u>	<u>625,705</u>
Excess of revenues over expenditures	150,000	465,306	315,306
Fund balance, July 1	<u>3,629,834</u>	<u>3,629,834</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3,779,834</u>	<u>\$ 4,095,140</u>	<u>\$ 315,306</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, 2009**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Charges for current services	\$ 600,000	\$ 568,694	\$ (31,306)
<b>EXPENDITURES:</b>			
Current:			
Parks and greenbelts	<u>68,706</u>	<u>43,947</u>	<u>24,759</u>
Excess of revenues over expenditures	531,294	524,747	(6,547)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>
Net change in fund balance	531,294	24,747	(506,547)
Fund balance, July 1	<u>1,242,119</u>	<u>1,242,119</u>	<u>-</u>
Fund balance, June 30	<u>\$ 1,773,413</u>	<u>\$ 1,266,866</u>	<u>\$ (506,547)</u>



**CITY OF GARDEN GROVE  
 SELF SUPPORTING REVENUE SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budgeted Amount</u>	<u>Final Budgeted Amount</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Investment earnings	\$ -	\$ -	\$ 7,000	\$ 7,000
Charges for current services	604,000	608,000	607,560	(440)
Total revenues	<u>604,000</u>	<u>608,000</u>	<u>614,560</u>	<u>6,560</u>
<b>EXPENDITURES:</b>				
Current:				
Community services	<u>876,870</u>	<u>876,870</u>	<u>862,567</u>	<u>14,303</u>
(Deficiency) of revenues under expenditures	(272,870)	(268,870)	(248,007)	20,863
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>274,233</u>	<u>274,233</u>
Net change in fund balance	(272,870)	(268,870)	26,226	295,096
Fund balance, July 1	<u>-</u>	<u>4,610</u>	<u>4,610</u>	<u>-</u>
Fund balance (deficit), June 30	<u>\$ (272,870)</u>	<u>\$ (264,260)</u>	<u>\$ 30,836</u>	<u>\$ 295,096</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, 2009**

	<u>Original Budgeted Amount</u>	<u>Final Budgeted Amount</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Licenses and permits	\$ 40,000	\$ 40,000	\$ 18,006	\$ (21,994)
Investment earnings	98,000	98,000	337,042	239,042
Charges for current services	<u>387,000</u>	<u>387,000</u>	<u>343,578</u>	<u>(43,422)</u>
Total revenues	<u>525,000</u>	<u>525,000</u>	<u>698,626</u>	<u>173,626</u>
<b>EXPENDITURES:</b>				
Current:				
Traffic safety	-	-	4,202	(4,202)
Public right of way	-	-	25,226	(25,226)
Drainage	650,000	700,000	983	699,017
Community services	86,100	86,100	12,850	73,250
Parks and greenbelts	72,740	92,403	66,247	26,156
Community planning and development	116,098	116,098	11,692	104,406
Capital outlay:				
Traffic safety	144,576	144,576	463,673	(319,097)
Parks and greenbelts	<u>33,261</u>	<u>33,261</u>	<u>33,261</u>	<u>-</u>
Total expenditures	<u>1,102,775</u>	<u>1,172,438</u>	<u>618,134</u>	<u>554,304</u>
Net change in fund balance	<u>(577,775)</u>	<u>(647,438)</u>	<u>80,492</u>	<u>727,930</u>
Fund balance, July 1	<u>6,798,766</u>	<u>6,798,766</u>	<u>6,798,766</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 6,220,991</u></u>	<u><u>\$ 6,151,328</u></u>	<u><u>\$ 6,879,258</u></u>	<u><u>\$ 727,930</u></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, 2009**

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	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>			
Taxes	\$ -	\$ 28,075	\$ 28,075
Investment earnings	6,500	-	(6,500)
Other revenues	<u>105,000</u>	<u>105,433</u>	<u>433</u>
Total revenues	<u>111,500</u>	<u>133,508</u>	<u>22,008</u>
<b>EXPENDITURES:</b>			
Current:			
Community services	<u>111,500</u>	<u>142,244</u>	<u>(30,744)</u>
Net change in fund balance	-	(8,736)	(8,736)
Fund balance (deficit), July 1	<u>(85,624)</u>	<u>(85,624)</u>	<u>-</u>
Fund balance (deficit), June 30	<u>\$ (85,624)</u>	<u>\$ (94,360)</u>	<u>\$ (8,736)</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, 2009**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Charges for current services	\$ 1,309,517	\$ 1,340,513	\$ 30,996
<b>EXPENDITURES:</b>			
Current:			
Traffic safety	1,562,849	1,480,537	82,312
Public right of way	22,181	25,506	(3,325)
Municipal support	27,595	27,347	248
Total expenditures	<u>1,612,625</u>	<u>1,533,390</u>	<u>79,235</u>
Net change in fund balance	(303,108)	(192,877)	110,231
Fund balance, July 1	<u>357,750</u>	<u>357,750</u>	-
Fund balance, June 30	<u>\$ 54,642</u>	<u>\$ 164,873</u>	<u>\$ 110,231</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, 2009**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Charges for current services	\$ 700,000	\$ 701,296	\$ 1,296
<b>EXPENDITURES:</b>			
Current:			
Parks and greenbelts	<u>70,000</u>	<u>854,026</u>	<u>(784,026)</u>
(Deficiency) of revenues under expenditures	630,000	(152,730)	(782,730)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>-</u>	<u>141,259</u>	<u>141,259</u>
Net change in fund balance	630,000	(11,471)	(641,471)
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), June 30	<u><u>\$ 630,000</u></u>	<u><u>\$ (11,471)</u></u>	<u><u>\$ (641,471)</u></u>

**CITY OF GARDEN GROVE  
PARKING DISTRICT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Taxes	\$ -	\$ 16	\$ 16
Investment earnings	6,750	8,977	2,227
Charges for current services	28,115	27,960	(155)
Other revenues	-	1,264	1,264
Total revenues	<u>34,865</u>	<u>38,217</u>	<u>3,352</u>
<b>EXPENDITURES:</b>			
Current:			
Public right of way	<u>30,686</u>	<u>24,348</u>	<u>6,338</u>
Net change in fund balance	4,179	13,869	9,690
Fund balance, July 1	<u>185,458</u>	<u>185,458</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 189,637</u></u>	<u><u>\$ 199,327</u></u>	<u><u>\$ 9,690</u></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, 2009**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Investment earnings	\$ 5,000	\$ 9,130	\$ 4,130
From other agencies	205,000	202,222	(2,778)
Other revenues	<u>-</u>	<u>7,494</u>	<u>7,494</u>
Total revenues	<u>210,000</u>	<u>218,846</u>	<u>8,846</u>
<b>EXPENDITURES:</b>			
Current:			
Municipal support	<u>211,344</u>	<u>171,714</u>	<u>39,630</u>
Total expenditures	<u>211,344</u>	<u>171,714</u>	<u>39,630</u>
Net change in fund balance	(1,344)	47,132	48,476
Fund balance, July 1	<u>127,665</u>	<u>127,665</u>	<u>-</u>
Fund balance, June 30	<u>\$ 126,321</u>	<u>\$ 174,797</u>	<u>\$ 48,476</u>

**CITY OF GARDEN GROVE**  
**FEDERAL EMPLOYMENT GRANTS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
From other agencies	\$ -	\$ 2,572	\$ 2,572
Fund balance (deficit), July 1	<u>(1,396)</u>	<u>(1,396)</u>	<u>-</u>
Fund balance (deficit), June 30	<u><u>\$ (1,396)</u></u>	<u><u>\$ 1,176</u></u>	<u><u>\$ 2,572</u></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, 2009**

