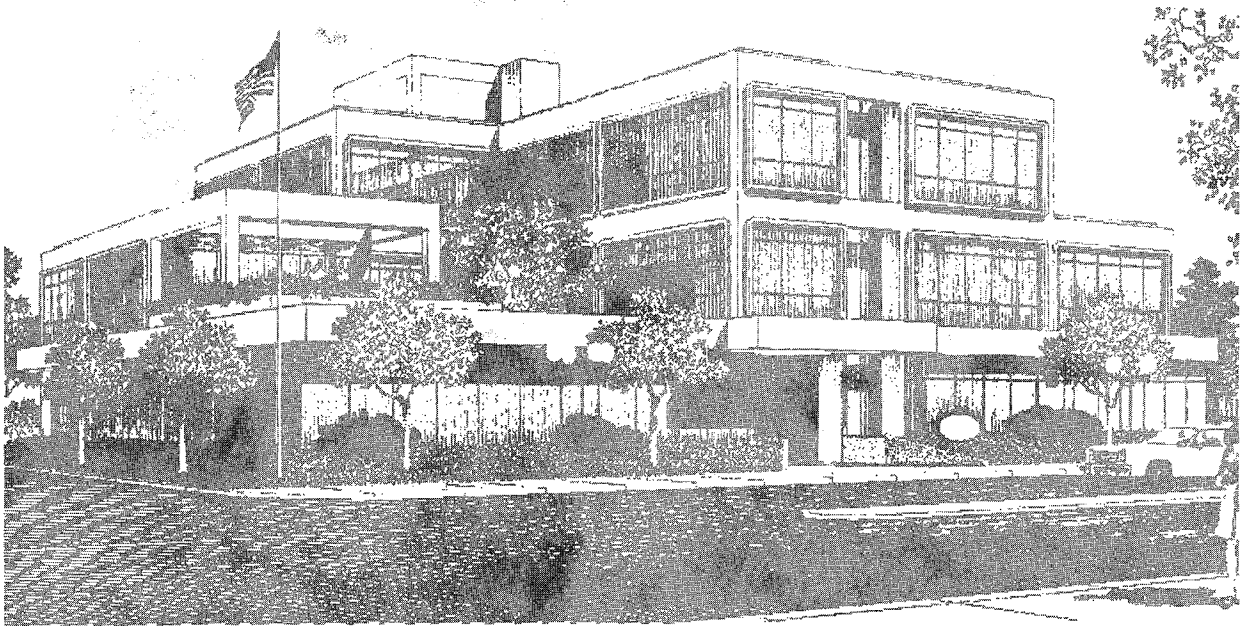


CITY OF GARDEN GROVE

COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT



2000 - 2001



COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT

CITY OF GARDEN GROVE  
FISCAL YEAR ENDED  
JUNE 30, 2001

PREPARED BY:  
CONTROLLER'S OFFICE

ANTHONY J. ANDRADE  
CONTROLLER



**CITY OF GARDEN GROVE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2001  
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# CITY OF GARDEN GROVE, CALIFORNIA

11222 ACACIA PARKWAY, P.O. BOX 3070, GARDEN GROVE, CALIFORNIA 92842

Bruce A. Broadwater  
*Mayor*

Mark Rosen  
*Mayor Pro Tem*

William J. Dalton  
*Councilman*

Mark Leyes  
*Councilman*

Van T. Tran  
*Councilman*

November 26, 2001

The Honorable Mayor and City Council  
City of Garden Grove, California

Transmitted through the City Manager

Your Honorable Mayor and Council:

The City Controller's Office 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, 2001. The CAFR was prepared by the staff of the City Controller's Office and responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data as presented is accurate in all material respects; is presented in a manner which fairly represents the financial position of the various funds and account groups of the City and the results of operations of such funds; and 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 as promulgated by the Governmental Accounting Standards Board (GASB) and include the unqualified opinion of Diehl, Evans and Company, LLP, independent auditors for the City of Garden Grove.

The Comprehensive Annual Financial Report is presented in three sections:

1. **Introductory Section** - Included within the introductory section is this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting awarded to the City by the Government Finance Officer's Association, the Certificate of Award for Outstanding Financial Reporting awarded to the City by the California Society of Municipal Finance Officers, a list of principal City officials, and the City's organization chart.

2. **Financial Section** - The five combined general purpose financial statements (GPFS) with accompanying notes and the combining and individual fund and account group financial schedules, along with the independent auditor's report on the financial statements and schedules are included within the financial section. The GPFS are the City's basic financial statements designed to provide a concise overview for the users of the financial statements who require less detailed information pertaining to the financial affairs of the City. Presented in the remainder of the financial section are the combining statements, individual fund statements, and schedules for those who require greater detailed information.

3. Statistical Section - This section includes a number of tables delineating the City's financial history during the past ten years and certain non-accounting information such as demographic data, economic data and an assemblage of miscellaneous information.

### **GENERAL INFORMATION - 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 169,212; it is the fourth largest City in Orange County and the nineteenth 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 and the efforts continued in the 1980's, 1990's, continuing into the 2,000's. There has been significant benefit from quality construction projects and an improved economic base as the results 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 to administer the City's programs in accordance with the policies adopted by the Council.

### **THE REPORTING ENTITY AND ITS SERVICES**

Garden Grove is a full service General Law city. The services provided by the City include police, fire, paramedic, street maintenance, park maintenance, water, sewer, refuse, recreation, traffic/transportation, public improvements, planning, zoning, and general administrative services. Also included in the City's overall operations are the Garden Grove Agency for Community Development, Garden Grove Housing Authority, City of Garden Grove Library Corporation, Garden Grove Sanitary District and the Garden Grove Cable Corporation.

The component units of the reporting entity are further categorized between "Blended Component Units" and "Discretely Presented Component Units" as described by the Governmental Accounting Standards Board in their publication of June 1991 entitled, "The Financial Reporting Entity" (GASB 14). After applying the various classification criteria referenced in GASB 14, the following units were determined to be properly included in the "blended" presentation with the City of Garden Grove.

Agency for Community Development  
Garden Grove Housing Authority  
Garden Grove Cable Corporation  
Garden Grove Sanitary District

There were no component units which were required to be categorized in a "discrete" presentation.

### **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

The City's accounting records for general government operations are maintained on the modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the fund liabilities are incurred. Accounting records for the City's Proprietary Funds are maintained on the accrual basis. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when incurred.

In developing the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept for reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the program level. Encumbrances of estimated purchase amounts are made prior to the release of purchase orders to vendors. Open encumbrances are reported as reservations of fund balance at June 30, 2001.

### **ECONOMIC CONDITION AND OUTLOOK**

The City continued to experience the effects of an improving economy during the year. The improvement, however, was concentrated predominantly in the first half of the year, while the second half of the year exhibited much slower growth. The result of the positive overall economic performance was to give the City its sixth consecutive year of growth, one of the longest continuous growth trends in our history. Due to the favorable environment, the City achieved another year of excellent financial results in most of its operations. Many, but not all, of the economic activity indicators showed an increase over the previous year. The General Fund is an

excellent example of this strong performance with actual revenues exceeding the budget forecast by more than \$5,854,000 or 12 percent. There was continuing revenue growth for all Governmental Funds with actual revenues rising from \$101,885,000 in the previous fiscal year to more than \$108,267,000 in the current year, an increase of 6.3 percent.

Many of the other indicators of general economic performance were positive. Outstanding delinquent property taxes at year end were at their lowest level in the last fifteen years. Assessed valuations of property in the City increased by more than \$430 million or 8.1 percent over the previous year resulting in the fastest growth rate in the last thirteen years. Median family income reached a new record high of \$56,690 for an increase of \$4,227 or 8.0 percent more than the previous year.

Although many of the indicators of economic activity were positive, there were also several that were more "mixed" or unfavorable. The data relating to construction activity is an example. The number of building permits issued during the current year were 2,674 which resulted in a substantial 12.6 percent increase over the previous year's total of 2,374. Unfortunately, the total valuation of the permits issued during the year declined by 37.3 percent as compared to the previous year. This apparent contradiction is explained by a significant reduction in the average project size during the current year as compared to the prior year. Inflation appeared to accelerate somewhat during the year. The Los Angeles/Anaheim/Riverside Consumer Price Index (CPI) increased from 3.3 percent in the previous year to 4.6 percent in the current year. The increase reflected significantly higher fuel and energy costs and a more moderate increase for the "core-rate" of inflation. The City's unemployment rate remained below state and national levels, however, it did record an increase during the year. The rate rose from 2.9 percent in the prior year to 3.9 percent in the current year.

Although the economy continued to improve, the significant slowing of growth in the second half of the year resulted in the need for application of budgetary and financial reviews on expenditures as a pre-emptive control measure. These controls, which have been exercised since the recession in the 1990's, yielded significant results. There were savings resulting from hiring reviews, enhanced utilization of part-time and temporary employees when economical and non-labor or materials, supplies and services expenditure reviews. The results of these measures were important not only to the General Fund but to the combined operation of the General, Special Revenue and Capital Projects funds as the following data illustrates:

DESCRIPTION	GENERAL FUND	COMBINED GENERAL, SPECIAL REVENUE AND CAPITAL PROJECTS FUNDS
Budgeted Expenditures	\$56,576,110	\$125,239,699
Actual Expenditures	<u>52,456,267</u>	<u>103,092,753</u>
Savings	<u>\$ 4,119,843</u>	\$ 22,146,946
Percent of Budget Saved	7.3%	17.7%

Revenue performance during the year assisted the General Fund to enhance its results. In the combined General, Special Revenue and Capital Projects Funds revenues were roughly equivalent to the budget estimates. The following data depicts the revenue results:

DESCRIPTION	GENERAL FUND	COMBINED GENERAL SPECIAL REVENUE AND CAPITAL PROJECTS FUNDS
Estimated Revenues	\$48,720,988	\$ 98,035,081
Actual Revenues	<u>54,575,185</u>	<u>98,042,405</u>
Revenue Overruns	<u>\$ 5,854,197</u>	<u>\$ 7,324</u>
Percent of Revenue Overrun	12.0%	0%

Favorable expenditure and revenue performance had a positive effect on fund balances during the year. In the General Fund the fund balance increased from \$28,964,684 in the prior year to \$30,281,436 in the current year. Even the unreserved portion of General Fund fund balance increased from \$8,577,752 in the previous year to \$8,627,779 in the current year. As a result of the favorable financial results during the year, the City continued to maintain a strong financial position.

The last six years have been very favorable for the City, however, the near term projections indicate the possibility of a modest recession for the next fiscal year. The likelihood of a recession was increased significantly with the terrorist attacks of September 11, 2001 and their aftermath. It is anticipated that any slowdown will not be of long duration however and modest growth should begin again by the end of the next fiscal year. In the long term the City will return to balanced growth with commercial redevelopment and residential revitalization and development. The growth rate of population should be slow because of the lack of land availability for large new projects. There will be a continuation of the general evolutionary change from a residential bedroom community to a community with a more balanced economy.

### MAJOR INITIATIVES

**For the year:** There were several major projects and activities which were given the highest priority during the year. These activities included financial compliance development for Governmental Accounting Standard Board (GASB) Statement 34 implementation, continuing the development of the Police Department's strategic plan, redevelopment projects on Harbor Boulevard and other sites as well as community promotion events with Renaissance Garden Grove. The following is an overview of these items:

1. GASB 34 Implementation -In June 1999, the GASB issued Statement No. 34 which discussed Basic Financial Statements and Management's Discussion and analysis for State and Local Governments. The Statement requires governments to implement the changes required in

financial reporting and accounting in accordance to a schedule predicated on the size of the government's revenues. The City of Garden Grove is in the "Phase 1" category. This is the largest category, with total annual government revenues over \$100 million, and it requires the earliest implementation date. The applicable implementation date for Phase 1 governments is to meet the requirements of Statement 34 in financial periods beginning after June 15, 2001. For the City of Garden Grove this requires that the 2001-02 fiscal year be the first year of implementation of this statement. To meet these requirements the City completed a comprehensive study of its infrastructure and determined the capitalizable values for all of those assets along with the accumulated depreciation, asset life and annual depreciation. The study was completed by June 30, 2001, and the necessary adjustments will be ready for the City's books in the 2001-02 fiscal year as required in Statement 34. Other changes in financial reporting form and content are also being made to comply with additional requirements of GASB 34. It is anticipated that all necessary changes to comply with the new accounting and financial reporting standards will be ready in a timely manner.

2. Police Department Strategic Plan - This year was the first year of implementation of the Police Department's Strategic Plan which was approved in concept by the City Council in the previous year. The plan sets the direction for the department in the next four years. It includes enhancing the City's community policing efforts, developing community services offices, expanding juvenile justice, privatizing the City's three cell holding facility, improving and expanding the City's Police facilities and equipment and increasing the department's special enforcement capability to focus on crime relating to tourism, vice, high technology and white collar crime. During the year a contract with a private company was approved and implemented to provide private jailer services for the City. A complement of seven jailers provided under the contract relieved City officers from the time consuming tasks of processing and transporting prisoners. This allowed the City to recoup an estimated 14,000 officer hours during the year. The department became the first agency in Orange County to implement the "Call to Protect" program. This program is intended to protect domestic violence victims through the issuance of Sprint PCS cellular phones. The phones allow "at risk" victims to immediately notify local police in the event of a domestic violence threat. The Juvenile Justice Center has a goal of addressing the needs of "at risk" youth and their families. The facility's operations during the year were highly successful in that the juvenile offender recidivism rate was less than 8% which is very low by law enforcement standards. On April 7, 2001, the Police Department initiated its Resort Services Team. The Team consists of two Master Officers who are responsible for addressing hotel and tourist related issues for the new hotels, as well as working with staff and community members to resolve issues and problems in the resort area.

3. Redevelopment Projects - The City was nearing completion on its Harbor Boulevard Hotel Project "Site A & B". The project consists of six hotels and four free standing restaurants. The Hotels include a 372-room, 14 story Embassy Suites Hotel; a 162-room, 6 story Hilton Garden Inn, a 165-room, 7 story Hampton Inn and Suites; a 371-room, 13 story Marriot Suites; a 384-room, 9 story Crowne Plaza; and a 203-room, 7 story Homewood Suites. These new projects have a total development value of approximately 150 million and will generate 1,000 new jobs. All facilities are in operation at the time of writing except for the Marriot Suites, which is

expected to be in operation by 2001 year end. The City is anticipated to benefit significantly from additional transient occupancy taxes, property taxes and "spin-off" sales taxes.

4. Renaissance Garden Grove - The 2000-01 fiscal year was the fourth year in the City's partnership with the private sector to promote the Community's revitalization efforts. The activity began in the 1997-98 fiscal year with a two-week series of free events aimed at educating and entertaining the public. In the current year the program has been expanded to include activities throughout the year. The events included the outdoor summer concert series, speaker series luncheons and performances at the Shakespeare Amphitheater. One of the highlights this year was a "Motivational Luncheon" popular with local students, members of the business community and representatives from local colleges and universities which featured Michael Josephson of the Josephson Institute of Ethics and "Character Counts" program. The luncheon filled the Community Meeting Center to capacity. The majority of funding for all events of Renaissance Garden Grove come from individual and corporate contributions, with only a small amount from the City of Garden Grove.

FOR THE FUTURE: The City will maintain its goal of attempting to broaden and diversify its economic base while meeting the challenges of a changing economy. There will be continuing efforts to increase efficiency by innovative application of automation and cooperation with the private sector when practicable. Maintaining compliance with new rules, regulations and procedures which may be impacting local governments in the future will also be a high priority.

## **FINANCIAL INFORMATION**

The financial information includes an overview of the major current year trends in revenue and expenditures of governmental funds and a discussion of enterprise operations, cash management, debt service and other aspects of City operations.