	<u>Original Budgeted Amount</u>	<u>Final Budgeted Amount</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Fines, forfeits and penalties	\$ 1,077,000	\$ 1,077,000	\$ 765,173	\$ (311,827)
Investment earnings	-	-	901	901
From other agencies	12,890,146	15,674,935	5,347,451	(10,327,484)
Other revenues	-	-	100,000	100,000
Total revenues	<u>13,967,146</u>	<u>16,751,935</u>	<u>6,213,525</u>	<u>(10,538,410)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	-	-	2,201	(2,201)
Police	626,150	626,150	603,012	23,138
Traffic safety	747,713	747,713	547,548	200,165
Public right of way	973,509	1,598,640	956,990	641,650
Drainage	-	455,153	-	455,153
Community services	960,445	1,070,445	923,176	147,269
Parks and greenbelts	-	-	39,103	(39,103)
Community planning and development	4,913,082	7,629,650	1,991,251	5,638,399
Debt service:				
Interest and other charges	167,088	167,088	167,088	-
Total expenditures	<u>8,387,987</u>	<u>12,294,839</u>	<u>5,230,369</u>	<u>7,064,470</u>
Excess of revenues over expenditures	<u>5,579,159</u>	<u>4,457,096</u>	<u>983,156</u>	<u>(3,473,940)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(100,000)	(100,000)
Net change in fund balance	5,579,159	4,457,096	883,156	(3,573,940)
Fund balance, July 1	<u>296,662</u>	<u>296,662</u>	<u>296,662</u>	<u>-</u>
Fund balance, June 30	<u>\$ 5,875,821</u>	<u>\$ 4,753,758</u>	<u>\$ 1,179,818</u>	<u>\$ (3,573,940)</u>

**CITY OF GARDEN GROVE  
HOME GRANT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Investment earnings	\$ -	\$ 31,895	\$ 31,895
From other agencies	2,837,791	185,531	(2,652,260)
Other revenues	-	125,943	125,943
Total revenues	<u>2,837,791</u>	<u>343,369</u>	<u>(2,494,422)</u>
<b>EXPENDITURES:</b>			
Current:			
Community planning and development	<u>2,837,791</u>	<u>246,377</u>	<u>2,591,414</u>
Net change in fund balance	-	96,992	96,992
Fund balance, July 1	<u>622,319</u>	<u>622,319</u>	-
Fund balance, June 30	<u>\$ 622,319</u>	<u>\$ 719,311</u>	<u>\$ 96,992</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, 2009**

	<u>Original Budgeted Amount</u>	<u>Final Budgeted Amount</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Investment earnings	\$ 240,000	\$ 240,000	\$ 604,955	\$ 364,955
From other agencies	49,231,550	49,311,550	6,792,052	(42,519,498)
Other revenues	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total revenues	<u>49,481,550</u>	<u>49,561,550</u>	<u>7,397,007</u>	<u>(42,164,543)</u>
<b>EXPENDITURES:</b>				
Capital outlay:				
Traffic safety	808,414	808,414	1,519,587	(711,173)
Public right of way	<u>15,873,149</u>	<u>15,953,149</u>	<u>6,758,033</u>	<u>9,195,116</u>
Total expenditures	<u>16,681,563</u>	<u>16,761,563</u>	<u>8,277,620</u>	<u>8,483,943</u>
Net change in fund balance	32,799,987	32,799,987	(880,613)	(33,680,600)
Fund balance, July 1	<u>8,352,611</u>	<u>8,352,611</u>	<u>8,352,611</u>	<u>-</u>
Fund balance, June 30	<u>\$ 41,152,598</u>	<u>\$ 41,152,598</u>	<u>\$ 7,471,998</u>	<u>\$ (33,680,600)</u>

**CITY OF GARDEN GROVE  
 BUENA-CLINTON PROJECT DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Taxes	\$ 550,000	\$ 441,090	\$ (108,910)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	301,952	301,952
Transfers out	-	(710,942)	(710,942)
Total other financing sources (uses)	-	(408,990)	(408,990)
Net change in fund balance	550,000	32,100	(517,900)
Fund balance (deficit), July 1	(4,372)	(4,372)	-
Fund balance, June 30	<u>\$ 545,628</u>	<u>\$ 27,728</u>	<u>\$ (517,900)</u>

**CITY OF GARDEN GROVE  
 BUENA-CLINTON PROJECT CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>			
Investment earnings	\$ 25,000	\$ 43,771	\$ 18,771
Other revenues	-	6,096	6,096
Total revenues	<u>25,000</u>	<u>49,867</u>	<u>24,867</u>
<b>EXPENDITURES:</b>			
Current:			
Police	142,800	142,837	(37)
Community services	-	143	(143)
Community planning and development	29,000	29,595	(595)
Total expenditures	<u>171,800</u>	<u>172,575</u>	<u>(775)</u>
(Deficiency) of revenues under expenditures	<u>(146,800)</u>	<u>(122,708)</u>	<u>24,092</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	710,942	710,942
Transfers out	-	(301,952)	(301,952)
Total other financing sources	<u>-</u>	<u>408,990</u>	<u>408,990</u>
Net change in fund balance	(146,800)	286,282	433,082
Fund balance, July 1	<u>839,472</u>	<u>839,472</u>	<u>-</u>
Fund balance, June 30	<u>\$ 692,672</u>	<u>\$ 1,125,754</u>	<u>\$ 433,082</u>

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## 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 vehicle/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 costs of operating and maintaining the City's computer system. The fund is financed by charges to the various City departments based on computer usage.

### ***Warehouse Operations Fund***

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

### ***Telephone System Fund***

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

### ***Risk Management Fund***

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

**CITY OF GARDEN GROVE  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2009**

	<u>Workers' Compensation</u>	<u>Fleet Management</u>	<u>Employee Benefits</u>
<b>ASSETS</b>			
Current Assets:			
Cash and cash investments	\$ 26,544,967	\$ 10,630,977	\$ 19,691,019
Accounts receivable	-	45,347	1,218,590
Interest receivable	307,130	-	-
Due from other funds	5,902,505	-	-
Inventory	-	55,228	-
Total current assets	<u>32,754,602</u>	<u>10,731,552</u>	<u>20,909,609</u>
Noncurrent Assets:			
Deposits	-	-	51,183
Capital assets			
Depreciable buildings, property, and equipment, net	1,036	8,432,052	-
Total noncurrent assets	<u>1,036</u>	<u>8,432,052</u>	<u>51,183</u>
Total assets	<u>32,755,638</u>	<u>19,163,604</u>	<u>20,960,792</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	305,847	143,043	258,573
Other current liabilities	50,154	43,658	36,132
Refundable deposits	-	1,520	-
Current portion of long term obligations	10,264,311	-	775,115
Total current liabilities	<u>10,620,312</u>	<u>188,221</u>	<u>1,069,820</u>
Noncurrent liabilities:			
Lease purchase	-	1,402,991	-
Accrued compensated absences	-	-	6,976,039
Claims payable	18,438,002	-	-
Total noncurrent liabilities	18,438,002	1,402,991	6,976,039
Total liabilities	<u>29,058,314</u>	<u>1,591,212</u>	<u>8,045,859</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,036	7,029,061	-
Unrestricted	3,696,288	10,543,331	12,914,933
Total net assets	<u>\$ 3,697,324</u>	<u>\$ 17,572,392</u>	<u>\$ 12,914,933</u>



<u>Information Systems</u>	<u>Warehouse Operations</u>	<u>Telephone System</u>	<u>Risk Management</u>	<u>Total</u>
\$ 2,099,799	\$ 256,734	\$ 1,699,102	\$ 27,197,285	\$ 88,119,883
1,569	-	2,500	-	1,268,006
19,740	-	-	258,219	585,089
-	-	-	-	5,902,505
-	456,369	-	-	511,597
<u>2,121,108</u>	<u>713,103</u>	<u>1,701,602</u>	<u>27,455,504</u>	<u>96,387,080</u>
-	-	-	-	51,183
525,064	23,372	-	-	8,981,524
<u>525,064</u>	<u>23,372</u>	<u>-</u>	<u>-</u>	<u>9,032,707</u>
<u>2,646,172</u>	<u>736,475</u>	<u>1,701,602</u>	<u>27,455,504</u>	<u>105,419,787</u>
7,251	75,690	1,523	595,425	1,387,352
73,418	8,995	4,481	10,694	227,532
-	-	-	-	1,520
-	-	-	5,666,271	16,705,697
<u>80,669</u>	<u>84,685</u>	<u>6,004</u>	<u>6,272,390</u>	<u>18,322,101</u>
274,100	-	-	-	1,677,091
-	-	-	-	6,976,039
-	-	-	5,770,715	24,208,717
274,100	-	-	5,770,715	32,861,847
<u>354,769</u>	<u>84,685</u>	<u>6,004</u>	<u>12,043,105</u>	<u>51,183,948</u>
250,964	23,372	-	-	7,304,433
<u>2,040,439</u>	<u>628,418</u>	<u>1,695,598</u>	<u>15,412,399</u>	<u>46,931,406</u>
<u>\$ 2,291,403</u>	<u>\$ 651,790</u>	<u>\$ 1,695,598</u>	<u>\$ 15,412,399</u>	<u>\$ 54,235,839</u>

**CITY OF GARDEN GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Workers'</u> <u>Compensation</u>	<u>Fleet</u> <u>Management</u>	<u>Employee</u> <u>Benefits</u>
<b>Operating revenues:</b>			
Charges for services	\$ 6,394,213	\$ 4,724,146	\$ 28,325,682
<b>Operating expenses:</b>			
Salaries and wages	1,080,599	937,926	16,179,571
Contractual services	29,508	548,181	12,298,422
Claims	5,748,161	-	-
Materials and supplies	119	1,735,115	241,228
Depreciation	10,099	1,156,088	-
Total operating expenses	<u>6,868,486</u>	<u>4,377,310</u>	<u>28,719,221</u>
Operating income (loss)	<u>(474,273)</u>	<u>346,836</u>	<u>(393,539)</u>
<b>Nonoperating revenues (expenses):</b>			
Investment income	1,417,165	-	-
Gain on disposal of assets	-	26,010	-
Other nonoperating revenues	-	50,000	-
Interest expense	-	(40,251)	-
Total nonoperating revenues (expenses)	<u>1,417,165</u>	<u>35,759</u>	<u>-</u>
Income (loss) before transfers	942,892	382,595	(393,539)
Transfers in/(out)	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	942,892	382,595	(393,539)
<b>Total net assets, July 1</b>	<u>2,754,432</u>	<u>17,189,797</u>	<u>13,308,472</u>
<b>Total net assets, June 30</b>	<u>\$ 3,697,324</u>	<u>\$ 17,572,392</u>	<u>\$ 12,914,933</u>

<b>Information Systems</b>	<b>Warehouse Operations</b>	<b>Telephone System</b>	<b>Risk Management</b>	<b>Total</b>
<u>\$ 1,928,012</u>	<u>\$ 302,527</u>	<u>\$ 590,493</u>	<u>\$ 1,942,626</u>	<u>\$ 44,207,699</u>
1,449,301	194,135	83,901	265,753	20,191,186
141,187	17,431	498,064	1,580,868	15,113,661
-	-	-	5,140,464	10,888,625
234,501	2,939	-	3,035	2,216,937
125,772	7,791	-	-	1,299,750
<u>1,950,761</u>	<u>222,296</u>	<u>581,965</u>	<u>6,990,120</u>	<u>49,710,159</u>
<u>(22,749)</u>	<u>80,231</u>	<u>8,528</u>	<u>(5,047,494)</u>	<u>(5,502,460)</u>
102,557	-	-	1,304,925	2,824,647
-	6,065	-	-	32,075
-	-	-	-	50,000
<u>(16,691)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,942)</u>
<u>85,866</u>	<u>6,065</u>	<u>-</u>	<u>1,304,925</u>	<u>2,849,780</u>
63,117	86,296	8,528	(3,742,569)	(2,652,680)
-	-	-	(100,000)	(100,000)
63,117	86,296	8,528	(3,842,569)	(2,752,680)
<u>2,228,286</u>	<u>565,494</u>	<u>1,687,070</u>	<u>19,254,968</u>	<u>56,988,519</u>
<u>\$ 2,291,403</u>	<u>\$ 651,790</u>	<u>\$ 1,695,598</u>	<u>\$ 15,412,399</u>	<u>\$ 54,235,839</u>

**CITY OF GARDEN GROVE  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Workers' Compensation</u>	<u>Fleet Management</u>	<u>Employee Benefits</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 6,394,213	\$ 4,726,584	\$ 28,290,443
Payments to suppliers	(2,054,238)	(2,279,127)	(13,003,030)
Payments to employees	(1,080,599)	(937,926)	(15,461,372)
Internal activity-payments to/from other funds	(1,012,719)	-	-
Net cash provided (used) by operating activities	<u>2,246,657</u>	<u>1,509,531</u>	<u>(173,959)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Proceeds from sale of equipment	-	-	-
Transfers from (to) other funds	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	-	(79,232)	-
Payments on lease purchase agreement	-	(195,149)	-
Interest paid	-	(40,251)	-
Proceeds from disposal of capital assets	-	60,106	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(254,526)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earnings	1,441,357	-	-
Net cash provided by investing activities	<u>1,441,357</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	3,688,014	1,255,005	(173,959)
Cash and cash equivalents, July 1	<u>22,856,953</u>	<u>9,375,972</u>	<u>19,864,978</u>
Cash and cash equivalents, June 30	<u>\$ 26,544,967</u>	<u>\$ 10,630,977</u>	<u>\$ 19,691,019</u>

<b>Information Systems</b>	<b>Warehouse Operations</b>	<b>Telephone System</b>	<b>Risk Management</b>	<b>Total</b>
\$ 1,928,012	\$ 302,527	\$ 590,493	\$ 1,942,626	\$ 44,174,898
(556,741)	(46,616)	(535,754)	(1,894,132)	(20,369,638)
(1,449,301)	(194,135)	(83,901)	(265,753)	(19,472,987)
-	-	-	-	(1,012,719)
(78,030)	61,776	(29,162)	(217,259)	3,319,554
-	6,064	-	-	6,064
-	-	-	(100,000)	(100,000)
-	6,064	-	(100,000)	(93,936)
-	-	-	-	(79,232)
(102,674)	-	-	-	(297,823)
(16,691)	-	-	-	(56,942)
-	-	-	-	60,106
(119,365)	-	-	-	(373,891)
108,351	-	-	1,354,792	2,904,500
108,351	-	-	1,354,792	2,904,500
(89,044)	67,840	(29,162)	1,037,533	5,756,227
2,188,843	188,894	1,728,264	26,159,752	82,363,656
<u>\$ 2,099,799</u>	<u>\$ 256,734</u>	<u>\$ 1,699,102</u>	<u>\$ 27,197,285</u>	<u>\$ 88,119,883</u>

(Continued)

**CITY OF GARDEN GROVE  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**Reconciliation of operating income (loss)  
to net cash provided (used) by operating  
activities:**