### **General Government Functions:**

General government operations are accounted for in the governmental fund types which consist of the General, Special Revenue, Debt Service and Capital Projects Funds. Total revenue for governmental funds during the year was \$108,268,000, which produced an increase of \$6,383,000 or 6.3 percent over the previous year's total of \$101,885,000. This rate of increase, when adjusted for the CPI increase of 4.6 percent during the year, resulted in a "real" revenue growth rate of 1.7 percent. This moderate growth rate is the consequence of strong growth in the first half of the year and slow growth in the latter part of the year. The two major sources of governmental revenue are Taxes and Revenue from Other Agencies which account for more than 78 percent of the total. Both of these revenue sources grew at rates in excess of the average for governmental funds as a group. This is indicative of a generally healthy local economy supported by equally strong state shared revenues, subventions and federal grants and entitlement programs. The largest rate of increase in any category was in "Other Revenues", which increased by 112.9 percent over the previous year. This unusually large rate of increase was primarily the

result of a non-recurring payment from the State of California for a partial return of Educational Revenue Augmentation Funds which were taken previously by the State in its budget process. The relatively large rate of increase in Revenue from the Use of Money and Property of 30.2 percent was the result of an increase in program income in the City Housing programs which resulted from the payoff of many loans as interest rates dropped. Although most revenues increased during the year, certain categories experienced decreases. The largest decrease was in the "Sale of Land" category which declined by 37.2 percent. This decline reflected a reduction in both the numbers of parcels sold and the average value per parcel as redevelopment activities began to slow down. The decline in license revenues and permits of 17.3 percent also reflects a decline in large projects during the year. There was also an 8.0 percent decline in Fines, Forfeits and Penalties that was caused by a modest reduction in State and Federal drug seizure revenues during the year.

The following table shows general governmental revenues during the last two years, including their relationship to total revenues:

REVENUES	2000-2001		1999-2000		Percent change 00/01 over (under) 99/00
	Amount in (000)	Percent of Total	Amount in (000)	Percent of Total	
Taxes	\$ 46,386	42.8%	\$ 43,066	42.3%	7.7%
Licenses and permits	1,264	1.2%	1,529	1.5%	(17.3)%
Fines, forfeits and penalties	1,360	1.3%	1,476	1.4%	(8.0)%
From use of money & property	5,255	4.9%	4,034	4.0%	30.2%
Charges for current services	10,923	10.1%	11,433	11.2%	(4.5)%
From other agencies	38,318	35.4%	35,287	34.6%	8.5%
Sale of land	2,515	2.3%	4,005	3.9%	(37.2)%
Other	2,247	2.1%	1,055	1.0%	112.9%
<b>Total Revenues</b>	<b>\$ 108,268</b>	<b>100.0%</b>	<b>\$ 101,885</b>	<b>100.0%</b>	<b>6.3%</b>

Unlike the moderate growth rate the City experienced with its governmental revenues, the growth rate in governmental expenditures was very minimal. Expenditures for governmental funds totaled \$107,538,000 which is an increase of only \$892,000 or .9 percent over the previous year. This remarkably low rate of growth was caused by significant declines in "non-operational" expenditures while the remaining expenditures did experience significant growth. If the cost of land sold, debt service, and capital outlay are eliminated from the expenditure base in the current and previous years, a better understanding is possible of the true growth rate in operational expenditures. After applying this adjustment, the total expenditures in the current year are \$78,732,000 for an increase of 12.5 percent over the previous year's amount of \$69,960,000. If the increase in the consumer price index of 4.6 is factored out of the operational expenditure growth rate of 12.5 percent, the result is a "real" expenditure increase of 7.9 percent. Although



this rate of increase is a clear reflection of the true growth rate the magnitude of the increase is also a reflection of policy shifts during the year for staffing. Due to the difficulty in recruiting trained staff, such as police officers and certain technical staff, the City allowed certain positions in these sensitive areas to be filled much quicker than it did previously. This change in policy produced a much lower vacancy factor during the year. Another result of this policy was to cause a higher rate of expenditure in comparison to the previous year. This policy shift had a major impact to the Police, Fire and Traffic Safety programs. The expenditure growth rates of 20.5 percent in Municipal Support and 18.0 percent in Community Services were also much higher than the growth in the Consumer Price Index. The increase was due to the continued expansion of the City's operation of the West Orange County Job Training Partnership Act and Work Incentive federal grant programs. This was the fourth consecutive year of expansion for a wide area outside the City limits. The increase to the Parks and Greenbelts program of 11.9 percent reflects greater emphasis on operational support with a goal of reduction of deferred maintenance. The decrease in Cost of Land Sold and Capital Outlay is the result of the completion of several redevelopment projects where the majority of land sales and capital outlay expenditures were completed in the previous fiscal year. This is the second year of decline in these expenditure categories from previous record highs.

The following table shows general governmental expenditures in the last two years, including their relationship to total expenditures.

<u>EXPENDITURES</u>	<u>2000-2001</u>		<u>1999-00</u>		Percent Change 00/01 over (under) 99/00
	Amount in (000)	Percent of Total	Amount in (000)	Percent of Total	
Fire	\$ 12,278	11.4%	\$ 10,972	10.3%	11.9%
Police	28,153	26.2%	23,356	21.9%	20.5%
Traffic safety	2,199	2.0%	1,884	1.8%	16.7%
Public right of way	4,712	4.4%	4,671	4.4%	0.8%
Community buildings	2,124	2.0%	2,141	2.0%	-
Community services	2,225	2.1%	1,885	1.8%	18.0%
Parks and greenbelts	1,405	1.3%	1,256	1.2%	11.9%
Community planning and development	17,320	16.1%	16,895	15.8%	2.5%
Municipal support	8,316	7.7%	6,900	6.5%	20.5%
Cost of land sold	4,719	4.4%	11,999	11.3%	(60.7)%
Debt service	8,227	7.7%	8,220	7.7%	-
Capital outlay	15,860	14.7%	16,467	15.4%	(3.7)%
<b>Total Expenditures</b>	<b>\$ 107,538</b>	<b>100.0%</b>	<b>\$ 106,646</b>	<b>100.0%</b>	<b>0.9%</b>

**Proprietary Operations:**

The City's proprietary funds account for operations which derive the majority of their revenues from user fees and charges. They are further segregated into enterprise funds and internal service funds. Enterprise funds are used to account for services which are provided to the general public, whereas internal service funds are used to account for services provided to the various departments within the City. Under this criteria the Water Fund, Mobile Home Parks Fund, Sewage Collection and Solid Waste Disposal Funds are all enterprise funds. The City's internal service funds are the Workers Compensation, Fleet Management, Employee Benefits, Warehouse Operations, Telephone System, Information Systems and Risk Management Funds.

There was a significant decline in water operating revenues and water sales during the year. The decline was caused by a combination of moderate temperatures and rainfall which suppressed water demand and greatly intensified customer focus on conservation. The focus on conservation was a spin-off of the electricity crisis, where customers extended their attention on the use of electricity and natural gas to other utilities such as water. Consequently actual water sales decreased from 30,656 acre feet in the previous year to 28,886 acre feet in the current year resulting in a 6.1 percent drop between the years. The decreased water sales were primarily responsible for a decline in operating revenue. During the year operating revenues were \$14,701,421 which resulted in a decline of \$710,219 or 4.6 percent from the previous year's total of \$15,411,640. This reduction adversely effected the operation as the water fund posted a net loss of \$784,010 for the year. Although there was a moderate net loss for the year, the Water Fund easily met the requirement of the 1993 bond indenture for coverage of debt service. The bond indenture requires that net revenues available for debt service be at least 1.25 times the annual debt service. The actual coverage ratio was 1.78 times debt service. From a financial management standpoint, the most significant event of the year was the approval of a water rate increase on July 10, 2001. The increase, which is approximately 11 percent, is expected to increase the annual revenue from water sales by approximately \$1,500,000. The effective date of the increase was September 23, 2001, therefore it is expected to increase water sales revenue in the next year by an estimated \$1,200,000 over the current year.

The following is an overview of selected financial information for the Water Enterprise Fund:

	<u>2000-2001</u>	<u>1999-2000</u>
Operating Revenue	\$14,701,421	\$15,411,640
Net Income (loss)	(784,010)	188,879
Resources Available for Debt Service	2,615,799	5,337,859
Annual Debt Service	1,468,377	1,366,751
Coverage (resources available for debt service divided by annual debt service)	1.78%	3.90%

The Garden Grove Sanitary District completed its fourth year of operation subsequent to its annexation by the City in May 1997. The current year was the second year of implementation of Phase 1 of the Sanitary District Master Plan. The purpose of Phase 1 was to provide for a comprehensive maintenance, operations and capital replacement plan and the means of financing them. The first two years of this plan have yielded excellent results with net income improving from a loss of \$265,835 in the 1998-99 fiscal year to an income of \$2,697,421 in the 1999-00 fiscal year and \$1,775,740 in the current year. The maintenance and capital replacement programs have been increased and continued improvement is expected in the coming years. The change in net income was the net result of higher revenues from sewer and refuse collection fee increases which exceeded the added expenses for maintenance. In the near future these expenses will continue to rise as the program becomes fully operational and deferred maintenance begins to be amortized. The temporary excess revenues are being used to develop a reserve for contingencies in the Sanitary District operations.

The City operates two mobile home parks in the community as part of the efforts to increase the supply of low and moderate income housing. Seven year ago, the City assumed responsibility for the parks with a plan to improve their maintenance and infrastructure. In the last seven years of City ownership numerous improvements have been completed which have made the parks more attractive and financially viable. Operating revenues increase from \$1,689,741 in the prior fiscal year to \$1,787,673 in the current fiscal year, resulting in a growth rate of 5.8 percent. The increase in operating revenue had a favorable effect on the net income for the year. Net income increased from \$361,972 in the prior year to \$469,080 in the current year resulting in a gain of \$107,108 or 29.6 percent. Both of the parks are fully occupied and when a vacancy does occur it is quickly filled due to the strong demand.

The internal service funds had a very strong year due to the effects of numerous favorable expenditure results. In both the Risk Management and Workers' Compensation funds the City realized excellent results from lower actual claims losses than were anticipated. The Information Systems fund benefited from declining prices for equipment, materials, supplies and services throughout the year in comparison to the forecast. The Employee Benefits fund had very favorable results when the actual rates for the Public Employees Retirement System costs were below the rates funded. The income earned in the Fleet Management fund was planned and programmed to restore reserves to necessary levels which were reached before the recession in the previous decade. This process is planned to continue in the next year, if possible.

#### **Cash Management:**

The City Controller is responsible to invest all temporarily idle cash in accordance with the City's approved investment policy. In order to maximize yield, all City funds are pooled and interest is allocated back to the funds on a proportionate basis. During the year, the City achieved a yield of 6.2 percent on its portfolio investments which resulted in an interest income of \$6,024,073. Interest revenue increased from the previous year because of an increase in the cash portfolio available for investment of 13 percent and the increase in portfolio yield from 5.5 percent in the

previous year to 6.2 percent in the current year. At year end, cash, deposits and investments included the following proportions aggregate cash invested: United States Government Securities, 71 percent; Local Agency Investment Fund of the State of California, 21 percent; commercial paper, 1 percent. Cash Management investments continue to be managed by providing for the required level of security and liquidity while providing for the highest level of yield available within the City's Investment Policy Guidelines. In addition, considerable emphasis is placed upon cash management practices designed to increase overall performance by a judicious application of "float" whenever possible.

#### **Risk Management:**

The City uses a combination of commercial insurance and self-insurance programs to finance its exposure to various forms of loss resulting from damage to City owned property, workers compensation and tort liabilities.

To protect the City's real and personal property, commercial, all risk, earthquake and flood insurance is purchased at replacement value levels. Honesty and fidelity bonds are carried on all employees in compliance with Government and Municipal Code Requirements, or City Council Direction. Tort liabilities arising from municipal operations were funded through a program which self-insured the first \$2.0 million of each loss; commercial excess liability insurance was purchased thereafter to \$12 million on a "per occurrence basis" to protect against catastrophic events. The program is funded at the 90 percent confidence level and includes incurred but not reported losses (IBNR).

A self-insured program is also maintained for workers' compensation losses and carries a \$350,000 per occurrence retention level. Commercial excess workers' compensation insurance is then carried to statutory (unlimited) limits. All losses, including IBNR, were funded at the 90% confidence level based upon actuarial studies completed biannually. Claims are administered by a third party administrator.

In the current year the program provided for an independent actuarial evaluation of the City's liability operations. The results of the study was to confirm that the 90 percent confidence level is being maintained for all City liability funding.

#### **Appropriation Limit:**

On November 6, 1979, the citizens of California passed Proposition 4, also known as the Gann Initiative, which amended Article XIII B of the State Constitution to provide for limitations on State and local government spending. The limit was modified when the voters adopted Senate Constitutional Amendment I (SCA-I) on June 5, 1990.

The limit is calculated each fiscal year and determined by adjusting the 1978-79 "base fiscal year" for allowable population changes and Consumer Price Index fluctuations. In accordance with

SCA-1 the State Legislature determines the methodology for computation of allowable changes in population. This determination was made when the Legislature adopted Senate Bill 88 (SB-88).

Under the provisions of SCA-1, the government entity is allowed to choose whether to use the change in California per capita personal income from the preceding year or the percentage change on the growth of non-residential assessed valuation due to new construction. The selection process requires a vote of the City Council annually. In addition, it is provided, under the provisions of SB-88, that cities can utilize an annual population adjustment factor based upon the actual change in population within city boundaries, or the percentage change in population of the county as a whole.

The City complies with all requirements of the Gann Initiative and has never exceeded its limits. During the 2000-01 fiscal year, the Gann Limit was \$70,970,509, and the actual expenditures subject to the limit were \$29,530,264 resulting in a substantial "gap" of \$43,555,287 which expenditures financed by the proceeds of taxes could still grow and not violate the limit.

**Debt Administration:**

There are no outstanding general obligation bonds for the City. There are revenue bonds, tax allocation bonds and other long-term debts outstanding in the following amounts as of June 30, 2001.

<u>Description</u>	<u>Amount Outstanding</u>
Revenue Bonds:	
Water	\$17,784,085
Public Financing Authority	2,230,000
Tax Allocation Bonds	54,835,000
Certificates of Participation	13,946,731
Other Debts:	
Agreements Payable	21,230,038

**General Fixed Assets:**

The general fixed assets of the City are those fixed assets used in the performance of general governmental functions and exclude the fixed assets of enterprise and internal service funds. As of June 30, 2001 the general fixed assets of the City amounted to \$43,716,856. This amount represents the original cost of the assets. Depreciation of general fix assets is not recognized in the City's accounting system.

## **OTHER INFORMATION**

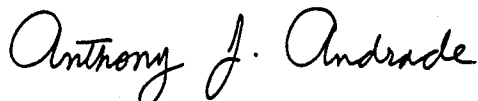
The required audit of the books of account, financial records and transactions of all departments of the reporting entity was conducted by Diehl, Evans and Company, LLP, independent auditors selected by the City Council. The unqualified auditors' report is included in the CAFR.

### **Financial Reporting Recognition:**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City of Garden Grove the Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2000. In order to receive this award, a governmental unit must publish an easy-to-read and efficiently organized Comprehensive Annual Financial Report, whose contents conform to industry standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The City was also awarded the Certificate for Outstanding Financial Reporting, by the California Society of Municipal Finance Officers (CSMFO) for the fiscal year ending June 30, 2000.

### **Acknowledgments:**

Preparation of the City's Annual Financial Report in a timely manner is an undertaking which requires the dedicated efforts of many of the staff in the Controller's Office. I would like to express my appreciation to all members of the department who assisted in and contributed to its preparation. I particularly would like to commend Judith Smith, Accounting Supervisor, for her dedication and enthusiastic efforts in the project. Finally, I would also like to thank the Mayor, the City Council, the City Manager, and Board members for their continued interest and support in planning and conducting the financial operations of the City in a professional and progressive manner.