Operating income (loss)	\$ (474,273)	\$ 346,836	\$ (393,539)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	10,099	1,156,088	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	2,438	(35,239)
(Increase) decrease in due to/from other funds	(1,012,719)	-	-
(Increase) decrease in inventory	-	38,596	-
(Increase) decrease in deposits	-	-	(10,648)
Increase (decrease) in accounts payable	236,905	(41,881)	(488,864)
Increase (decrease) in compensated absences	-	-	718,199
Increase (decrease) in other accrued liabilities	(8,801)	7,454	36,132
Increase (decrease) in refundable deposits	-	-	-
Increase (decrease) in claims payable	3,495,446	-	-
Total adjustments	<u>2,720,930</u>	<u>1,162,695</u>	<u>219,580</u>
Net cash provided (used) by operating activities	<u>\$ 2,246,657</u>	<u>\$ 1,509,531</u>	<u>\$ (173,959)</u>

**NONCASH INVESTING, CAPITAL, AND  
FINANCING ACTIVITIES**

Borrowing under capital lease	-	1,598,140	-
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<u>\$</u>	<u>(22,749)</u>	<u>\$</u>	<u>80,231</u>	<u>\$</u>	<u>8,528</u>	<u>\$</u>	<u>(5,047,494)</u>	<u>\$</u>	<u>(5,502,460)</u>
	125,772		7,791		-		-		1,299,750
	-		-		-		-		(32,801)
	-		-		-		-		(1,012,719)
	-		(1,858)		-		-		36,738
	-		-		-		-		(10,648)
	(195,250)		(24,689)		(39,313)		554,703		1,611
	-		-		-		-		718,199
	14,197		301		1,623		(2,686)		48,220
	-		-		-		-		-
	-		-		-		4,278,218		7,773,664
	<u>(55,281)</u>		<u>(18,455)</u>		<u>(37,690)</u>		<u>4,830,235</u>		<u>8,822,014</u>
<u>\$</u>	<u>(78,030)</u>	<u>\$</u>	<u>61,776</u>	<u>\$</u>	<u>(29,162)</u>	<u>\$</u>	<u>(217,259)</u>	<u>\$</u>	<u>3,319,554</u>

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# Statistical Section



## **Statistical Section**

This part of the City of Garden Grove's Comprehensive Annual 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**

Contain trend information to assist the reader understand and assess how the City's financial position has changed over time

### **Revenue Capacity**

Contain information to help the reader understand and assess factors affecting the City's most significant local revenue source, the property tax

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operation 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

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 FY2002; the government-wide schedules include information beginning in that year.

**CITY OF GARDEN GROVE  
NET ASSETS BY COMPONENT  
LAST EIGHT FISCAL YEARS  
(Accrual Basis of Accounting)  
(In Thousands)**

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities:				
Invested in capital assets, net of related debt	\$ 277,821	\$ 673,346	\$ 669,375	\$ 668,448
Restricted	26,469	27,433	40,237	42,863
Unrestricted	1,867	4,915	2,604	15,484
Total governmental activities net assets	<u>\$ 306,157</u>	<u>\$ 705,694</u>	<u>\$ 712,216</u>	<u>\$ 726,795</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 54,296	\$ 56,157	\$ 59,287	\$ 60,506
Restricted	53	53	-	-
Unrestricted	5,955	5,023	3,872	2,603
Total business-type activities net assets	<u>\$ 60,304</u>	<u>\$ 61,233</u>	<u>\$ 63,159</u>	<u>\$ 63,109</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 332,117	\$ 729,503	\$ 728,662	\$ 728,954
Restricted	26,522	27,486	40,237	42,863
Unrestricted	7,822	9,938	6,476	18,087
Total primary government net assets	<u>\$ 366,461</u>	<u>\$ 766,927</u>	<u>\$ 775,375</u>	<u>\$ 789,904</u>

Fiscal Year			
2006	2007	2008	2009
\$ 667,547	\$ 666,751	\$ 662,476	\$ 661,323
48,109	52,214	79,980	68,985
<u>23,592</u>	<u>35,623</u>	<u>13,004</u>	<u>22,510</u>
<u>\$ 739,248</u>	<u>\$ 754,588</u>	<u>\$ 755,460</u>	<u>\$ 752,818</u>
\$ 66,085	\$ 64,996	\$ 65,581	\$ 75,932
-	-	-	-
<u>4,256</u>	<u>14,855</u>	<u>26,444</u>	<u>25,543</u>
<u>\$ 70,341</u>	<u>\$ 79,851</u>	<u>\$ 92,025</u>	<u>\$ 101,475</u>
\$ 733,632	\$ 731,747	\$ 728,057	\$ 737,255
48,109	52,214	79,980	68,985
<u>27,848</u>	<u>50,478</u>	<u>\$ 39,448</u>	<u>\$ 48,053</u>
<u>\$ 809,589</u>	<u>\$ 834,439</u>	<u>\$ 847,485</u>	<u>\$ 854,293</u>

*The City of Garden Grove implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementati*

Source: Finance Office, City of Garden Grove

**CITY OF GARDEN GROVE  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(Accrual Basis of Accounting)  
(In Thousands)**

	Fiscal Year			
	2002	2003	2004	2005
Expenses:				
Governmental activities:				
Municipal support	\$ 4,732	\$ 5,384	\$ 5,224	\$ 6,967
Fire	12,498	13,847	14,048	16,288
Police	27,709	28,229	29,078	33,519
Traffic safety	3,051	3,164	2,500	2,309
Public right of way	11,817	12,116	12,419	13,910
Drainage	1,298	1,426	1,411	871
Community buildings	2,750	2,352	2,580	1,818
Community services	6,657	5,024	3,319	3,377
Parks and greenbelts	1,215	1,558	1,338	1,526
Community planning and development	28,643	32,809	36,715	40,820
Interest on long-term debt	5,232	6,427	8,018	5,585
Total governmental activities expenses	<u>105,602</u>	<u>112,336</u>	<u>116,650</u>	<u>126,990</u>
Business-type activities:				
Water	16,888	17,697	19,141	20,066
Sanitary District	8,400	8,217	9,576	10,010
Mobile home parks/RV park	1,341	1,512	1,483	1,498
Total business-type activities expenses	<u>26,629</u>	<u>27,426</u>	<u>30,200</u>	<u>31,574</u>
Total primary government expenses	<u>132,231</u>	<u>139,762</u>	<u>146,850</u>	<u>158,564</u>
Program revenues:				
Governmental activities:				
Charges for services:				
Municipal support	1,755	2,012	1,912	1,974
Fire	679	771	793	663
Police	1,996	2,191	2,958	3,144
Traffic safety	1,323	1,738	1,326	1,324
Public right of way	185	135	229	413
Drainage	-	64	-	-
Community services	973	901	884	923
Parks and greenbelts	1,381	1,434	1,406	1,372
Community planning and development	1,394	1,716	1,887	1,879
Operating grants and contributions	34,408	37,354	38,267	38,343
Capital grants and contributions	867	4,563	3,099	7,442
Total governmental activities program revenues	<u>44,961</u>	<u>52,879</u>	<u>52,761</u>	<u>57,477</u>
Business-type activities:				
Charges for services:				
Water	15,963	16,547	18,828	17,899
Sanitary District	8,903	8,807	10,238	10,311
Mobile home parks	1,869	1,886	1,975	2,063
Operating grants and contributions	617	443	526	595
Capital grants and contributions	226	286	356	300
Total business-type activities program revenues	<u>27,578</u>	<u>27,969</u>	<u>31,923</u>	<u>31,168</u>
Total primary government program revenues	<u>72,539</u>	<u>80,848</u>	<u>84,684</u>	<u>88,645</u>
Net revenues (expenses):				
Governmental activities	(60,641)	(59,457)	(63,889)	(69,513)
Business-type activities	949	543	1,723	(406)
Total net revenues (expenses)	<u>(59,692)</u>	<u>(58,914)</u>	<u>(62,166)</u>	<u>(69,919)</u>

Fiscal Year			
2006	2007	2008	2009
\$ 7,700	\$ 6,678	\$ 8,405	\$ 8,543
18,152	17,465	19,778	21,279
36,207	38,013	45,333	47,004
2,956	3,264	3,273	4,135
14,677	15,073	13,989	14,859
1,479	1,538	1,372	1,482
(288)	97	4,442	4,268
3,132	3,629	4,383	4,702
3,648	1,787	2,016	1,628
47,611	42,847	46,061	44,429
6,730	6,854	7,768	8,161
<u>142,004</u>	<u>137,245</u>	<u>156,820</u>	<u>160,490</u>
19,673	20,398	20,557	24,339
11,482	11,188	13,295	13,418
1,965	2,079	2,339	2,172
<u>33,120</u>	<u>33,665</u>	<u>36,191</u>	<u>39,929</u>
<u>175,124</u>	<u>170,910</u>	<u>193,011</u>	<u>200,419</u>
2,375	2,464	2,223	2,384
712	705	884	1,377
3,509	3,100	3,564	3,431
1,318	1,306	1,314	1,341
314	350	291	157
-	-	90	-
841	855	849	849
1,424	1,457	1,394	1,382
3,324	2,449	1,403	1,179
41,590	43,709	42,980	36,053
10,931	2,534	4,890	9,599
<u>66,338</u>	<u>58,929</u>	<u>59,882</u>	<u>57,752</u>
18,413	20,786	25,573	27,846
12,563	16,941	16,445	16,208
2,761	2,699	3,033	2,910
732	538	804	785
5,317	754	-	-
<u>39,786</u>	<u>41,718</u>	<u>45,855</u>	<u>47,749</u>
<u>106,124</u>	<u>100,647</u>	<u>105,737</u>	<u>105,501</u>
(75,666)	(78,316)	(96,938)	(102,738)
6,666	8,053	9,664	7,820
<u>(69,000)</u>	<u>(70,263)</u>	<u>(87,274)</u>	<u>(94,918)</u>

**CITY OF GARDEN GROVE  
CHANGES IN NET ASSETS (Continued)  
LAST EIGHT FISCAL YEARS  
(Accrual Basis of Accounting)  
(In Thousands)**

	Fiscal Year			
	2002	2003	2004	2005
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	\$ 24,368	\$ 25,974	\$ 27,468	\$ 31,070
Sales taxes	17,099	17,913	18,556	19,492
Transient occupancy taxes	4,281	5,862	8,628	9,820
Other taxes	4,077	4,208	4,361	4,438
Motor vehicle in lieu, unrestricted	9,354	9,983	7,598	14,494
Investment income	2,799	2,857	2,460	3,963
Other general revenues	973	950	1,271	746
Transfers	421	70	70	70
Total governmental activities	<u>63,372</u>	<u>67,817</u>	<u>70,412</u>	<u>84,093</u>
Business-type activities:				
Investment income	793	454	274	424
Transfers	(421)	(70)	(70)	(70)
Total business-type activities	<u>372</u>	<u>384</u>	<u>204</u>	<u>354</u>
Total primary government	<u>63,744</u>	<u>68,201</u>	<u>70,616</u>	<u>84,447</u>
Changes in net assets				
Governmental activities	63,372	67,817	70,412	84,093
Business-type activities	372	384	204	354
Total primary government	<u>\$ 63,744</u>	<u>\$ 68,201</u>	<u>\$ 70,616</u>	<u>\$ 84,447</u>



Fiscal Year			
2006	2007	2008	2009
\$ 34,439	\$ 36,251	\$ 39,144	\$ 43,786
19,453	19,696	19,780	16,236
11,411	12,180	12,673	11,257
4,729	4,952	4,934	4,825
13,129	13,603	14,011	14,088
3,248	4,747	5,687	6,257
1,642	3,095	1,511	3,579
70	70	70	70
<u>88,121</u>	<u>94,594</u>	<u>97,810</u>	<u>100,098</u>
637	1,527	2,579	1,701
(70)	(70)	(70)	(70)
<u>567</u>	<u>1,457</u>	<u>2,509</u>	<u>1,631</u>
<u>88,688</u>	<u>96,051</u>	<u>100,319</u>	<u>101,729</u>
88,121	94,594	97,810	(2,640)
567	1,457	2,509	9,451
<u>\$ 88,688</u>	<u>\$ 96,051</u>	<u>\$ 100,319</u>	<u>\$ 6,811</u>

*The City of Garden Grove implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.*

Source: Finance Office, City of Garden Grove

**CITY OF GARDEN GROVE  
 FUND BALANCE OF GOVERNMENTAL FUNDS  
 LAST EIGHT FISCAL YEARS  
 (Modified Accrual Basis of Accounting)  
 (In Thousands)**

	Fiscal Year			
	2002	2003	2004	2005
General fund:				
Reserved	\$ 27,244	\$ 34,909	\$ 42,290	\$ 41,624
Unreserved	9,301	10,307	6,693	19,122
Total general fund	<u>\$ 36,545</u>	<u>\$ 45,216</u>	<u>\$ 48,983</u>	<u>\$ 60,746</u>
All other governmental funds:				
Reserved	\$ 49,459	\$ 53,589	\$ 55,528	\$ 58,881
Unreserved, reported in:				
Special revenue funds	4,376	5,649	5,685	720
Debt service funds	-	-	2	5
Capital projects funds	(6,249)	(16,051)	(16,031)	(18,025)
Total all other governmental funds	<u>\$ 47,586</u>	<u>\$ 43,187</u>	<u>\$ 45,184</u>	<u>\$ 41,581</u>

*The City of Garden Grove has elected to show only eight years of data for this schedule.*

Source: Finance Office, City of Garden Grove

Fiscal Year			
2006	2007	2008	2009
\$ 43,299	\$ 46,878	\$ 50,999	\$ 49,176
27,006	25,482	14,721	5,479
<u>\$ 70,305</u>	<u>\$ 72,360</u>	<u>\$ 65,720</u>	<u>\$ 54,655</u>
\$ 49,018	\$ 57,165	\$ 136,252	\$ 158,393
10,071	10,724	(27,845)	(41,485)
2	(8)	(576)	4,463
(21,607)	(26,409)	(26,691)	(33,563)
<u>\$ 37,484</u>	<u>\$ 41,472</u>	<u>\$ 81,140</u>	<u>\$ 87,808</u>

**CITY OF GARDEN GROVE**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST EIGHT FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**  
**(In Thousands)**