Anthony J. Andrade  
Controller

# CITY OF GARDEN GROVE

## CITY COUNCIL

**Bruce Broadwater**  
*Mayor*

**William Dalton**  
*Mayor Pro-Tem*

**Mark Leyes**  
*Councilman*

**Mark Rosen**  
*Councilman*

**Van Tran**  
*Councilman*

## CITY OFFICIALS

**George L. Tindall**  
*City Manager*

**Catherine Standiford**  
*Deputy City Manager*

**John R. Shaw**  
*City Attorney*

**Cal Rietzel**  
*Community Services Director*

**Anthony J. Andrade**  
*Controller*

**Steven A. Larson**  
*Personnel Services Director*

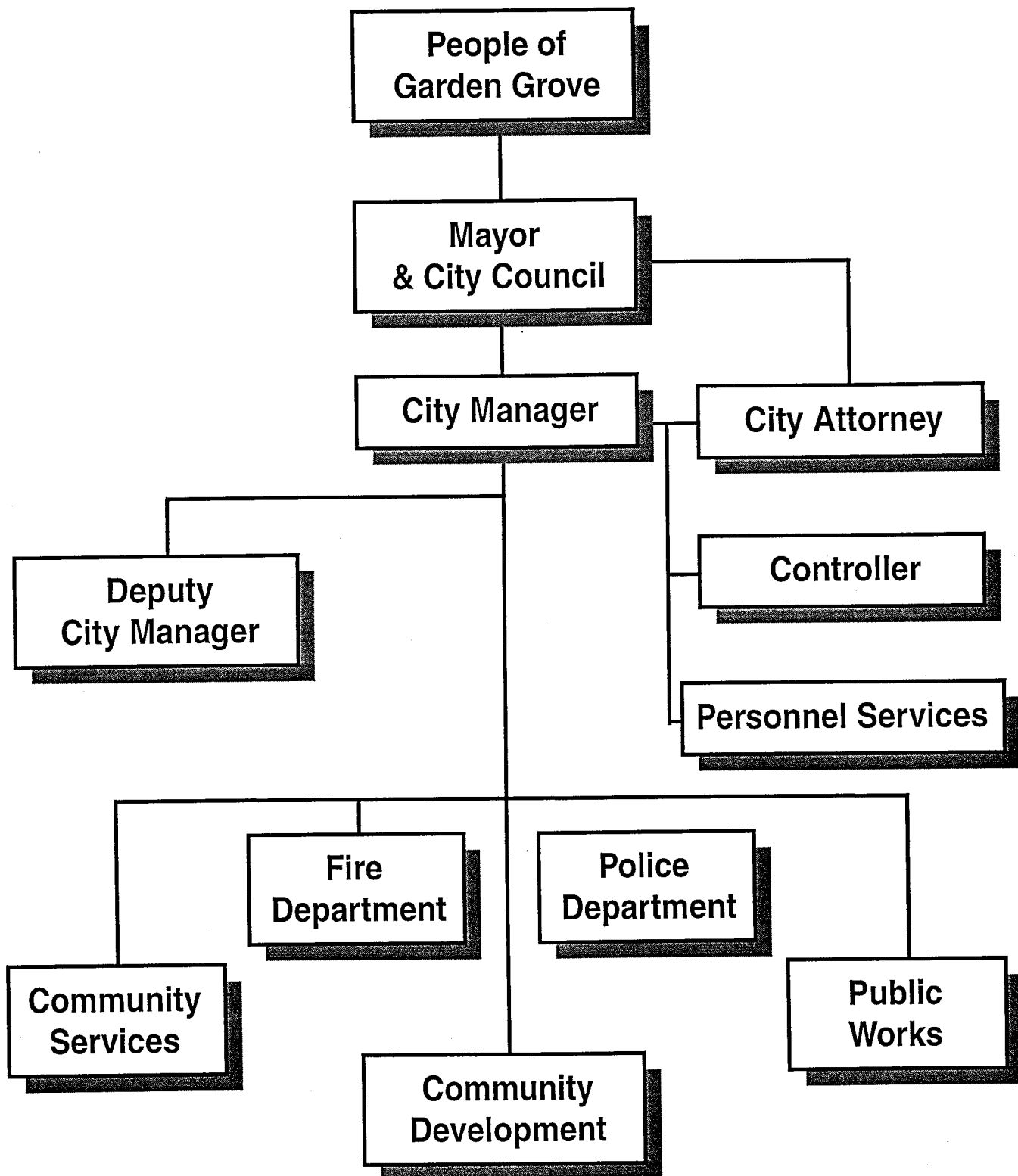
**Cameron Phillips**  
*Fire Chief*

**Matthew J. Fertal**  
*Community Development Director*

**Joseph Polisar**  
*Police Chief*

**Les Jones**  
*Public Works Director*

# City Of Garden Grove ORGANIZATIONAL CHART





# 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, 2000

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.



*Anne Spray Kinney*  
President

*Jeffrey L. Esall*  
Executive Director

"The Government Finance Officer's Association of the United States and Canada (GFOA), awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Garden Grove, California for its Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2000.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports 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 our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA."

# California Society of Municipal Finance Officers

Certificate of Award

*Outstanding Financial Reporting 1998-99*

Presented to the

*City of Garden Grove*



*This certificate is issued in recognition of meeting professional standards and criteria in reporting which reflect a high level of quality in the annual financial statements and in the underlying accounting system from which the reports were prepared.*

*February 28, 2000*

*Paul D. Bunt*  
Chair, Professional & Technical Standards Committee

*Dedicated to Excellence in Municipal Financial Management*

FINANCIAL  
SECTION

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# DIEHL, EVANS & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

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IRVINE, CALIFORNIA 92606-4906  
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www.diehlevans.com

MICHAEL R. LUDIN, CPA  
CRAIG W. SPRAKER, CPA  
NITIN P. PATEL, CPA  
\* PHILIP H. HOLTkamp, CPA  
\* THOMAS M. PERLOWSKI, CPA  
\* HARVEY J. SCHROEDER, CPA  
\* A PROFESSIONAL CORPORATION

September 28, 2001

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and  
Members of City Council  
City of Garden Grove  
Garden Grove, California

We have audited the general purpose financial statements of the City of Garden Grove, as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Garden Grove as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types 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 September 28, 2001 on our consideration of the City of Garden Grove's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statement of the City of Garden Grove. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole. The statistical information listed in the table of contents is not a required part of the general purpose financial statements, and we did not audit or apply limited procedures to such information and do not express any assurance on such information.

*Diehl, Evans and Company, LLP*

OTHER OFFICES AT:

2965 ROOSEVELT STREET  
CARLSBAD, CALIFORNIA 92008-2389  
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613 W. VALLEY PARKWAY, SUITE 330  
ESCONDIDO, CALIFORNIA 92025-2598  
(760) 741-3141 • FAX (760) 741-9890

**CITY OF GARDEN GROVE**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 2001**

	<b>Governmental Funds</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>ASSETS AND OTHER DEBITS</b>				
Cash and investments (Note 2)	\$ 9,701,811	\$ 18,999,121	\$ -	\$ 5,806,858
Cash and investments with fiscal agents (Note 2)	1,117,987	-	4,486,000	53,858
Taxes receivable (Note 1o)	3,379,145	627,489	107,917	26,979
Accounts receivable	928,382	5,197,087	-	257,030
Interest receivable	109,477	90,203	-	81,652
Intercity loans receivable (Note 3)	19,556,114	-	-	-
Notes receivable (Note 4)	-	2,496,800	-	42,992,568
Due from other funds (Note 11)	-	-	-	961,932
Inventory (Note 1e)	-	-	-	7,774,328
Deposits	32,500	7,900	-	618,420
Restricted cash and investments (Note 1h, 2 and 8)	-	-	-	-
Fixed assets (Note 5)	-	-	-	-
Deferred issuance costs	-	-	-	-
Amount available in debt service funds	-	-	-	-
Amount to be provided - future years	-	-	-	-
<b>Total assets and other debits</b>	<b>\$ 34,825,416</b>	<b>\$ 27,418,600</b>	<b>\$ 4,593,917</b>	<b>\$ 58,573,625</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,052,194	\$ 1,597,530	\$ -	\$ 13,378
Accrued compensated absences (Note 1k)	-	-	-	-
Accrued interest payable	-	-	-	-
Other accrued liabilities	1,515,433	396,162	-	14,590
Claims payable (Note 12)	-	-	-	-
Refundable deposits	1,200,836	135,596	-	456,808
Due to other funds (Note 11)	-	4,527,173	206,860	755,072
Deferred revenue (Notes 4 and 7)	775,517	3,810,614	-	42,992,568
Intercity loans payable (Note 3)	-	-	-	7,121,066
Tax allocation bonds payable (Note 8)	-	-	-	-
Revenue bonds payable (Note 8)	-	-	-	-
Agreements payable (Note 8)	-	-	-	-
Certificates of participation (Note 8)	-	-	-	-
<b>Total liabilities</b>	<b>4,543,980</b>	<b>10,467,075</b>	<b>206,860</b>	<b>51,353,482</b>
<b>Equity and other credits:</b>				
Investment in general fixed assets (Note 5)	-	-	-	-
Contributed capital (Note 6)	-	-	-	-
<b>Retained earnings:</b>				
Reserved for bond retirement (Note 8)	-	-	-	-
Reserved for continuing projects (Note 9c)	-	-	-	-
Unreserved	-	-	-	-
<b>Fund balances:</b>				
<b>Reserved:</b>				
Reserved for encumbrances (Note 9a)	324,343	1,279,389	-	524,474
Reserved for building improvements (Note 9f)	500,000	-	-	-
Reserved for intercity loans receivable (Note 9b)	19,556,114	-	-	-
Reserved for continuing projects (Note 9c)	1,273,200	10,040,521	-	740,613
Reserved for land held for resale (Note 9d)	-	-	-	7,774,328
Reserved for debt service (Note 8)	-	-	4,387,057	-
Reserved for contractual commitments (Note 9e)	-	-	-	670,000
<b>Unreserved:</b>				
Designated for subsequent years' expenditures (Note 10)	8,627,779	3,209,013	-	-
Undesignated	-	2,422,602	-	(2,489,272)
<b>Total equity and other credits</b>	<b>30,281,436</b>	<b>16,951,525</b>	<b>4,387,057</b>	<b>7,220,143</b>
<b>Total liabilities, equity and other credits</b>	<b>\$ 34,825,416</b>	<b>\$ 27,418,600</b>	<b>\$ 4,593,917</b>	<b>\$ 58,573,625</b>

See accompanying notes to general purpose financial statements and independent auditors' report

Proprietary Funds		Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	
\$ 15,088,924	\$ 43,447,131	\$ -	\$ -	\$ 93,043,845
2,518,667	-	-	-	8,176,512
71,270	-	-	-	4,212,800
3,399,312	897,939	-	-	10,679,750
210,794	348,004	-	-	840,130
1,394,793	-	-	-	20,950,907
310,874	-	-	-	45,800,242
-	5,060,599	-	-	6,022,531
-	223,790	-	-	7,998,118
15,000	172,247	-	-	846,067
901,466	-	-	-	901,466
67,006,749	6,057,832	43,716,856	-	116,781,437
907,930	-	-	-	907,930
-	-	-	4,387,057	4,387,057
-	-	-	74,075,443	74,075,443
<u>\$ 91,825,779</u>	<u>\$ 56,207,542</u>	<u>\$ 43,716,856</u>	<u>\$ 78,462,500</u>	<u>\$ 395,624,235</u>
\$ 2,839,395	\$ 794,814	\$ -	\$ -	\$ 6,297,311
-	4,628,152	-	-	4,628,152
367,260	-	-	-	367,260
164,322	233,498	-	-	2,324,005
-	17,296,847	-	-	17,296,847
332,947	-	-	-	2,126,187
533,426	-	-	-	6,022,531
1,108,410	-	-	-	48,687,109
13,829,841	-	-	-	20,950,907
-	-	-	54,835,000	54,835,000
17,784,085	-	-	2,230,000	20,014,085
-	-	-	21,397,500	21,397,500
13,946,731	-	-	-	13,946,731
<u>50,906,417</u>	<u>22,953,311</u>	<u>-</u>	<u>78,462,500</u>	<u>218,893,625</u>
-	-	43,716,856	-	43,716,856
19,123,515	4,066,398	-	-	23,189,913
52,529	-	-	-	52,529
4,271,867	-	-	-	4,271,867
17,471,451	29,187,833	-	-	46,659,284
-	-	-	-	2,128,206
-	-	-	-	500,000
-	-	-	-	19,556,114
-	-	-	-	12,054,334
-	-	-	-	7,774,328
-	-	-	-	4,387,057
-	-	-	-	670,000
-	-	-	-	11,836,792
-	-	-	-	(66,670)
<u>40,919,362</u>	<u>33,254,231</u>	<u>43,716,856</u>	<u>-</u>	<u>176,730,610</u>
<u>\$ 91,825,779</u>	<u>\$ 56,207,542</u>	<u>\$ 43,716,856</u>	<u>\$ 78,462,500</u>	<u>\$ 395,624,235</u>

**CITY OF GARDEN GROVE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED JUNE 30, 2001**

	General	Special Revenue
<b>Revenues:</b>		
Taxes	\$ 33,163,586	\$ 519,118
Licenses and permits	1,216,708	47,542
Fines, forfeits and penalties	1,200,625	159,205
From use of money and property	2,108,315	1,044,057
Charges for current services	6,227,493	4,695,504
From other agencies	9,382,833	28,934,752
Sale of land	-	-
Other	1,275,625	970,245
	<u>54,575,185</u>	<u>36,370,423</u>
<b>Total revenues</b>		
<b>Expenditures:</b>		
<b>Current:</b>		
Fire	12,066,912	210,802
Police	26,668,437	1,484,771
Traffic safety	849,424	1,349,944
Public right of way	2,584,215	2,128,200
Community buildings	1,982,861	141,064
Community services	935,273	1,289,743
Parks and greenbelts	625,670	779,728
Community planning and development	1,741,121	15,578,821
Municipal support	4,249,238	4,067,192
<b>Capital outlay:</b>		
Police	250,957	579,558
Traffic safety	-	2,137,337
Public right of way	-	1,858,316
Drainage	-	1,494,302
Community buildings	-	15,196
Parks and greenbelts	-	186,959
Community planning and development	-	387,424
Municipal support	-	-
Cost of land sold	-	-
<b>Debt service (Note 8):</b>		
Principal retirement	380,696	576,172
Interest and fiscal charges	121,463	755,457
	<u>52,456,267</u>	<u>35,020,986</u>
<b>Total expenditures</b>		
Excess (deficiency) of revenues over (under) expenditures	<u>2,118,918</u>	<u>1,349,437</u>
<b>Other financing sources (uses):</b>		
Operating transfers in	670,000	93,284
Operating transfers out	(1,472,166)	(500,000)
Proceeds of long term debt (Note 8)	-	-
	<u>(802,166)</u>	<u>(406,716)</u>
<b>Total other financing sources (uses)</b>		
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>1,316,752</u>	<u>942,721</u>
<b>Fund balances, July 1</b>	28,964,684	16,008,804
Prior period adjustment (Note 24)	-	-
<b>Adjusted fund balances, July 1</b>	<u>28,964,684</u>	<u>16,008,804</u>
<b>Fund balances, June 30</b>	<u>\$ 30,281,436</u>	<u>\$ 16,951,525</u>

See accompanying notes to general purpose financial statements and independent auditors' report