	Fiscal Year			
	2002	2003	2004	2005
Revenues:				
Taxes	\$ 59,470	\$ 64,392	\$ 67,876	\$ 79,808
Licenses and permits	938	1,119	1,303	1,380
Fines and forfeitures	1,501	1,515	2,094	2,323
Investment earnings	3,414	3,565	3,223	4,409
Charges for services	10,192	10,724	11,027	10,839
From other agencies	32,406	39,152	36,574	39,016
Other	3,127	2,864	2,760	2,788
Total revenues	<u>111,048</u>	<u>123,331</u>	<u>124,857</u>	<u>140,563</u>
Expenditures				
Current:				
Municipal support	4,666	5,213	5,321	6,628
Fire	12,974	14,054	14,551	15,874
Police	27,650	28,593	30,297	32,537
Traffic safety	2,190	2,121	2,295	2,680
Public right of way	5,562	5,476	4,368	4,233
Drainage				
Community buildings	2,210	2,575	2,033	2,088
Community services	7,185	5,583	3,574	3,347
Parks and greenbelts	1,485	1,307	1,285	1,460
Community planning and development	21,325	26,957	28,227	28,929
Capital outlay	16,910	21,039	19,756	28,040
Debt service:				
Principal retirement	4,308	3,981	5,609	4,850
Interest and other charges	5,652	6,342	9,058	5,907
Total expenditures	<u>112,117</u>	<u>123,241</u>	<u>126,374</u>	<u>136,573</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,069)</u>	<u>90</u>	<u>(1,517)</u>	<u>3,990</u>
Other financing sources (uses):				
Transfers in	13,693	17,579	28,766	22,836
Transfers out	(13,172)	(17,409)	(27,517)	(22,666)
Issuance of debt	26,279	6,833	58,356	4,001
Gain(Loss) on sale of capital assets	-	-	-	-
Contribution to Housing Authority	-	-	-	-
Payment to bond escrow agent	-	-	(52,325)	-
Total other financing sources (uses)	<u>26,800</u>	<u>7,003</u>	<u>7,280</u>	<u>4,171</u>
Net change in fund balances	<u>\$ 25,731</u>	<u>\$ 7,093</u>	<u>\$ 5,763</u>	<u>\$ 8,161</u>
Debt service as a percentage of noncapital expenditures	11.7%	11.2%	16.0%	11.0%

*The City of Garden Grove has elected to show only eight years of data for this schedule.*

Source: Finance Office, City of Garden Grove

<b>Fiscal Year</b>				
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	
\$ 83,684	\$ 87,437	\$ 91,292	\$ 90,692	
1,672	1,859	1,068	818	
2,939	2,567	2,870	2,761	
3,803	5,148	6,576	7,219	
12,614	11,401	10,083	11,065	
40,825	42,230	42,295	39,707	
3,477	3,597	2,516	3,053	
<u>149,014</u>	<u>154,239</u>	<u>156,700</u>	<u>155,315</u>	
7,198	6,367	7,163	7,079	
17,189	17,946	19,724	20,769	
34,803	38,600	43,048	44,787	
2,818	3,274	3,026	2,896	
5,380	6,881	5,973	8,130	
			148	
2,738	3,529	3,581	3,935	
3,409	3,846	4,208	4,433	
5,558	1,653	1,925	1,804	
31,057	29,537	30,076	31,145	
28,138	19,233	26,290	23,162	
4,909	4,621	3,971	3,519	
6,738	6,873	7,783	8,076	
<u>149,935</u>	<u>142,360</u>	<u>156,768</u>	<u>159,883</u>	
<u>(921)</u>	<u>11,879</u>	<u>(68)</u>	<u>(4,568)</u>	
29,549	26,474	48,225	32,608	
(29,379)	(26,251)	(48,394)	(32,438)	
1,500	-	41,675	-	
612	(1,322)	-	-	
-	(3,796)	-	-	
-	-	(8,410)	-	
<u>2,282</u>	<u>(4,895)</u>	<u>33,096</u>	<u>170</u>	
<u>\$ 1,361</u>	<u>\$ 6,984</u>	<u>\$ 33,028</u>	<u>\$ (4,398)</u>	
10.6%	10.3%	9.9%	9.3%	

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

<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>Property Tax</b>	<b>Franchise Tax</b>	<b>Business Operation Tax</b>	<b>Transient Occupancy Tax</b>	<b>Motor Vehicle Tax</b>	<b>Total</b>
2000	15,623,656	8,154,089	1,593,190	1,758,435	1,907,023	7,572,377	36,608,770
2001	17,187,756	8,697,891	1,711,813	1,934,418	3,221,941	8,428,185	41,182,004
2002	17,099,202	9,278,777	1,912,931	2,164,240	4,280,764	9,353,926	44,089,840
2003	17,913,119	9,633,188	1,909,152	2,298,509	5,861,586	9,982,677	47,598,231
2004	18,555,795	10,275,238	2,045,711	2,315,429	8,628,343	7,598,457	49,418,973
2005	19,492,358	11,421,673	2,088,276	2,349,706	9,820,457	14,494,383	59,666,853
2006	19,452,971	13,262,684	2,234,667	2,494,139	11,410,684	13,128,604	61,983,749
2007	19,695,520	14,177,626	2,413,279	2,538,442	12,179,453	13,603,437	64,607,757
2008	19,780,085	14,892,274	2,337,053	2,596,833	12,672,985	14,011,002	66,290,232
2009	16,235,658	15,661,734	2,293,500	2,530,725	11,257,402	14,087,771	62,066,790

Source: Finance Office, City of Garden Grove

**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			Redevelopment Agency			Total Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2000	\$ 5,066,585	\$ 275,398	\$ 5,341,983	\$ 1,339,007	\$ 194,516	\$ 1,533,523	1.034%
2001	5,485,695	286,423	5,772,118	1,400,145	215,011	1,615,157	1.034%
2002	5,858,899	328,907	6,187,806	1,566,566	216,556	1,783,123	1.034%
2003	6,237,993	302,093	6,540,085	1,714,551	216,939	1,931,489	1.034%
2004	6,690,749	299,913	6,990,662	1,864,236	238,481	2,102,717	1.031%
2005	7,256,567	300,045	7,556,612	1,958,661	242,817	2,201,478	1.031%
2006	8,044,199	282,324	8,326,523	2,154,902	258,917	2,413,820	1.030%
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	9,893,940	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%

**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.*

Source: Orange County Assessor's Office

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

<b>Fiscal Year</b>	<b>Basic Levy</b>	<b>City Paramedic</b>	<b>Metropolitan Water District</b>	<b>Orange County</b>	<b>Sanitation and Water</b>	<b>School Services</b>	<b>Other</b>	<b>Total</b>
2000	1.0000	0.02500	0.00890	-	-	-	-	1.03390
2001	1.0000	0.02500	0.00890	-	-	-	-	1.03390
2002	1.0000	0.02500	0.00890	-	-	-	-	1.03390
2003	1.0000	0.02500	0.00890	-	-	-	-	1.03390
2004	1.0000	0.02500	0.00610	-	-	-	-	1.03110
2005	1.0000	0.02500	0.00580	-	-	-	-	1.03080
2006	1.0000	0.02500	0.00470	-	-	-	-	1.02970
2007	1.0000	0.02500	0.00470	-	-	-	-	1.02970
2008	1.0000	0.02500	0.00450	-	-	-	-	1.02950
2009	1.0000	0.02500	0.00430	-	-	-	-	1.02930

*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



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

<b>Taxpayer</b>	<b>2009</b>		<b>2000</b>	
	<b>Taxable Assessed Value</b>	<b>Percent of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Percent of Total City Taxable Assessed Value</b>
Landmark Hotels	\$ 95,187,259	0.72%	\$	
Inland American Lodging GG	79,724,950	0.61%		
Walton CWCA GG	63,240,000	0.48%		
KPA Rigg LLC	51,489,600	0.39%		
Car Noa GGN LLC	47,331,823	0.36%		
Prime Healthcare Services	38,706,255	0.29%		
Ohi Resort Hotels LLC	38,419,059	0.29%		
Kilroy Realty LP	30,193,514	0.23%		
Western Pacific Housing, Inc.	27,940,343	0.21%		
Swedlow Inc.	27,638,767	0.21%	34,005,792	0.49%
Angeli LLC			29,752,537	0.43%
Hughes Lyon			28,993,440	0.36%
American Medical International Inc.			21,607,330	0.26%
Linfinity Microelectronics			20,631,036	0.23%
Air Industries Corp.			19,340,103	0.20%
Choe Winston			14,000,000	0.13%
Sunbelt Stores Inc.			13,276,871	0.11%
Mead Corp.			12,117,868	0.10%
Sanyo Foods			10,799,971	0.08%
	<u>\$ 499,871,570</u>	<u>3.80%</u>	<u>\$ 204,524,948</u>	<u>2.39%</u>