Debt Service	Capital Projects	Totals (Memorandum Only)
\$ 10,162,865	\$ 2,540,717	\$ 46,386,286
-	-	1,264,250
-	-	1,359,830
62,236	2,040,276	5,254,884
-	-	10,922,997
-	-	38,317,585
-	2,515,141	2,515,141
-	663	2,246,533
<u>10,225,101</u>	<u>7,096,797</u>	<u>108,267,506</u>
-	-	12,277,714
-	-	28,153,208
-	-	2,199,368
-	-	4,712,415
-	-	2,123,925
-	-	2,225,016
-	-	1,405,398
-	-	17,319,942
-	-	8,316,430
-	140,000	970,515
-	-	2,137,337
-	10,068	1,868,384
-	-	1,494,302
-	25,499	40,695
-	-	186,959
-	8,503,188	8,890,612
-	269,550	269,550
-	4,719,304	4,719,304
1,165,000	1,267,462	3,389,330
3,280,606	680,429	4,837,955
<u>4,445,606</u>	<u>15,615,500</u>	<u>107,538,359</u>
<u>5,779,495</u>	<u>(8,518,703)</u>	<u>729,147</u>
-	5,781,299	6,544,583
(5,781,299)	-	(7,753,465)
-	1,687,500	1,687,500
<u>(5,781,299)</u>	<u>7,468,799</u>	<u>478,618</u>
<u>(1,804)</u>	<u>(1,049,904)</u>	<u>1,207,765</u>
4,388,861	10,057,538	59,419,887
-	(1,787,491)	(1,787,491)
<u>4,388,861</u>	<u>8,270,047</u>	<u>57,632,396</u>
<u>\$ 4,387,057</u>	<u>\$ 7,220,143</u>	<u>\$ 58,840,161</u>

**CITY OF GARDEN GROVE**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL, SPECIAL REVENUE AND CAPITAL PROJECTS FUND TYPES**  
**YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 30,806,000	\$ 33,163,586	\$ 2,357,586	\$ 430,000	\$ 519,118	\$ 89,118
Licenses and permits	664,600	1,216,708	552,108	24,000	47,542	23,542
Fines, forfeits, and penalties	1,250,500	1,200,625	(49,875)	2,348,000	159,205	(2,188,795)
From use of money and property	947,500	2,108,315	1,160,815	223,600	1,044,056	820,456
Charges for current services	6,105,288	6,227,493	122,205	4,092,356	4,695,504	603,148
From other agencies	8,429,200	9,382,833	953,633	36,047,668	28,934,752	(7,112,916)
Sale of land	-	-	-	-	-	-
Other	517,900	1,275,625	757,725	578,868	970,246	391,378
<b>Total revenues</b>	<b>48,720,988</b>	<b>54,575,185</b>	<b>5,854,197</b>	<b>43,744,492</b>	<b>36,370,423</b>	<b>(7,374,069)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Fire	12,235,277	12,066,912	168,365	364,296	210,802	153,494
Police	26,646,125	28,668,437	(22,312)	2,186,490	1,484,771	701,719
Traffic safety	704,575	849,424	(144,849)	3,264,788	1,349,944	1,914,844
Public right of way	2,726,282	2,584,215	142,067	2,702,894	2,128,200	574,694
Community buildings	2,971,313	1,982,861	988,452	172,428	141,064	31,364
Community services	1,127,209	935,273	191,936	1,568,366	1,289,743	278,623
Parks and greenbelts	690,158	625,670	64,488	833,303	779,728	53,575
Community planning and development	2,118,834	1,741,121	377,713	16,388,582	15,573,947	814,635
Municipal support	6,152,389	4,249,238	1,903,151	5,810,055	4,072,066	1,737,989
<b>Capital outlay:</b>						
Police	701,789	250,957	450,832	1,797,866	579,558	1,218,308
Traffic safety	-	-	-	7,973,604	2,137,337	5,836,267
Public right of way	-	-	-	7,202,382	1,858,316	5,344,066
Drainage	-	-	-	2,894,892	1,494,302	1,400,590
Community buildings	-	-	-	15,196	15,196	-
Parks and greenbelts	-	-	-	932,891	186,959	745,932
Community planning and development	-	-	-	1,113,726	387,424	726,302
Municipal support	-	-	-	-	-	-
Cost of land sold	-	-	-	-	-	-
<b>Debt service:</b>						
Principal retirement	380,696	380,696	-	576,172	576,172	-
Interest and fiscal charges	121,463	121,463	-	755,457	755,457	-
<b>Total expenditures</b>	<b>56,576,110</b>	<b>52,456,267</b>	<b>4,119,843</b>	<b>56,553,388</b>	<b>35,020,986</b>	<b>21,532,402</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(7,855,122)</b>	<b>2,118,918</b>	<b>9,974,040</b>	<b>(12,808,896)</b>	<b>1,349,437</b>	<b>14,158,333</b>
<b>Other financing sources (uses):</b>						
Operating transfers in	670,000	670,000	-	93,284	93,284	-
Operating transfers out	(1,472,166)	(1,472,166)	-	(500,000)	(500,000)	-
Proceeds of long term debt	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(802,166)</b>	<b>(802,166)</b>	<b>-</b>	<b>(406,716)</b>	<b>(406,716)</b>	<b>-</b>
<b>Excess(deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>(8,657,288)</b>	<b>1,316,752</b>	<b>9,974,040</b>	<b>(13,215,612)</b>	<b>942,721</b>	<b>14,158,333</b>
<b>Fund balances, July 1</b>	<b>28,964,684</b>	<b>28,964,684</b>	<b>-</b>	<b>16,008,804</b>	<b>16,008,804</b>	<b>-</b>
Prior period adjustment (Note 24)	-	-	-	-	-	-
<b>Adjusted fund balance, July 1</b>	<b>28,964,684</b>	<b>28,964,684</b>	<b>-</b>	<b>16,008,804</b>	<b>16,008,804</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ 20,307,396</b>	<b>\$ 30,281,436</b>	<b>\$ 9,974,040</b>	<b>\$ 2,793,192</b>	<b>\$ 16,951,525</b>	<b>\$ 14,158,333</b>

See accompanying notes to general purpose financial statements and independent auditors' report

Capital Projects Funds			Totals (Memorandum Only)		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
\$ 2,577,750	\$ 2,540,717	\$ (37,033)	\$ 33,813,750	\$ 36,223,421	\$ 2,409,671
-	-	-	688,600	1,264,250	575,650
-	-	-	3,598,500	1,359,830	(2,238,670)
791,851	2,040,276	1,248,425	1,962,951	5,192,647	3,229,696
-	-	-	10,197,644	10,922,997	725,353
-	-	-	44,476,868	38,317,585	(6,159,283)
1,200,000	2,515,141	1,315,141	1,200,000	2,515,141	1,315,141
1,000,000	663	(999,337)	2,096,768	2,246,534	149,766
<u>5,569,601</u>	<u>7,096,797</u>	<u>1,527,196</u>	<u>98,035,081</u>	<u>98,042,405</u>	<u>7,324</u>
-	-	-	12,599,573	12,277,714	321,859
-	-	-	28,832,615	28,153,208	679,407
-	-	-	3,969,363	2,199,368	1,769,995
-	-	-	5,429,176	4,712,415	716,761
-	-	-	3,143,741	2,123,925	1,019,816
-	-	-	2,695,575	2,225,016	470,559
-	-	-	1,523,461	1,405,398	118,063
-	-	-	18,507,416	17,315,068	1,192,348
-	-	-	11,962,444	8,321,304	3,641,140
140,000	140,000	-	2,639,655	970,515	1,669,140
-	-	-	7,973,604	2,137,337	5,836,267
49,556	10,068	39,488	7,251,938	1,868,384	5,383,554
-	-	-	2,894,892	1,494,302	1,400,590
42,504	25,499	17,005	57,700	40,695	17,005
-	-	-	932,891	186,959	745,932
9,611,729	8,503,188	1,108,541	10,725,455	8,890,612	1,834,843
318,521	269,550	48,971	318,521	269,550	48,971
-	4,719,304	(4,719,304)	-	4,719,304	(4,719,304)
1,267,462	1,267,462	-	2,224,330	2,224,330	-
680,429	680,429	-	1,557,349	1,557,349	-
<u>12,110,201</u>	<u>15,615,500</u>	<u>(3,505,299)</u>	<u>125,239,699</u>	<u>103,092,753</u>	<u>22,146,946</u>
<u>(6,540,600)</u>	<u>(8,518,703)</u>	<u>(1,978,103)</u>	<u>(27,204,618)</u>	<u>(5,050,348)</u>	<u>22,154,270</u>
4,926,732	5,781,299	(854,567)	5,690,016	6,544,583	(854,567)
-	-	-	(1,378,882)	(1,972,166)	-
-	1,687,500	(1,687,500)	-	500,000	(1,687,500)
<u>4,926,732</u>	<u>7,468,799</u>	<u>(2,542,067)</u>	<u>3,717,850</u>	<u>6,259,917</u>	<u>(2,542,067)</u>
<u>(1,613,868)</u>	<u>(1,049,904)</u>	<u>563,964</u>	<u>(23,486,768)</u>	<u>1,209,569</u>	<u>24,696,337</u>
10,057,538	10,057,538	-	55,031,026	55,031,026	-
-	(1,787,491)	(1,787,491)	-	(1,787,491)	(1,787,491)
<u>10,057,538</u>	<u>8,270,047</u>	<u>(1,787,491)</u>	<u>55,031,026</u>	<u>53,243,535</u>	<u>(1,787,491)</u>
<u>\$ 8,443,670</u>	<u>\$ 7,220,143</u>	<u>\$ (1,223,527)</u>	<u>\$ 31,544,258</u>	<u>\$ 54,453,104</u>	<u>\$ 22,908,846</u>

**CITY OF GARDEN GROVE**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**ALL PROPRIETARY FUND TYPES**  
**YEAR ENDED JUNE 30, 2001**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2000**

Schedule A-4

	Enterprise	Internal Service	Totals	
			(Memorandum Only)	
			2001	2000
<b>Operating revenues:</b>				
Charges for services	\$ -	\$ 26,082,806	\$ 26,082,806	\$ 22,461,110
Water sales	14,514,384	-	14,514,384	15,107,955
Mobilehome parks operation	1,787,673	-	1,787,673	1,689,741
Solid waste disposal fees	5,519,249	-	5,519,249	5,885,501
Property assessments	1,396,114	-	1,396,114	1,894,175
Sewer user fees	1,648,116	-	1,648,116	1,773,233
Other	296,561	-	296,561	163,674
Total operating revenues	25,162,097	26,082,806	51,244,903	48,975,389
<b>Operating expenses:</b>				
Salaries and wages	3,720,316	6,647,179	10,367,495	9,528,680
Contractual services	8,466,673	6,352,193	14,818,866	15,033,214
Liability claims	-	2,838,109	2,838,109	2,956,830
Materials and supplies	1,258,380	1,416,139	2,674,519	2,354,703
Water production expenses	6,462,811	-	6,462,811	6,442,258
Mobilehome parks on-site operations	589,574	-	589,574	548,318
Depreciation	1,898,307	905,814	2,804,121	3,164,731
Amortization	48,732	-	48,732	48,732
Total operating expenses	22,444,793	18,159,434	40,604,227	40,077,466
Operating income	2,717,304	7,923,372	10,640,676	8,897,923
<b>Nonoperating revenues (expenses):</b>				
Investment income	1,263,954	1,832,158	3,096,112	2,310,461
Other nonoperating revenues	82,092	247,349	329,441	827,476
Rent	60,000	-	60,000	101,580
Proceeds from disposal of assets	33,591	50,485	84,076	62,284
Loss on disposal of assets	(2,550)	(9,604)	(12,154)	(465,444)
Capital contributions	-	458,436	458,436	431,073
Interest expense	(2,616,357)	-	(2,616,357)	(1,890,586)
Fiscal charges	(7,224)	-	(7,224)	(6,463)
Total nonoperating revenues (expenses)	(1,186,494)	2,578,824	1,392,330	1,370,381
Income before transfers	1,530,810	10,502,196	12,033,006	10,268,304
<b>Transfers in (out):</b>				
Transfers in	-	1,278,882	1,278,882	908,813
Transfers out	(70,000)	-	(70,000)	(200,000)
Total transfers	(70,000)	1,278,882	1,208,882	708,813
<b>Net Income</b>	1,460,810	11,781,078	13,241,888	10,173,914
<b>Retained earnings, July 1</b>	20,371,989	17,406,755	37,778,744	27,604,830
Prior period adjustment (Note 24)	(36,952)	-	(36,952)	-
<b>Adjusted retained earnings, July 1</b>	20,335,037	17,406,755	37,741,792	27,604,830
<b>Retained earnings, June 30</b>	\$ 21,795,847	\$ 29,187,833	\$ 50,983,680	\$ 37,778,744

See accompanying notes to general purpose financial statements and independent auditors' report.

**CITY OF GARDEN GROVE  
 COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES  
 YEAR ENDED JUNE 30, 2001  
 WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2000**

Schedule A-5

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)	
			2001	2000
<b>Cash flows from operating activities:</b>				
Cash received from users	\$ 25,406,956	\$ 23,291,587	\$ 48,698,543	\$ 45,074,668
Cash received from quasi-external transactions	533,426	-	533,426	1,761,087
Cash used by quasi-external transactions	-	(3,234,410)	(3,234,410)	-
Cash paid to suppliers	(16,869,337)	(9,422,318)	(26,291,655)	(27,107,209)
Cash paid to employees	(3,720,316)	(6,190,967)	(9,911,283)	(9,598,530)
<b>Net cash provided by operating activities</b>	<b>5,350,729</b>	<b>4,443,892</b>	<b>9,794,621</b>	<b>10,130,016</b>
<b>Cash flows from noncapital financing activities:</b>				
Other revenue	-	14,182	14,182	45,827
Transfers in	-	1,378,882	1,378,882	1,008,813
Transfers out	(70,000)	(100,000)	(170,000)	(300,000)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(70,000)</b>	<b>1,293,064</b>	<b>1,223,064</b>	<b>754,640</b>
<b>Cash flows from investing activities:</b>				
Investment income	1,263,954	1,832,158	3,096,112	2,310,461
<b>Cash flows from capital and related financing activities:</b>				
Certificates of participation principal payments	(1,120,000)	-	(1,120,000)	(1,045,000)
Bond principal payments	(415,000)	-	(415,000)	(395,000)
Rent	60,000	-	60,000	60,000
Intercity loan payments from general fund	-	233,167	233,167	-
Purchase of fixed assets	(2,335,731)	(1,407,903)	(3,743,634)	(3,466,585)
Proceeds from disposal of assets	75,000	50,839	125,839	59,650
Cash capital contributions	54,361	458,436	512,797	486,544
Other nonoperating revenues	82,092	-	82,092	425,751
Interest paid	(2,616,357)	-	(2,616,357)	(2,693,789)
Fiscal charges	(7,224)	-	(7,224)	(6,463)
<b>Net cash (used) by capital and related financing activities</b>	<b>(6,222,859)</b>	<b>(665,461)</b>	<b>(6,888,320)</b>	<b>(6,574,892)</b>
<b>Net increase (decrease) in cash and cash equivalents (Note Iq)</b>	<b>321,824</b>	<b>6,903,653</b>	<b>7,225,477</b>	<b>6,620,225</b>
<b>Cash and cash equivalents, July 1</b>	<b>18,187,233</b>	<b>36,543,478</b>	<b>54,730,711</b>	<b>48,110,486</b>
<b>Cash and cash equivalents, June 30</b>	<b>\$ 18,509,057</b>	<b>\$ 43,447,131</b>	<b>\$ 61,956,188</b>	<b>\$ 54,730,711</b>

(Continued)