Source: Coren & Cone's 2008/09 Preliminary Property Tax Reports

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

<b>Fiscal Year</b>	<b>City Tax Rate (Per \$100)</b>	<b>Total Tax Levied</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total tax Collections to Total Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Ratio of Delinquent Taxes to Total Tax Levy</b>
2000	0.003	8,160,303	7,848,774	96.1	161,248	8,010,022	98.1	152,600	1.8%
2001	0.003	8,763,177	8,347,008	95.2	141,683	8,488,691	96.9	23,438	0.2%
2002	0.003	9,417,226	9,117,315	96.8	161,462	9,278,777	98.5	38,584	0.4%
2003	0.003	9,881,291	9,454,838	95.6	178,350	9,633,188	97.5	24,620	0.2%
2004	0.003	10,585,265	10,090,195	95.3	185,043	10,275,238	97.1	26,158	0.2%
2005	0.003	11,751,160	11,303,045	96.2	118,628	11,421,673	97.2	46,308	0.4%
2006	0.003	12,913,558	12,338,230	95.5	156,891	12,495,121	96.8	114,095	0.9%
2007	0.003	13,989,410	13,080,248	93.5	197,376	13,277,624	94.9	286,295	2.0%
2008	0.003	14,804,471	13,934,785	94.1	366,321	14,301,107	96.6	196,069	1.3%
2009	0.003	14,783,375	13,920,288	94.2	640,136	14,560,424	98.5	139,682	0.9%

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

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

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

Fiscal Year Ended June 30	Governmental Activities						Total Governmental Activities
	Certificates of Participation	Revenue Bonds	RDA 2008 Bonds	Tax Allocation Bonds <sup>1</sup>	Loans <sup>2 3</sup>	Capital Leases <sup>4</sup>	
2000	\$ -	\$2,545,000	\$ -	\$56,000,000	\$21,220,000	\$ 66,000	\$ 79,831,000
2001	-	2,230,000	-	54,835,000	21,230,000	-	78,295,000
2002	22,735,000	1,900,000	-	53,610,000	19,571,400	2,449,937	100,266,337
2003	22,735,000	-	-	52,325,000	24,142,198	3,916,355	103,118,553
2004	22,735,000	-	-	57,025,000	19,032,833	3,416,890	102,209,723
2005	22,325,000	-	-	57,025,000	17,371,380	4,639,399	101,360,779
2006	21,895,000	-	-	57,025,000	15,159,293	3,872,578	97,951,871
2007	21,455,000	-	-	55,400,000	13,414,185	3,061,446	93,330,631
2008	20,995,000		2,015,000	53,740,000	43,225,054	2,993,427	122,968,481
2009	20,525,000		2,015,000	52,030,000	42,331,431	2,498,371	119,399,802

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

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

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

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

<sup>5</sup> The City issues \$21,845,000 is Sewer COP in 2006

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

Source: Finance Office, City of Garden Grove

<b>Business-type Activities</b>						
<b>Water Revenue Bonds</b>	<b>Sewer Revenue COP<sup>5</sup></b>	<b>Certificates of Participation</b>	<b>Total Business-type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income<sup>6</sup></b>	<b>Debt Per Capita<sup>6</sup></b>
\$ 18,194,000	\$ -	\$ 15,063,000	\$ 33,257,000	\$ 113,088,000	0.49%	714
17,784,000	-	13,947,000	31,731,000	110,026,000	0.43%	650
17,470,000	-	13,690,000	31,160,000	131,426,337	0.47%	777
17,020,000	-	13,360,000	30,380,000	133,498,553	0.46%	786
16,845,000	-	13,010,000	29,855,000	132,064,723	0.43%	777
16,410,000	-	12,640,000	29,050,000	130,410,779	0.40%	758
15,775,000	21,845,000	12,250,000	49,870,000	147,821,871	0.42%	861
15,130,000	21,845,000	11,840,000	48,815,000	142,145,631	0.40%	823
14,465,000	21,845,000	11,405,000	47,715,000	170,683,481	0.46%	986
13,790,000	21,845,000	10,950,000	46,585,000	165,984,802	0.42%	950

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

<b>Fiscal Year Ended June 30</b>	<b>Outstanding General Bonded Debt</b>			<b>Percent of Assessed Value <sup>1</sup></b>	<b>Per Capita</b>
	<b>Certificates of Participation</b>	<b>Tax Allocation Bonds</b>	<b>Total</b>		
2000	-	56,000	56,000	0.81%	354
2001	-	54,835	54,835	0.74%	324
2002	22,735	53,610	76,345	0.96%	451
2003	22,735	52,325	75,060	0.89%	442
2004	22,735	57,025	79,760	0.88%	469
2005	22,325	57,025	79,350	0.81%	461
2006	21,895	57,025	78,920	0.73%	459
2007	21,455	55,400	76,855	0.65%	445
2008	20,995	53,740	74,735	0.59%	432
2009	20,525	52,030	72,555	0.55%	415

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

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

Source: Finance Office, City of Garden Grove

**CITY OF GARDEN GROVE  
DIRECT AND OVERLAPPING BONDS AND DEBT  
JUNE 30, 2009**

2008-09 Assessed Valuation: \$12,670,015,197  
 Redevelopment Incremental Valuation: 2,593,253,969  
 Adjusted Assessed Valuation: \$10,076,761,228

	%			
	Applicable		Total Debt	City's Share of
	(1)		6/30/2009	Debt 6/30/09
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>				
Metropolitan Water District	0.545 %	\$	293,425,000	\$ 1,599,166
Coast Community College District	6.053		341,668,867	20,681,217
North Orange County Joint Community College District	2.697		227,859,001	6,145,357
Rancho Santiago Community College District	5.169		316,405,071	16,354,978
Anaheim Union High School District	0.091		120,553,955	109,704
Huntington Beach Union High School District	1.575		231,234,998	3,641,951
Anaheim School District	0.107		106,377,216	113,824
Magnolia School District	0.294		8,875,000	26,093
City of Garden Grove 1915 Act Bonds	100.000		125,000	125,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>				<b>\$ 48,797,290</b>

**DIRECT AND OVERLAPPING GENERAL FUND DEBT:**

Orange County General Fund Obligations	2.656 %	\$	462,152,000	\$ 12,274,757
Orange County Pension Obligations	2.656		69,713,001	1,851,577
Orange County Board of Education Certificates of Participation	2.656		19,430,000	516,061
Municipal Water District of Orange County Water Facilities Corporation	3.147		17,685,000	556,547
North Orange Regional Occupation Program Certificates of Participation	0.034		11,680,000	3,971
Orange Unified School District Certificates of Participation	1.322		50,500,000	667,610
Orange Unified School District Benefit Obligations	1.322		93,765,000	1,239,573
Anaheim Union High School District Certificates of Participation	0.091		41,760,000	38,002
Huntington Beach Union High School District Certificates of Participation	1.575		52,021,090	819,332
Westminster School District Certificates of Participation	11.893		17,425,000	2,072,355
City of Garden Grove General Fund Obligations	100.000	\$	31,475,000	\$ 31,475,000
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>				<b>\$ 51,514,785</b>
Less: MWDOC Water Facilities Corporation (100% self-supporting)				556,547
Anaheim Union High School District QZABs supported by investment fund payments				4,550
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>				<b>\$ 50,953,688</b>