**RECONCILIATION OF OPERATING INCOME TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Schedule A-5  
Continued

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)	
			2001	2000
<b>Operating income</b>	<b>\$ 2,717,304</b>	<b>\$ 7,923,372</b>	<b>\$ 10,640,676</b>	<b>\$ 9,328,996</b>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>				
Depreciation expense	1,898,307	905,814	2,804,121	3,164,731
Amortization expense	48,732	-	48,732	48,732
Uncollectable accounts	26,918	-	26,918	-
<b>Changes in assets and liabilities:</b>				
(Increase) decrease in taxes receivable	(3,295)	-	(3,295)	10,357
Decrease (increase) in accounts receivable	261,262	(30,082)	231,180	(398,046)
Decrease (increase) in accrued interest receivable	76,811	49,116	125,927	(437,172)
(Increase) decrease in intercity loans receivable	(39,354)	222,441	183,087	230,793
Decrease (increase) in notes receivable	49,683	-	49,683	(303,428)
(Increase) decrease in due from other funds	-	(3,234,410)	(3,234,410)	1,761,087
(Increase) in inventory	-	(18,099)	(18,099)	(23,910)
Decrease in deposits	-	3,969	3,969	120,339
(Decrease) increase in accounts payable	(253,070)	100,445	(152,625)	(1,275,108)
Increase in accrued compensated absences	-	392,815	392,815	376,070
(Decrease) in accrued interest payable	(6,962)	-	(6,962)	(45,706)
Increase in intercity loan payable	39,354	-	39,354	17,380
(Decrease) increase in other accrued liabilities	(3,521)	13,795	10,274	132,162
(Decrease) increase in refundable deposits	(22,220)	-	(22,220)	9,007
(Decrease) in claims payable	-	(1,885,284)	(1,885,284)	(1,720,697)
Increase (decrease) in due to other funds	533,426	-	533,426	(1,224,402)
Increase in deferred revenue	27,354	-	27,354	358,831
<b>Total adjustments</b>	<b>2,633,425</b>	<b>(3,479,480)</b>	<b>(846,055)</b>	<b>801,020</b>
<b>Net cash provided by operating activities</b>	<b>\$ 5,350,729</b>	<b>\$ 4,443,892</b>	<b>\$ 9,794,621</b>	<b>\$ 10,130,016</b>

*Non-cash Investing, Capital, and Financing Activities:*

*The Water Utility Enterprise Fund received contributed capital from developers valued at \$272,473.  
The Sanitary District Enterprise Fund received contributed capital from developers valued at \$41,020.  
Net book value of equipment transferred to the Equipment Rental Internal Service Fund from  
the General Fixed Asset Account Group was \$442,403.*

*See accompanying notes to general purpose financial statements and independent auditors' report*

CITY OF GARDEN GROVE

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Year Ended June 30, 2001

**1. 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.

The accounting policies of the City conform to accounting principles, generally accepted in the United States of America, as applicable to governments. The following is a summary of the more significant policies.

a. *Description of Funds and Account Groups*

The basic accounting and reporting entity in the City is a "fund", which is defined as a separate accounting entity with a self-balancing set of accounts.

Account groups are those accounts which belong to the City as a non-operational unit and are not a part of any of its constituent governmental funds. They provide accountability for general fixed assets and long-term debt which are not identifiable to proprietary funds.

The following are the types of funds and account groups operative in the City:

**GOVERNMENTAL FUNDS**

*General Fund*

The General Fund is used to account for all revenues and expenditures of the City which are not accounted for in other special purpose funds. Significant sources of revenues include sales and use tax, franchises, property taxes and motor vehicle fees. Activities using resources of the General Fund include municipal support services (council, administration, legal, and other City departments), streets, police, fire, building maintenance, community planning and development, and parks and recreation programs.

*Special Revenue Funds*

Special Revenue Funds are used to account for specific activities supported by specific or restricted revenues.

*Debt Service Funds*

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Notes to General Purpose Financial Statements (continued)

*Capital Projects Funds*

Capital Projects Funds are used to account for the acquisition or construction of major capital facilities (other than those financed by special revenue or proprietary funds).

**PROPRIETARY FUNDS**

*Enterprise Funds*

The Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

*Internal Service Funds*

Internal Service Funds are used to finance and account for activities involved in rendering services to departments within the City. Costs of materials and services are accumulated in these funds and charged to the user departments on a cost-reimbursement basis.

**ACCOUNT GROUPS**

*General Fixed Assets*

This account group is established to account for assets of the City which are of long-term character and used in the operation of the City and which are not accounted for in the proprietary funds.

*General Long-Term Debt*

This account group reflects the City's long-term debt obligations other than those accounted for in the proprietary funds. The City has no outstanding general obligation bonds or special assessment debt.

b. *Description of the Reporting Entity*

Accounting principles, generally accepted in the United States of America, require that this financial statement 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.



Notes to General Purpose Financial Statements (continued)

Individual Component Unit Disclosures:

Blended Component Units:

1. The Garden Grove Agency for Community Development (the "Agency") was established in November 1970 pursuant to California Community Redevelopment Laws and is reported in the three Capital Project Funds and two Debt Service 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 staffing is provided by the City.
2. 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 staffing is provided by the City.
3. The Garden Grove Cable Television Corporation (the "Cable Corporation") is a nonprofit public benefit corporation established December 13, 1984. The activities of the Cable Corporation are to promote public access of the cable system which serves the City for non-programming, educational and informational purposes. The Cable Corporation 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.
4. 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 the 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 an 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 staffing is provided by the City.

Notes to General Purpose Financial Statements (continued)

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

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

c. *Basis of Accounting and Measurement Focus*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. All governmental fund types are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. "Available" means collected soon enough after the current period to be used to pay the liabilities of the current period. Revenues susceptible to accrual include taxpayer assessed taxes, such as sales taxes, gas taxes, property and other taxes in the hands of intermediary collecting agencies, and interest on investments. Grant revenue is recognized when an expenditure is made that is reimbursable under the terms of the grant.

Expenditures are generally recognized when the related fund liability is incurred. An exception to this general rule is that principal and interest on general long-term debt are recognized when due.

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets. Statements of revenues, expenditures and changes in fund balances for governmental funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. All assets and liabilities (whether current or noncurrent) associated with the activity are included on the balance sheets. Their reported fund equity represents total net assets.

For proprietary type activities, the City has elected 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.

Agency funds are custodial in nature and do not involve measurement of results of operations. Assets and liabilities are measured on the modified accrual basis.

Notes to General Purpose Financial Statements (continued)

d. *Cash 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.

e. *Inventory*

The Warehouse Operations (Internal Service) inventory consists of office supplies, tools, automotive parts, construction, and other supplies which are used in the daily operation of the City. This inventory is valued at cost using a moving weighted average.

The Fleet Management (Internal Service) inventory consists of gasoline which is valued at cost on a first-in, first-out basis.

The Community Project and Housing Set-Aside (Capital Projects) 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 market value.

Cost of Land held for resale	\$7,819,179
Less: Allowance for decline in value	<u>(44,581)</u>
Net Value	<u>\$7,774,328</u>

f. *General Fixed Assets*

General fixed assets are recorded as expenditures of the various governmental funds at the time of purchase. Such assets include land, buildings, other improvements, furniture and equipment and are capitalized at cost if purchased, or at fair market value if donated or contributed, in the General Fixed Assets Account Group. Fixed assets capitalized by the City have an estimated life of at least two years following the date of acquisition, and a value of at least \$2,000 or more per item. All capitalized fixed assets are physically accounted for at least once every five years. Fixed assets purchased or acquired under capital leases are capitalized at cost. The costs of roads and streets, bridges, curbs and gutters, drainage systems and lighting systems are not capitalized. No depreciation is provided on general fixed assets.

g. *Enterprise and Internal Service Fund Fixed Assets*

Fixed assets purchased or acquired by the Enterprise and Internal Service Funds are capitalized at cost, while contributed assets are recorded at fair market value at the time they

Notes to General Purpose Financial Statements (continued)

are received. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

Automotive Equipment	2-10 years
Barrels	7-10 years
Buildings	30 years
Fire Hydrants	45 years
Furniture and Equipment	5-10 years
Pump stations	10 years
Reservoirs	65 years
Sewer lines	50 years
Water Mains	77 years
Water Meters	25 years
Water Services, Pumps and Motors	20 years
Wells	40 years

The net interest cost incurred in the financing of projects during the construction period is not capitalized as such costs have been immaterial in amount.

h. *Restricted Cash and Investments*

The restricted cash and investments in the Water Enterprise Fund includes that amount required by the bond covenant to be reserved for future payment of principal and interest on revenue bonds. There are no current liabilities which will be paid from restricted cash and investments.

i. *Budget and Budgetary Accounting*

The City budget report is prepared under the direction of the City Manager in accordance with accounting principles, generally accepted in the United States of America, and the requirements of Municipal Code Section 2.08.150. Annual budgets are legally adopted for the general fund, special revenue funds, and capital projects funds. These funds are budgeted based on the modified accrual basis of accounting and include proposed expenditures and the means of financing them. The City Council approves the total budgeted appropriations and any amendments to total appropriations which may be required during the year. Revenues are budgeted by source, and expenditures are budgeted based on program. Proprietary funds and debt service funds are treated as "non-budgeted" financial activities, therefore no budgetary comparisons are presented for these funds.

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.

Supplemental budget appropriations during the year amounted to \$1,616,645. These supplemental appropriations are included in the budget columns of the special revenue funds and are for additional grant funding received during the year.

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

Notes to General Purpose Financial Statements (continued)

constitute expenditures or liabilities. All unexpended appropriations at year-end lapse, unless they are specifically designated by City Council Resolution (See Note 10).

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. For the fiscal year ended June 30, 2001, proceeds of taxes did not exceed allowable appropriations:

Gann Limit	\$70,970,509
Expenditures Subject to Gann Limit	\$29,530,264
Proceeds of Taxes Subject to Gann Limit	\$38,751,708

j. *Excess of Expenditures Over Appropriations*

For the current fiscal year, expenditures exceeded appropriations in the Main Library (Special Revenue) Fund in the amount of \$44,827, Housing Authority (Special Revenue) Fund in the amount of \$999,804, the Community Project (Capital Projects) Fund in the amount of \$3,289, and the Housing Set Aside (Capital Projects) Fund in the amount of \$3,705,075. Available fund balances in each fund funded these over expenditures.

k. *Accrued Compensated Absences*

The City accounts for compensated absences (unpaid vacation, annual leave and sick leave) in an Internal Service (Employee Benefits) Fund.

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, and 14 hours per month after 14 years. The maximum an employee may accumulate is an amount equivalent to 2 full calendar years of service.

Annual leave accrues for all fireman at 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, and 28 hours per month after 14 years. The maximum a fireman may accumulate is an amount equivalent to 2 full calendar years of service plus 72 hours.

Accumulated vacation and annual leave benefits, payable in future years when used by City employees, totaled \$3,010,160 at June 30, 2001.

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 35% for all unused hours up to 850, police employees 25% of up to 1,000 unused hours, and management employees 35% of all unused hours. A police public safety employee who is eligible for disability retirement may use all of his accumulated sick leave before going on disability retirement. Fire employees do not accumulate sick leave benefits since converting to the annual leave benefit. The estimated sick leave benefits, payable in future years, totaled \$1,617,992 at June 30, 2001.

Notes to General Purpose Financial Statements (continued)

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.

l. *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 Housing Set-Aside (Capital Projects) Fund, to be used for replacement or improvement of low-income housing.

m. *Unbilled Service Receivables*

Water Utility accounts are billed on a bi-monthly cyclical basis. Receivables are recorded at the time consumption is determined. The Sanitary District Solid Waste Disposal collection accounts are billed quarterly, with the last quarterly billing completed in June for June, July and August. The July and August portion is reflected in deferred revenue. Unbilled receivables are recorded at year end to adjust for the billing cycle and are included as Accounts Receivables in the Water Utility Fund.

n. *Comparative Data*

Comparative total data for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund type), have not been presented in all of the statements since their inclusion would make the statements unduly complex. Certain reclassifications have been made to the prior year financial data to conform with the current year presentation.

o. *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

Notes to General Purpose Financial Statements (continued)

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 - December 10  
                  Second Installment - 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 28	7%-10%
December 14	14%-18%
December 21	20%-24%
January 26	3%-6%
March 23	5%-7%
April 20	25%-30%
May 18	3%-5%
July 20	Collections through June 30

p. *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.

q. *Cash and Cash Equivalents*

For purposes of the combined statements of cash flows, the City considers the proprietary funds' equity in the City's cash and investment pool (including restricted assets), as well as other highly liquid investments with an original maturity of three (3) months or less when purchased, to be cash equivalents.

r. *Total Columns on the General Purpose Financial Statements*

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis; such data is not

Notes to General Purpose Financial Statements (continued)

comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

s. *Estimates*

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

2. **CASH, DEPOSITS & INVESTMENTS**

The Governmental Accounting Standards Board (GASB) Statement 3 requires that deposits and investments be classified into three categories of credit risk. These categories are as follows:

*Deposits:*

*Category 1* - Deposits which are insured by FDIC.

*Category 2* - Deposits which are collateralized. Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$100,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under government Code Section 53655, the placement of securities by a bank or savings and loan with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

*Category 3* - Deposits which are uninsured or uncollateralized.

*Investments:*

*Category 1* - Investments which are insured by Securities Investors Protection Corporation (SIPC), or investments which are held in definitive (i.e. physical) form by the City or the City's agent in the City's name, or investments acquired through the federal reserve book-



Notes to General Purpose Financial Statements (continued)

entry system where the financial institution or broker/dealer associated with the purchase is adequately segregated from the custodial safekeeping agents on the same investments, and where the investments are recorded on the books and records of the financial institution or broker/dealer in the name of the City.

*Category 2* - Investments which are uninsured, where the investments are acquired through a financial institution's investment or trading department, but are held in the same financial institution's trust department and are recorded in the City's name in the trust department's systems and records.

*Category 3* - Investments which are uninsured, (1) where the investments are acquired through a financial institution's investment department but are held for custodial purposes in the same financial institution's safekeeping department, or (2) where the investments are acquired through a financial institution's trust department and held for custodial safekeeping by the same trust department, or (3) where the investments are acquired through, and held for safekeeping by, the same broker/dealer or (4) where investments are not held in the City's name in the systems and records of the financial institution or broker/dealer.

*Authorized Investments*

Under provisions of the City's investment policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- Repurchase agreements
- Securities of U.S. Government and its Agencies
- Bankers acceptances
- Certificates of deposit
- Commercial paper
- California Local Agency Investment Fund (LAIF)
- Passbook Savings Accounts
- Negotiable certificates of deposit

Although negotiable certificates of deposits are allowed under the California government Code, this type of investment is currently not utilized. The City's investment policy does not allow the borrowing of funds to purchase investments on margin through reverse repurchase agreements.

*Local Agency Investment Fund (LAIF)*: The LAIF is a voluntary program created by a statute in 1977 as an investment alternative through which local governments may pool investments. The LAIF has oversight by the Local Agency Advisory Board, which consists of five members as designated by state statute. At June 30, 2001 both the City and the Redevelopment Agency were each allowed to invest up to \$30,000,000 in the fund. Investments in LAIF are highly liquid, and deposits may be converted to cash within twenty-four hours without loss of interest. At June 30, 2001, the total fair value of LAIF was \$54,944,446,060. The fair value of the City's proportionate share in LAIF (\$27,950,431) is the same as the value of the City's pool shares.

Notes to General Purpose Financial Statements (continued)

*Repurchase Agreements:* Throughout the year, the City utilizes overnight repurchase agreements for temporary investment of City funds. Such repurchase agreements are used daily, but generally do not exceed two percent of the City's investment portfolio.

Deposits and Investments were categorized as follows at June 30, 2001

	Category			Bank Balances	Fair (Carrying) Value
	1	2	3		
<b>Deposits:</b>					
<b>Banks:</b>					
Demand Accounts	\$ 313,671	\$ 3,878,651	\$ -	\$ 4,192,322	\$ 767,735
Fiscal Agent Deposits	164,204	-	93,115	257,319	257,319
<b>Total Deposits</b>	<b>\$ 477,875</b>	<b>\$ 3,878,651</b>	<b>\$ 93,115</b>	<b>\$ 4,449,641</b>	<b>\$ 1,025,054</b>
<b>Investments:</b>					
	1	2	3	Not Categorized	
FNMA	\$ 44,301,990	\$ -	\$ -	\$ -	44,301,990
FHLB	19,616,677	-	-	-	19,616,677
GNMA	105,017	-	-	-	105,017
LAIF	-	-	-	27,950,431	27,950,431
Commercial Paper	1,000,000	-	-	-	1,000,000
<b>Fiscal Agent Investments</b>					
Mutual Funds	-	-	-	464,443	464,443
U.S. Treasury Notes	-	-	6,840,949	-	6,840,949
Repurchase Agreements	-	-	817,262	-	817,262
<b>Total Investments</b>	<b>\$ 65,023,684</b>	<b>\$ -</b>	<b>\$ 7,658,211</b>	<b>\$ 28,414,874</b>	<b>101,096,769</b>
<b>Total Deposits and Investments</b>					<b>\$ 102,121,823</b>

Cash and Investments as reported in the accompanying combined balance sheet

Cash and investments - unrestricted	\$ 93,043,845
Cash and Investments with fiscal agent	8,176,512
Restricted cash	901,466
	<u>\$ 102,121,823</u>

The restricted cash of \$901,466 represents cash set-aside as required for bond principal and interest and is not available for general use.

**3. INTERCITY LOANS RECEIVABLE/PAYABLE**

a. *Loan to Water Utility Fund from General Fund*

The City, through a comprehensive review and analysis, concluded that the General Fund has, over the past 40 years, financed street damage repairs throughout the City that have been a benefit to the Water Utility (Enterprise) Fund. An intercity loan has been established between the General Fund and the Water Utility (Enterprise) Fund in the

Notes to General Purpose Financial Statements (continued)

amount of \$14,145,092 with interest accruing at 6 1/2% per annum. The balance will be repaid at amounts to be determined through the annual budget process. The balance of this loan at June 30, 2001 is \$13,185,048.

b. *Loans from Water Utility Fund to Sanitary District Sewer Collection Fund:*

The Water Utility (Enterprise) Fund has loaned the Sanitary District Sewer Collection (Enterprise) Fund \$400,000 for repair of the Belgrave force sewer main. Interest will accrue at an annual interest rate of 6 1/2% with no specific amortization period and with the unpaid interest being added to the principal annually. The balance of this loan at June 30, 2001 is \$463,600.

The Water Utility (Enterprise) Fund has also loaned the Sanitary District Sewer Collection (Enterprise) Fund \$150,000 with interest accruing at 6 1/2% per annum, to help fund the 98/99 operating budget. This loan has no fixed amortization date with all unpaid interest being added to the principal annually. The balance of this loan at June 30, 2001 is \$181,193.

c. *Loans from General Fund to Community Project Fund:*

The General Fund has loaned to the Community Project (Capital Projects) Fund \$2,760,145 with an annual interest rate of 6 1/2% to help fund the 98/99, 99/00, and 00/01 operating budgets. The loans have no fixed amortization date with all unpaid interest being added to the principal annually. The balance of these loans at June 30, 2001 is \$3,117,442.

d. *Reimbursement Agreement from the General Fund to the Community Project 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 a \$240,000 repayment of the principal, reducing the agreement amount to \$1,805,511. The loan has no fixed amortization date, with all unpaid interest being added to the principal. Accrued unpaid interest has been added to this balance for a June 30, 2001 balance of \$3,253,624.

e. *Loan from the Water Utility Fund to the Community Project Fund:*

The Community Project (Capital Projects) Fund has a loan from the Water Utility (Enterprise) Fund in the amount of \$750,000. Interest is paid monthly at an annual rate has no fixed amortization date. The balance of this loan at June 30, 2001 is \$750,000.

4. **NOTES RECEIVABLE**

a. *Commercial rehabilitation:*

The Garden Grove Agency for Community Development Community Project (Capital Projects) Fund holds six 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. The balance at June 30, 2001 is \$523,291.

b. *Property acquisitions-hotels:*

The Garden Grove Agency for Community Development Community Project (Capital Projects) Fund has entered into agreements with six major hotels for the acquisition and development of property located at the corner of Chapman Avenue and Harbor Boulevard. All six 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. Revenue will be recognized when received. The balance as of June 30, 2001 is \$32,527,809.

c. *Property acquisitions:*

The Garden Grove Agency for Community Development Community Project (Capital Projects) Fund and Buena Clinton (Capital Projects) Fund 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 and Buena Clinton (Capital Projects) Fund. The balance at June 30, 2001 is \$5,305,875.

d. *Trask Avenue Relocation:*

A mortgage assistance program was established for residents displaced as a result of the Trask Avenue Widening Program. 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 current expenditures, these notes receivable are offset by deferred revenue in the Community Project (Capital Projects) Fund and Housing Set-Aside (Capital Projects) Fund. Revenue will be recognized when received. At June 30, 2001, the note receivable balances totaled \$136,675.

Notes to General Purpose Financial Statements (continued)

e. *Rental Rehabilitation:*

The Garden Grove Agency for Community Development Housing Set-Aside (Capital Projects) Fund and Community Project (Capital Projects) Fund hold eight notes related to property rehabilitation loans which have been used to assist developers in the rehabilitation of multifamily residential buildings located with 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 Housing Set-Aside (Capital Projects) Fund and Community Project (Capital Projects) Fund. Revenue will be recognized when received. The balance at June 30, 2001 is \$4,498,918.

f. *Rental Rehabilitation -HOME Funds:*

The City has entered into seven Housing Rehabilitation Agreements utilizing CDBG HOME Funds which are reflected in Other Federal, State and County Grants (Special Revenue) 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 the HOME (Special Revenue) Fund. Revenue will be recognized when received. The balance of these notes at June 30, 2001 is \$2,381,800.

g. *Reimbursement Agreements:*

As part of the implementation process of the solid waste recycling program, solid waste disposal barrels were purchased by the Garden Grove Sanitary District (Enterprise) Fund. The disposal contractor agreed to purchase these barrels and has executed six promissory notes to reimburse the District. The six notes bear an annual interest rate of 7.6%. Two of these notes are paid off, the remaining four notes will be paid off in 2004. The balance on these four notes at June 30, 2001 is \$24,777.

The City has entered into a reimbursement agreement with a developer in respect to reimbursement to the City for developer fees paid on the developer's behalf. The final payment of this agreement is scheduled to be repaid in 2002. Since the repayment is not available for current expenditures, the note is offset by deferred revenue in the Developer Fees (Special Revenue) Fund. The balance of this note at June 30, 2001 is \$115,000.

The City of Garden Grove Mobile Home Parks (Enterprise) Fund entered into an agreement with one of the City's Mobile Home Park Management Services Provider for space rent due based on a revenue guarantee contract agreement for the fiscal years 1993-1994 to 1997-1998 for a total amount of \$342,355, with interest accruing at 7% per annum. Monthly payment amounts are calculated based on the value of the free and discounted management services until February 27, 2007. Any principal and interest owing pursuant to this Note on February 28, 2007 will be forgiven in full. Since the note repayment is not available for current expenditures, this note receivable is offset by deferred revenue in the Mobile Home Parks (Enterprise) Fund. Revenue will be recognized when received. The balance of this note at June 30, 2001 is \$251,035.

Notes to General Purpose Financial Statements (continued)

*h. Property Acquisition - Recycling Equipment*

The Garden Grove Sanitary District (Enterprise) Fund sold 14 residential route recycling trucks to the City's refuse hauler at a total amount of \$105,187. A promissory note has been issued for repayment of this amount. Credits in the amount of \$5,844 a month which will be applied against the total amount due and will also serve as an offset to the monthly billings from the contractor for refuse services. The balance of this note at June 30, 2001 is \$35,062.

**5. FIXED ASSETS**

The following is a summary of the changes in general fixed assets for the year ended June 30, 2001

	July 1 2000	Additions	Retirements	Transfer to Fleet Mgmt Internal Service Fund	June 30 2001
Land (See Note 24)	\$ 8,404,473	\$ 338,032	\$ -	\$ -	\$ 8,742,505
Buildings	17,965,855	306,041	-	-	18,271,896
Other					
Improvements	7,456,363	58,280	-	-	7,514,643
Furniture and Equipment	10,451,570	1,523,958	(2,507,440)	(442,403)	9,025,685
Fire Training Authority Building	162,127	-	-	-	162,127
<b>Total</b>	<b>\$ 44,440,388</b>	<b>\$ 2,226,311</b>	<b>\$ (2,507,440)</b>	<b>\$ (442,403)</b>	<b>\$ 43,716,856</b>

- a. Included in the deletions are \$1,378,577 of fixed assets that were removed from the City's General Fixed Asset Account Group as a result of an increase in the capitalization threshold from \$1,000 to \$2,000.

A summary of proprietary funds fixed assets at June 30, 2001 follows:

	Enterprise	Internal Service
Land	\$ 12,125,103	\$ -
Buildings	700,496	-
Water utility plant	72,276,541	-
Sewer subsurface lines	8,936,944	-
Sewer pump stations	127,500	-
Improvements	563,115	-
Solid waste trucks and barrels	-	-
Furniture and equipment	326,143	2,080,572
Automotive equipment	-	10,293,464
<b>Total</b>	<b>95,055,842</b>	<b>12,374,036</b>
Less: Accumulated depreciation	(28,049,093)	(6,316,204)
<b>Net Fixed Assets</b>	<b>\$ 67,006,749</b>	<b>\$ 6,057,832</b>

Notes to General Purpose Financial Statements (continued)

**6. CHANGES IN CONTRIBUTED CAPITAL**

The following presents a summary of the changes to contributed capital:

INTERNAL SERVICE FUNDS

	Equipment Rental	Warehouse Operations	Total
Balance, July 1, 2000	\$ 3,519,426	\$ 104,569	\$ 3,623,995
Additions:			
Equipment (From General Fixed Assets Account Group)	442,403	-	442,403
Balance, June 30, 2001	<u>\$ 3,961,829</u>	<u>\$ 104,569</u>	<u>\$ 4,066,398</u>

WATER UTILITY ENTERPRISE FUND

Balance, July 1, 2000	\$ 13,481,052
Contributions from developers	<u>272,473</u>
Balance, June 30, 2001	<u>\$ 13,753,525</u>

SANITARY DISTRICT ENTERPRISE FUNDS

Balance, July 1, 2000	\$ 5,328,970
Contributions from developers	<u>41,020</u>
Balance, June 30, 2001	<u>\$ 5,369,990</u>

**7. OTHER DEFERRED REVENUE**

The deferred revenue in the General Fund in the amount of \$775,517 represents \$418,220 due from the State of California for Mandated Cost Reimbursements and \$357,297 for accumulated interest on an intercity loan with the Agency for Community Development Capital Projects Fund.

The deferred revenue of \$76,305 in the Water Utility (Enterprise) Fund represents accumulated interest on the intercity loan between the Water Utility (Enterprise) Fund and Sanitary District Sewage Collection (Enterprise) Fund. This revenue is deferred because it is unclear whether the loan will ever be paid.

The deferred revenue of \$779,967 in the Sanitary District Solid Waste Disposal (Enterprise) Fund represents user fees for refuse collection for the months of July & August, 2001.

Deferred revenue in the Mobile Home Parks (Enterprise) Fund reflects prepaid storage fees of \$1,103.

**8. CHANGES IN LONG TERM DEBT**

- a. Following is a summary of long term debt transactions for the City for the year ended June 30, 2001 (in thousands of dollars):

	General Long-Term Debt				Proprietary Funds		TOTAL
	Tax	Revenue	Agreements	Lease	Revenue	Certificates	
	Allocation	Bonds	Payable	Purchase	Bonds	Of	
	Bonds		Agreements		Participation		
Balance July 1	\$ 56,000	\$ 2,545	\$ 21,220	\$ 66	\$ 18,194	\$ 15,063	\$ 113,088
New Debt Incurred	-	-	1,687	-	-	-	1,687
Discount amortization	-	-	-	-	5	4	9
Debt Retired	(1,165)	(315)	(1,677)	(66)	(415)	(1,120)	(4,758)
Balance June 30	<u>\$ 54,835</u>	<u>\$ 2,230</u>	<u>\$ 21,230</u>	<u>\$ -</u>	<u>\$ 17,784</u>	<u>\$ 13,947</u>	<u>\$ 110,026</u>

- b. General long-term debt at June 30, 2001 consisted of the following individual items:

**Tax Allocation Refunding Bonds Issue of 1993:**

\$62,000,000 Tax Allocation Refunding Bonds were issued on July 7, 1993. The bonds were issued for the purpose of refunding the Agency's previously issued \$30,000,000 Community Project Tax Allocation Bonds, Series 1986, refunding the Agency's previously issued \$10,800,000 Community Center Project 1979 Tax Allocation Bonds; to fund a reserve account, pay costs of issuance and to finance redevelopment projects benefiting the project areas. Principal payments ranging from \$1,060,000 to \$4,140,000 are due annually on October 1 through the year 2023. Interest is due semi-annually on October 1 and April 1 at rates ranging from 4.25% to 5.875%. All defeased debt has been retired as of June 30, 1996.

***Total Tax Allocation Refunding Bonds Payable***

**\$54,835,000**

**Revenue Bonds:**

\$3,410,000 Countywide Public Financing Authority 1996 Revenue Bonds for the purpose of purchasing an 800 MHZ county wide communications system in a joint operating agreement with 8 participating county entities. The City of Garden Grove's share is financed over a 10 year period through a public leaseback of the Police building. Principal payments ranging from \$290,000 to \$420,000 are due annually on August 1 through the year 2006. Interest is due annually on February 1 at rates ranging from 4.1% to 5.3%.

**2,230,000**



Notes to General Purpose Financial Statements (continued)

Agreements Payable:

\$13,500,000 Agency for Community Development Capital Facilities Agreement with the Garden Grove Unified School District to finance the acquisition or lease of real property for schools and/or the planning, construction and completion of other capital improvements, structures, buildings, and facilities of benefit to the Project Area in accordance with Sections 33401 and 33445 of the Community Redevelopment Law. Payments are due in future annual amounts of \$1,000,000 through 2007. Additional amounts due based on percentages of Project Area Tax Increment are not included as long-term debt because these amounts are not fixed and are based on increased tax increment revenue. 6,000,000

\$3,200,000 Agency for Community Development Real Property Purchase Agreement with the Orange County Transit Authority payable in future annual installments of \$400,000 deferred to April 1st of the years 2002, 2003 and 2004. The agreement will bear interest at an actual average interest rate equivalent to the earnings rate of the OCTA short-term investment pool. 1,200,000

\$13,580,000 Federal Housing and Community Development Section 108 Loan for the purpose of acquisition and development of property located in the section of the City identified as the Harbor Corridor. Payments are due in a 20 year amortization schedule with an interest rate of 6.6% under a Project 8 Lending Interim Financing Agreement until bonds are sold. The Agency for Community Development has pledged future tax increment funds to satisfy the City's obligations under this loan agreement. 12,110,000

\$500,000 real property purchase. In September, 1999 the Agency for Community Development entered into a real property purchase and sale agreement bearing interest at 3% per annum. The total amount is due in one payment on the second anniversary of the close of escrow. 500,000

\$487,500 real property purchase. On October 27, 2001 the Agency for Community Development entered into a real property purchase and sale agreement in the amount of \$487,500 bearing interest at an annual rate of 7%. Annual payments are due on the anniversary date of the loan in the amount of \$143,924 until the loan is paid in full. 487,500

\$1,000,000, real property purchase. On August 11, 2001 the Agency for Community Development received \$1,000,000 for the purpose of assisting in the purchase of land for resale. The loan has an annual interest rate of 8.7% with semi-annual payments due in the amount of \$125,448 until the loan is paid in full on June 1, 2005. 832,538

Notes to General Purpose Financial Statements (continued)

\$200,000 real property purchase, On July 7, 2000 Agency for Community Development entered into a real property purchase and sale agreement. A final payment of \$100,000 is due on July 7, 2002.