**GROSS COMBINED TOTAL DEBT (2) \$ 100,312,075**  
**NET COMBINED TOTAL DEBT \$ 99,750,978**

- (1) Percentage of overlapping agency's assessed valuation located within the boundaries of the city.  
 (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**Ratios to 2008-09 Assessed Valuation:**

Total Overlapping Tax and Assessment Debt 0.39%

**Ratios to Adjusted Assessed Valuation:**

Combined Direct Debt (\$31,475,000) 0.31%

Gross Combined Total Debt 1.00%

Net Combined Total Debt 0.99%

**STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: \$0**

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

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

	Fiscal Year			
	2000	2001	2002	2003
Assessed valuation	\$ 5,341,983,245	\$ 5,772,118,122	\$ 6,187,806,030	\$ 6,540,085,405
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,335,495,811	1,443,029,531	1,546,951,508	1,635,021,351
Debt limit percentage	15%	15%	15%	15%
Debt limit	200,324,372	216,454,430	232,042,726	245,253,203
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 200,324,372</u>	<u>\$ 216,454,430</u>	<u>\$ 232,042,726</u>	<u>\$ 245,253,203</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

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

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



Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 6,990,662,115	\$ 7,556,611,904	\$ 8,326,522,578	\$ 9,197,354,465	\$ 9,893,940,341	\$ 10,076,761,228
25%	25%	25%	25%	25%	25%
1,747,665,529	1,889,152,976	2,081,630,645	2,299,338,616	2,473,485,085	2,519,190,307
15%	15%	15%	15%	15%	15%
262,149,829	283,372,946	312,244,597	344,900,792	371,022,763	377,878,546
-	-	-	-	-	-
<u>\$ 262,149,829</u>	<u>\$ 283,372,946</u>	<u>\$ 312,244,597</u>	<u>\$ 344,900,792</u>	<u>\$ 371,022,763</u>	<u>\$ 377,878,546</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

<b>Water Revenue Bonds</b>							
<b>Fiscal Year</b>	<b>Gross Revenue</b>	<b>Expenses(1)</b>	<b>Resources Available for Debt Service</b>	<b>Debt Service Requirement</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2000	16,179,483	10,841,624	5,337,859	415,000	951,751	1,366,751	3.91
2001	15,562,254	12,946,455	2,615,799	430,000	1,038,377	1,468,377	1.78
2002	16,590,462	13,495,314	3,095,148	450,000	913,458	1,363,458	2.27
2003	16,609,786	14,252,431	2,357,355	470,000	892,464	1,362,464	1.73
2004	18,484,674	15,604,390	2,880,284	435,000	727,982	1,162,982	2.48
2005	18,145,714	16,809,774	1,335,940	635,000	657,500	1,292,500	1.03
2006	18,651,805	17,225,625	1,426,180	645,000	644,700	1,289,700	1.11
2007	20,516,447	17,921,191	2,595,256	665,000	629,938	1,294,938	2.00
2008	26,049,669	18,065,826	7,983,843	675,000	612,344	1,287,344	6.20
2009	29,025,085	19,581,536	9,443,549	695,000	592,638	1,287,638	7.33

(1) Expenses exclude depreciation, interest, amortization and fiscal agent expenses.

Source: Finance Office, City of Garden Grove

<b>Tax Allocation Bonds</b>				
<b>Debt Service Requirement</b>				
<b>Tax Increment</b>	<b>Principal</b>	<b>Interest</b>	<b>total</b>	<b>Coverage</b>
-	-	-	-	N/A
-	-	-	-	N/A
-	-	-	-	N/A
-	-	-	-	N/A
13,403,657	-	3,004,843	3,004,843	4.46
14,607,268	-	2,759,550	2,759,550	5.29
16,339,702	1,625,000	2,741,269	4,366,269	3.74
17,250,293	1,660,000	2,698,088	4,358,088	3.96
18,915,215	1,710,000	2,647,537	4,357,537	4.34
21,808,918	1,765,000	2,577,763	4,342,763	5.02

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2000	158,332	\$ 2,304,707	\$ 14,723	2.9
2001	169,212	2,566,403	16,209	3.9
2002	169,212	2,820,545	16,669	5.3
2003	169,911	2,891,439	17,088	4.8
2004	169,911	3,039,717	17,890	4.2
2005	172,042	3,243,822	19,091	5.2
2006	171,765	3,479,894	20,227	4.8
2007	172,781	3,595,557	20,933	4.3
2008	173,067	3,735,525	21,620	5.0
2009	174,715	3,979,307	22,993	11.7

State Employment Development Department

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

<u>Employer</u>	<u>2009</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Air Industries Corp	662	0.82%
Crystal Cathedral	495	0.61%
Hyatt Regency Orange County (1)	400	0.49%
Driessen Aircraft Interioir Systems, Inc.	370	0.46%
Saint Gobain Performance Plastics	363	0.45%
Office Max Inc.	360	0.44%
GKN Aerospace Transparency Systems Inc	357	0.44%
Anning Johnson Company	350	0.43%
C & D Zodiac	300	0.37%
Microsemi Corp - Integrated Products	275	0.34%

*2000 data was not available*

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

Source: City of Garden Grove BusinessTax Dept.

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

<u>Department</u>	<u>Full-Time and Part-time Employees as of June 30</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Administrative Services	-	-	-	-	-	31	34	-	-	-
City Manager	32	39	43	43	39	13	14	9	13	12
Community Development	49	50	50	50	48	45	44	56	58	59
Community Services	153	157	157	148	143	149	155	146	149	148
Economic Development	-	-	-	-	-	-	-	12	13	13
Finance	38	32	32	33	32	32	32	34	35	37
Fire	103	109	109	113	111	109	110	112	112	112
Information Technology	-	-	-	-	-	-	-	20	20	20
Personnel	32	40	57	57	13	13	13	9	10	10
Police	299	318	322	321	316	316	314	328	334	334
Public Works	<u>190</u>	<u>189</u>	<u>184</u>	<u>185</u>	<u>177</u>	<u>179</u>	<u>192</u>	<u>192</u>	<u>197</u>	<u>197</u>
Total	<u>896</u>	<u>934</u>	<u>954</u>	<u>950</u>	<u>879</u>	<u>887</u>	<u>908</u>	<u>918</u>	<u>941</u>	<u>942</u>
Full Time employees	622	648	678	687	633	637	647	661	676	685
Part time employees	274	286	276	263	246	250	261	257	265	257

Source: City Budget Book/Department Budgets

**CITY OF GARDEN GROVE  
OPERATING INDICATORS  
BY FUNCTION  
LAST THREE FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police:			
Arrests	7,767	6,951	7,316
Traffic citations issued	11,574	13,627	12,787
Fire:			
Number of emergency calls	15,534	16,279	16,548
Public Right-of-Way:			
Parking citations issued	30,052	32,718	30,464
Permits issued	3,175	1,525	276
Community Services:			
Number of recreation classes	1,525	1,534	1,544
Housing vouchers	2,337	2,337	2,337
Community Planning and Development			
Building permits issued	2,213	2,879	3,878
Water:			
Number of accounts	34,090	34,152	0
Average daily consumption (thousands of gallons)	49,864	24,851	0
Solid Waste Disposal:			
Number of accounts	30,928	30,938	30,895
Drainage:			
Channels cleaned (miles)	5	5	5
Municipal Support:			
Passports issued	723	569	500

Source: City of Garden Grove

**CITY OF GARDEN GROVE  
CAPITAL ASSET STATISTICS  
BY FUNCTION  
LAST THREE FISCAL YEARS**

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

Source: City of Garden Grove







**GARDEN GROVE**