100,000

*Total Agreements Payable*

21,230,038

**TOTAL GENERAL LONG TERM DEBT**

\$78,295,038

- c. **Proprietary Funds Long-Term Debt at June 30, 2001 consisted of the following individual items:**

*Revenue Bonds Payable - Water Enterprise Fund:*

\$20,495,000 Water Revenue Bonds, Series 1993 issued on December 15, 1993. The bonds were issued for the purpose of financing construction and acquisition of water storage and transmission facilities and certain other improvements to the municipal water system of the City, to establish a reserve fund and to pay certain costs of issuance. Annual installment payments range from \$1,373,260 to \$1,376,600 through December, 2023. The interest rate ranges from 2.50% to 5.50%.

17,900,000

Less: Unamortized bond discount fees

-115,915

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

Operating revenues	\$14,701,421
Non-operating	<u>860,833</u>
Gross Revenues	15,562,254
Less: Expenses (excluding depreciation, interest, amortization and fiscal charges)	<u>-12,946,455</u>
Net Revenues	<u>\$ 2,615,799</u>
Debt Service requirement for next bond year \$1,363,258 X 125%	<u>\$ 1,704,073</u>

The City is in compliance with all significant financial restrictions and requirements of the water revenue bond covenants.

*Total Revenue Bonds Payable*

17,784,085

Notes to General Purpose Financial Statements (continued)

**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. 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 \$280,000 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%.

14,010,000

Less: Unamortized COP discount fee

-63,269

***Total Certificates of Participation***

13,946,731

**TOTAL PROPRIETARY LONG TERM DEBT**

31,730,816

**TOTAL LONG TERM DEBT**

\$110,025,854

- d. The scheduled annual requirements to amortize all debt outstanding as of June 30, 2001, including interest payments of \$77,280,397 are as follows (in thousands of dollars):

Year Ending June 30	Allocation Refunding Bonds	Revenue Bonds	Certificates Of Participation	Agreements Payable	Total
2002	\$ 4,356	\$ 1,798	\$ 1,099	\$ 3,654	\$ 10,907
2003	4,350	1,797	1,092	3,224	10,463
2004	4,350	1,794	1,095	3,131	10,370
2005	4,344	1,793	1,096	2,571	9,804
2006	4,343	1,789	1,095	2,199	9,426
2007	4,340	1,791	1,093	2,207	9,431
2008	4,337	1,362	1,095	1,212	8,006
2009	4,333	1,358	1,090	1,224	8,005
2010	4,334	1,358	1,094	1,233	8,019
2011-24	60,191	18,880	15,171	8,812	103,054
	<u>\$ 99,278</u>	<u>\$ 33,720</u>	<u>\$ 25,020</u>	<u>\$ 29,467</u>	<u>\$ 187,485</u>

The Agency for Community Development Debt Service Fund has \$4,387,057 available to service the Tax Allocation Bonds.

Notes to General Purpose Financial Statements (continued)

**9. RESERVES OF FUND EQUITY**

- a. Amounts reserved for encumbrances are commitments for materials and services on purchase orders.
- b. Amounts reserved for intercity loans indicate that repayments are not available as a resource to meet expenditures of the current year.
- c. Amounts reserved for continuing projects in governmental funds are unexpended appropriations on incomplete capital improvement projects which have been carried forward into the new fiscal year. In the Water Enterprise Fund, this represents commitments of Fiscal Year 2000-01 funds for specific projects which will not commence until Fiscal Year 2001-02.
- d. The reserve for land held for resale in the Community Project (Capital Projects) Fund, Buena-Clinton Project (Capital Projects) Fund and Housing Set-Aside (Capital Projects) Fund is equal to the amount of land inventory which is expected to be sold in future years for development (See Note 1e).
- e. Amounts reserved for contractual commitments in the Housing Set-Aside (Capital Projects) Fund represents commitments for future year expenditures against the current balance available.
- f. Amount reserved for building improvements in the General Fund represents an amount reserved for anticipated building upgrades to City Hall.

**10. FUND BALANCE – UNRESERVED**

Amounts designated for subsequent years' expenditures are, by resolution, set-aside to finance a portion of the Fiscal Year 2001-02 budget.

**11. INTERFUND RECEIVABLES AND PAYABLES**

Individual interfund receivable and payable balances at June 30, 2001 are:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Special Revenue Funds:		
State Gas Tax Fund	\$	\$ 112,444
Housing Authority Fund		2,137,058
Other Federal, State, County Grant Funds		2,277,671
Debt Service Funds:		
Community Project Fund		205,815
Buena-Clinton Project Fund		1,045
Capital Projects Funds:		
Community Project Fund	961,932	
Buena-Clinton Project Fund		82,363
Housing Set-Aside Fund		672,709
Enterprise Funds:		
Sanitary District Funds		533,426
Internal Service Funds:		
Worker's Compensation Fund	5,060,599	
Total	<u>\$ 6,022,531</u>	<u>\$ 6,022,531</u>

**12. SELF-INSURANCE PROGRAMS**

The City utilizes a program to self-insure for workers' compensation liability for the first \$350,000, 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 service agent who administers the program and acts as the representative of the City in claim hearings or litigation. Excess coverage is placed with a commercial insurer for losses from \$350,000 up to the statutory limit per occurrences. This self-insurance program is accounted for in the Workers Compensation (Internal Service) Fund. There is an estimated liability of \$10,161,512 for claims outstanding including claims incurred but not reported on June 30, 2001, which has been included under other accrued liabilities in the Workers Compensation Fund.

The City also has a self-insured program for its tort and civil liabilities. The City is self-funded for the first \$2.0 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 an outside service company 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, 2001, in the amount of \$7,135,335 which has been included under other accrued liabilities in the Insurance 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 the year ended June 30, 2001. Changes in the aggregate liability for claims for fiscal year ended June 30, 2000 and June 30, 2001 are as follows:

	<u>2001</u>	<u>2000</u>
	<u>Worker's Compensation</u>	
Liability, July 1	\$ 8,885,714	\$ 7,436,238
Changes in estimates	1,275,798	1,449,476
Claim payments	-	-
Liability, June 30	<u>\$ 10,161,512</u>	<u>\$ 8,885,714</u>
	<u>General Liability</u>	
Liability, July 1	\$ 10,296,417	\$ 13,466,590
Changes in estimates	(3,018,564)	(2,792,242)
Claim payments	(142,518)	(377,931)
Liability, June 30	<u>\$ 7,135,335</u>	<u>\$ 10,296,417</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

Notes to General Purpose Financial Statements (continued)

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), and 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 of Garden Grove 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 of Garden Grove are required to contribute 8% of their annual covered salary. Active plan members in the Safety Plan of the City of Garden Grove are required to contribute 9% of their annual covered salary. The City of Garden Grove is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. 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, 2001 was 0.00% for miscellaneous employees and 2.657% for public safety employees until 3/23/01, and 0.00% thereafter. 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.

c. Annual Pension Cost

For the fiscal year ended June 30, 2001 the City of Garden Grove's annual pension cost of \$3,367,492 for PERS was equal to the City's required and actual contributions. The required contribution for fiscal year ended June 30, 2001 was determined as part of the June 30, 1999 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members and from 3.75% to 11.59% for safety members. Both (a) and (b) include an inflation component of 3.5%.

Fiscal Year Ended	Annual Pension Cost	Percent of Annual Pension Cost Contributed	Net Pension Obligation
6/30/99	\$5,445,333	100%	0
6/30/00	3,905,097	100%	0
6/30/01	3,367,492	100%	0

Notes to General Purpose Financial Statements (continued)

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 % of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

Listed below is a schedule of funding trend information for the last three years.

<b>FUNDED STATUS OF PLANS</b>						
Valuation Date	Entry Age	Actual Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded
	Normal Accrued Liability					Actuarial Accrued Liability % of Payroll
<b>Miscellaneous Plan</b>						
6/30/98	71,717,487	90,328,589	(18,611,102)	126.0%	14,639,095	(127.133%)
6/30/99	78,256,342	105,857,966	(27,601,624)	135.3%	15,457,514	(178.564%)
6/30/00	85,936,954	115,803,364	(29,866,410)	134.8%	16,461,349	(181.434%)
<b>Safety Plan</b>						
6/30/98	136,485,239	150,564,852	(14,079,613)	110.3%	15,607,298	(920.212%)
6/30/99	147,577,770	175,113,026	(27,535,256)	118.7%	15,981,592	(172.294%)
6/30/00	183,568,755	191,093,380	(7,524,625)	104.1%	17,279,776	(43.546%)

**14. POSTEMPLOYMENT BENEFITS**

In addition to the pension benefit described in Note 13, the City provides post retirement health care benefits to all retired employees of \$16 per retiree per month. This benefit is available only to employees who retire from the City, but it may continue with the annuitant. This benefit is mandated with the City's participation in PERS. It is provided on a "pay-as-you-go" basis. Of the eligible retirees, only 167 have selected this option. The total yearly cost to the City for this benefit was \$35,758 which represents only 5.2 percent of the total yearly premium cost of \$690,842. The difference of \$655,084 was paid by the participating retirees.

**15. CERTIFICATES OF DEPOSIT REVENUE BONDS**

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 general purpose 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.

**16. MULTI FAMILY HOUSING REVENUE BONDS**

Garden Grove Housing Authority GNMA Collateralized Multifamily Housing Revenue Bonds, Series 1989, for \$10,000,000 were issued as an obligation of the Housing Authority. The bonds are not reflected in the City's general purpose 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. These bonds were issued to provide funds for the cost of purchasing and rehabilitating 19 buildings in the Buena-Clinton area of the City.

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 general purpose 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.

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 Housing Set-Aside 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 general purpose 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, 2001, the City has made payments totaling \$729,000 towards the guarantee.

**17. PASS THROUGH AGREEMENTS**

On July 12, 1992 the Garden Grove Agency for Community Development amended the existing Redevelopment Plan for the Garden Grove Community Project. As a part of this process, the Agency was required to provide to the affected taxing entities financial information on the proposed plan amendment. The taxing entities then had the responsibility to evaluate the financial information and identify any financial burden or detriment caused by the proposed Plan Amendment. Agreements to provide for the alleviation of the estimated financial burden and detriment to each of the following districts have been negotiated pursuant to Section 33401 and 33445 of the Community Redevelopment Law ("CRL"); Garden Grove Unified School District, Rancho Santiago Community College District, Huntington Beach Union High School District, Orange County Sanitation District No. 2 and 3, Garden Grove Sanitary District, Westminster School District, Orange Unified School District, Orange County Vector Control District, Orange County Water District, North Orange County Community College



Notes to General Purpose Financial Statements (continued)

District, Coast Community College District, Orange County Superintendent of Schools, and the County of Orange.

The agreement with the greatest impact on the Agency is the agreement with the Garden Grove Unified School District. The school district has determined that the plan amendment would have an impact on its capital facilities needs and has signed a Capital Facilities Agreement in accordance with Section 33445 of the CRL which authorizes the Agency to expend tax increment to fund capital improvements and facilities which are inside or including funding the capital improvements and facilities of other public agencies. This Capital Facilities Agreement is reported in general long-term debt.

**18. DALE-JOSEPHINE SPECIAL ASSESSMENT BONDS**

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 are 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.

- a. Issue Date - September 15, 1990
- b. Interest Rates - 7.60%-8.15%
- c. Maturity Date - September 2, 2010
- d. Authorized and issued - \$656,608
- e. Outstanding balance June 30, 2001- \$450,000

**19. 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.

The minimum level of street and road expenditures required as the maintenance of effort under Proposition 111 and Measure M has been met for the fiscal year ended June 30, 2001.

**20. SEGMENT INFORMATION-ENTERPRISE FUNDS**

The City maintains three enterprise funds. The Water Utility Fund accounts for the provision of basic water services to all citizens. The Mobile Home Parks Fund accounts for the operation of two

Notes to General Purpose Financial Statements (continued)

Mobile Home parks in the City which help to further the City's goal of preservation and protection of low and moderate income housing. The Sanitary District provides solid waste collection disposal and sewage services to all citizens.

	Water Utility	Mobilehome Parks	Sanitary District	Total
Operating revenues	\$ 14,701,421	\$ 1,787,673	\$ 8,673,003	\$ 25,162,097
Depreciation	1,594,314	84,966	219,027	1,898,307
Operating income	181,448	1,085,014	1,450,842	2,717,304
Transfer out	-	(70,000)	-	(70,000)
Net income (loss)	(784,010)	539,080	1,738,788	1,493,858
Fixed asset additions	1,802,445	-	496,334	2,298,779
Net working capital	11,829,910	1,591,772	3,529,598	16,951,280
Total assets	63,452,805	15,579,573	12,793,401	91,825,779
Revenue bonds payable, net	17,784,085	-	-	17,784,085
Certificates of participation payable, net	-	13,946,731	-	13,946,731
Total retained earnings	16,130,523	1,052,422	4,612,902	21,795,847
Total fund equity	29,884,048	1,052,422	9,982,892	40,919,362

Sanitary District Retained Earnings (loss) detail:

Sewage Collection	\$ 4,660,699
Solid Waste Disposal	(47,797)
	<u>\$ 4,612,902</u>

**21. COMMITMENTS AND CONTINGENCIES**

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.

Under the terms of federal, county and state grants, periodic audits are required and certain costs may be questioned as not being 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 disallowance, if any, would be immaterial.

**22. 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 percent. Because the City is not financially accountable, the Authority is not considered part of the City's reporting entity.

Notes to General Purpose Financial Statements (continued)

The amount of the City's equity interest in the Authority as of June 30, 2000 is \$162,127 and has been included in the General Fixed Asset Account Group.

Complete financial statements of the Authority can be obtained from: The City of Garden Grove Controller's office, 11222 Acacia Parkway, Garden Grove, California 92640.

**23. DEFERRED COMPENSATION**

The City has established the City of Garden Grove Deferred Compensation Plan and Trust as provided in Section 457 of the Internal Revenue Code of 1986, as amended. The City, acting as trustee of this plan, has agreed to perform their services as trustee in accordance with, and as necessary limited to comply with, applicable law. All amounts of compensation deferred pursuant to the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights shall be held in trust for the exclusive benefit of participants and beneficiaries under the plan.

**24. PRIOR PERIOD ADJUSTMENTS**

During the year ended June 30, 2001, land held for resale, with a carrying value of \$1,620,461, acquired in prior years by the Community Project (Capital Projects) Fund was reclassified as a General Fixed Asset as it had been determined that the property was not intended to be held for resale.

The City of Garden Grove has made loans to the Garden Grove Agency for Community Development Community Project (Capital Projects) Fund to assist in the funding of their operating budget. (See Note 3c). The Community Project (Capital Projects) Fund has not been recognizing the unpaid accrued interest on the outstanding loan balances as an expenditure. The fund balance of the Community Project (Capital Projects) Fund has been decreased by \$167,030 to record unpaid accrued interest expenditures related to prior years.

The Water Utility (Enterprise) Fund has made a loan to the Sanitary District Sewer Collection (Enterprise) Fund to help fund the 98/99 operating budget. (See Note 3b). The Sewer Collection (Enterprise) Fund has not been recognizing the unpaid accrued interest on the outstanding loan balance as an expenditure. The fund balance of the Sewer Collection (Enterprise) Fund has been decreased by \$36,952 to record unpaid accrued interest expenditures related to prior years.

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## GENERAL FUND

The General Fund is used to account for all revenues and expenditures of the City that are not required to be accounted for in other special purpose funds.

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CITY OF GARDEN GROVE  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2001 AND 2000

Schedule B-1

	2001	2000
<b>ASSETS</b>		
Cash and investments	\$ 9,701,811	\$ 9,662,044
Cash with fiscal agent	1,117,987	1,429,270
Taxes receivable	3,379,145	2,790,307
Accounts receivable	928,382	530,809
Interest receivable	109,477	236,028
Intercity loans receivable	19,556,114	18,184,574
Deposits	32,500	32,500
	<u>\$ 34,825,416</u>	<u>\$ 32,865,532</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 1,052,194	\$ 893,660
Other accrued liabilities	1,515,433	1,397,265
Refundable deposits	1,200,836	1,138,990
Deferred revenue	775,517	248,492
Intercity loans payable	-	222,441
	<u>4,543,980</u>	<u>3,900,848</u>
<b>Fund Balance:</b>		
<b>Reserved:</b>		
Reserved for encumbrances	324,343	399,573
Reserved for building improvements	500,000	500,000
Reserved for intercity loans receivable	19,556,114	18,184,574
Reserved for continuing projects	1,273,200	1,302,785
<b>Unreserved:</b>		
Designated for subsequent years' expenditures	8,627,779	8,577,752
	<u>30,281,436</u>	<u>28,964,684</u>
<b>Total liabilities and fund balance</b>	<u>\$ 34,825,416</u>	<u>\$ 32,865,532</u>

CITY OF GARDEN GROVE  
GENERAL FUND

Schedule B-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2001  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2000

	2001		Variance- Favorable (Unfavorable)	2000
	Budget	Actual		Actual
<b>Revenues:</b>				
Taxes	\$ 30,806,000	\$ 33,163,586	\$ 2,357,586	\$ 29,383,233
Licenses and permits	664,600	1,216,708	552,108	1,523,028
Fines, forfeits and penalties	1,250,500	1,200,625	(49,875)	1,207,232
From use of money and property	947,500	2,108,315	1,160,815	2,271,676
Charges for current services	6,105,288	6,227,493	122,205	6,312,456
From other agencies	8,429,200	9,382,833	953,633	8,310,619
Other	517,900	1,275,625	757,725	1,325,327
<b>Total revenues</b>	<b>48,720,988</b>	<b>54,575,185</b>	<b>5,854,197</b>	<b>50,333,571</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Fire	12,235,277	12,066,912	168,365	10,745,859
Police	26,646,125	26,668,437	(22,312)	22,587,923
Traffic safety	704,575	849,424	(144,849)	545,568
Public right of way	2,726,282	2,584,215	142,067	2,436,222
Community buildings	2,971,313	1,982,861	988,452	2,001,420
Community services	1,127,209	935,273	191,936	738,435
Parks and greenbelts	690,158	625,670	64,488	517,666
Community planning and development	2,118,834	1,741,121	377,713	2,331,099
Municipal support	6,152,389	4,249,238	1,903,151	4,440,977
<b>Capital Outlay:</b>				
Police	701,789	250,957	450,832	295,736
Parks and greenbelts	-	-	-	6,392
<b>Debt service:</b>				
Principal retirement	380,696	380,696	-	538,879
Interest and fiscal charges	121,463	121,463	-	152,395
<b>Total expenditures</b>	<b>56,576,110</b>	<b>52,456,267</b>	<b>4,119,843</b>	<b>47,338,571</b>
Excess (deficiency) of revenues over (under) expenditures	(7,855,122)	2,118,918	9,974,040	2,995,000
<b>Other financing sources(uses):</b>				
<b>Operating transfers in:</b>				
Golf course fund	500,000	500,000	-	500,000
Mobilehome parks fund	70,000	70,000	-	70,000
Risk management fund	100,000	100,000	-	100,000
<b>Operating transfers out:</b>				
Self supporting revenue fund	(93,284)	(93,284)	-	(69,530)
Internal service fund	(1,378,882)	(1,378,882)	-	(800,000)
<b>Total other financing sources(uses)</b>	<b>(802,166)</b>	<b>(802,166)</b>	<b>-</b>	<b>(199,530)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(8,657,288)	1,316,752	9,974,040	2,795,470
<b>Fund balance, July 1</b>	<b>28,964,684</b>	<b>28,964,684</b>	<b>-</b>	<b>26,169,214</b>
<b>Fund balance, June 30</b>	<b>\$ 20,307,396</b>	<b>\$ 30,281,436</b>	<b>\$ 9,974,040</b>	<b>\$ 28,964,684</b>



## 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.

### Main Library Fund

City revenues from the main library lease payments pursuant to a contract between the City and the County of Orange are accounted for in this fund. These revenues are used for main library purposes.

### Housing Authority Fund

Revenues and expenditures pertaining to the federal Section 8 Housing Program 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.

(Continued)

**SPECIAL REVENUE FUNDS (Continued)**

**Main Street/Vehicle 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.

**Other Federal, State and County Grants Fund**

*The City is the recipient of numerous other federal, state and county grants that are accounted for in this fund.*

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CITY OF GARDEN GROVE  
SPECIAL REVENUE FUND TYPES  
COMBINING BALANCE SHEET  
JUNE 30, 2001  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2000

	Public Safety	State Gas Tax	Golf Course	Self- Supporting Revenue	Developer Fees	Main Library
<b>ASSETS</b>						
Cash and investments	\$ 2,792,170	\$ 2,307,565	\$ 683,338	\$ 48,654	\$ 4,692,055	\$ 13,900
Taxes receivable	39,536	276,627	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Interest receivable	16,251	16,193	-	-	27,939	-
Notes receivable	-	-	-	-	115,000	-
Deposits	2,600	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,850,557</b>	<b>\$ 2,600,385</b>	<b>\$ 683,338</b>	<b>\$ 48,654</b>	<b>\$ 4,834,994</b>	<b>\$ 13,900</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 98,169	\$ 75,752	\$ -	\$ 17,813	\$ 82,293	\$ -
Other accrued liabilities	36,522	72,748	-	24,863	2,443	-
Refundable deposits	9,148	-	-	1,419	400	-
Due to other funds	-	112,444	-	-	-	-
Deferred revenue	-	-	898	-	115,000	-
<b>Total liabilities</b>	<b>143,839</b>	<b>260,944</b>	<b>898</b>	<b>44,095</b>	<b>200,136</b>	<b>-</b>
Fund balances:						
Reserved:						
Reserved for encumbrances	47,984	204,422	-	4,559	121,669	-
Reserved for continuing projects	1,703,109	1,995,821	-	-	2,031,555	-
Unreserved:						
Designated for subsequent years' expenditures	658,677	139,198	682,440	-	745,867	-
Undesignated	296,948	-	-	-	1,735,767	13,900
<b>Total fund balances</b>	<b>2,706,718</b>	<b>2,339,441</b>	<b>682,440</b>	<b>4,559</b>	<b>4,634,858</b>	<b>13,900</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,850,557</b>	<b>\$ 2,600,385</b>	<b>\$ 683,338</b>	<b>\$ 48,654</b>	<b>\$ 4,834,994</b>	<b>\$ 13,900</b>

Housing Authority	Garden Grove Cable	Street Lighting	Park Maintenance	Main Street Vehicle Parking District	Air Quality Improvement	Other Federal State, County Grants	Totals	
							2001	2000
\$ 1,445,676	\$ 101,841	\$ 672,398	\$ 13,534	\$ 233,400	\$ 47,675	\$ 5,946,915	\$ 18,999,121	\$ 16,564,256
-	-	16,399	7,936	21	-	286,970	627,489	634,453
2,248,867	59,962	230,568	-	-	43,747	2,613,943	5,197,087	3,164,528
456	741	-	-	1,482	114	27,027	90,203	163,778
-	-	-	-	-	-	2,381,800	2,496,800	3,209,763
-	-	-	-	-	-	5,300	7,900	-
<u>\$ 3,694,999</u>	<u>\$ 162,544</u>	<u>\$ 919,365</u>	<u>\$ 21,470</u>	<u>\$ 234,903</u>	<u>\$ 91,536</u>	<u>\$ 11,261,955</u>	<u>\$ 27,418,600</u>	<u>\$ 23,736,778</u>
\$ -	\$ 10,725	\$ 120,740	\$ 6,402	\$ 2,394	\$ 575	\$ 1,182,667	\$ 1,597,530	\$ 1,160,435
138,043	3,341	1,962	15,068	-	1,007	100,165	396,162	2,066,713
109,142	-	-	-	-	-	15,487	135,596	186,859
2,137,058	-	-	-	-	-	2,277,671	4,527,173	1,826,189
1,310,756	-	-	-	-	-	2,383,960	3,810,614	2,487,778
<u>3,694,999</u>	<u>14,066</u>	<u>122,702</u>	<u>21,470</u>	<u>2,394</u>	<u>1,582</u>	<u>5,959,950</u>	<u>10,467,075</u>	<u>7,727,974</u>
-	-	86,567	-	-	-	814,188	1,279,389	2,586,853
-	5,000	28,935	-	-	26,103	4,249,998	10,040,521	7,400,649
-	-	681,161	-	-	63,851	237,819	3,209,013	5,401,365
-	143,478	-	-	232,509	-	-	2,422,602	619,937
-	148,478	796,663	-	232,509	89,954	5,302,005	16,951,525	16,008,804
<u>\$ 3,694,999</u>	<u>\$ 162,544</u>	<u>\$ 919,365</u>	<u>\$ 21,470</u>	<u>\$ 234,903</u>	<u>\$ 91,536</u>	<u>\$ 11,261,955</u>	<u>27,418,600</u>	<u>\$ 23,736,778</u>

**CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30,2001  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30,2000**

	<u>Public Safety</u>	<u>State Gas Tax</u>	<u>Golf Course</u>	<u>Self- Supporting Revenue</u>	<u>Developer Fees</u>	<u>Main Library</u>
<b>Revenues:</b>						
Taxes	\$ 519,118	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	46,920	-
Fines, forfeits and penalties	126,024	-	-	-	-	-
From use of money and property	196,694	155,612	-	-	285,366	-
Charges for current services	125,580	-	651,245	567,373	1,124,248	-
From other agencies	343,462	2,945,565	-	-	-	-
Other	-	-	-	66	2,000	-
<b>Total revenues</b>	<u>1,310,878</u>	<u>3,101,177</u>	<u>651,245</u>	<u>567,439</u>	<u>1,458,534</u>	<u>-</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Fire	199,579	-	-	-	-	-
Police	899,735	-	-	-	-	-
Traffic safety	-	161,373	-	-	-	-
Public right of way	-	2,002,714	-	-	-	-
Community buildings	2,298	-	-	-	-	94,143
Community services	-	-	-	680,065	16,092	-
Parks and greenbelts	-	-	34,091	-	52,175	-
Community planning and development	-	-	-	-	-	-
Municipal support	-	-	-	-	-	-
<b>Capital outlay:</b>						
Police	579,558	-	-	-	-	-
Traffic safety	-	8,355	-	-	108,433	-
Public right of way	-	199,760	-	-	65,748	-
Drainage	-	1,006,953	-	-	80,841	-
Community buildings	5,196	-	-	-	10,000	-
Parks and greenbelts	-	-	-	-	158,976	-
Community planning and development	-	-	-	-	-	-
<b>Debt service:</b>						
Principal retirement	166,172	-	-	-	-	-
Interest and fiscal charges	10,726	-	-	-	-	-
<b>Total expenditures</b>	<u>1,863,264</u>	<u>3,379,155</u>	<u>34,091</u>	<u>680,065</u>	<u>492,265</u>	<u>94,143</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(552,386)</u>	<u>(277,978)</u>	<u>617,154</u>	<u>(112,626)</u>	<u>966,269</u>	<u>(94,143)</u>
<b>Other financing sources (uses):</b>						
Operating transfers in- General fund	-	-	-	93,284	-	-
Operating transfers out - General fund	-	-	(500,000)	-	-	-
<b>Total other financing Sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>93,284</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>(552,386)</u>	<u>(277,978)</u>	<u>117,154</u>	<u>(19,342)</u>	<u>966,269</u>	<u>(94,143)</u>
<b>Fund balances, July 1</b>	<u>3,259,104</u>	<u>2,617,419</u>	<u>565,286</u>	<u>23,901</u>	<u>3,668,589</u>	<u>108,043</u>
<b>Fund balances, June 30</b>	<u>\$ 2,706,718</u>	<u>\$ 2,339,441</u>	<u>\$ 682,440</u>	<u>\$ 4,559</u>	<u>\$ 4,634,858</u>	<u>\$ 13,900</u>

Housing Authority	Garden Grove Cable	Street Lighting	Park Maintenance	Main Street Vehicle Parking District	Air Quality Improvement	Other Federal State,County Grants	Totals	
							2001	2000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 519,118	\$ 1,942,818
-	-	-	-	-	-	622	47,542	6,404
-	-	-	-	-	-	33,181	159,205	268,296
6,375	7,466	-	-	15,540	1,085	375,919	1,044,057	819,995
-	-	1,329,576	692,950	27,569	176,963	-	4,695,504	5,120,972
14,165,910	-	-	-	-	-	11,479,815	28,934,752	26,964,251
20,691	239,507	-	-	-	1,832	706,149	970,245	603,592
<u>14,192,976</u>	<u>246,973</u>	<u>1,329,576</u>	<u>692,950</u>	<u>43,109</u>	<u>179,880</u>	<u>12,595,686</u>	<u>36,370,423</u>	<u>35,726,328</u>
-	-	-	-	-	-	11,223	210,802	226,341
-	-	-	-	-	-	585,036	1,484,771	768,087
-	-	1,098,220	-	-	-	90,351	1,349,944	1,338,632
-	-	9,066	-	39,838	-	76,582	2,128,200	2,235,269
-	-	-	-	-	-	44,623	141,064	139,427
-	246,267	-	-	-	-	347,319	1,289,743	1,146,613
-	-	-	693,462	-	-	-	779,728	738,373
14,178,315	-	-	-	-	-	1,400,506	15,578,821	14,564,035
14,661	-	14,956	-	-	125,692	3,911,883	4,067,192	2,459,389
-	-	-	-	-	-	-	579,558	1,712,994
-	-	428,470	-	-	-	1,592,079	2,137,337	2,246,379
-	-	40,000	-	-	-	1,552,808	1,858,316	1,979,869
-	-	-	-	-	-	406,508	1,494,302	487,205
-	-	-	-	-	-	-	15,196	112,942
-	-	-	-	-	-	27,983	186,959	137,923
-	-	-	-	-	-	387,424	387,424	2,780,222
-	-	-	-	-	-	410,000	576,172	380,000
-	-	-	-	-	-	744,731	755,457	577,681
<u>14,192,976</u>	<u>246,267</u>	<u>1,590,712</u>	<u>693,462</u>	<u>39,838</u>	<u>125,692</u>	<u>11,589,056</u>	<u>35,020,986</u>	<u>34,031,381</u>
-	706	(261,136)	(512)	3,271	54,188	1,006,630	1,349,437	1,694,947
-	-	-	-	-	-	-	93,284	69,530
-	-	-	-	-	-	-	(500,000)	(500,000)
-	-	-	-	-	-	-	(406,716)	(430,470)
-	706	(261,136)	(512)	3,271	54,188	1,006,630	942,721	1,264,477
-	147,772	1,057,799	512	229,238	35,766	4,295,375	16,008,804	14,744,327
<u>\$ -</u>	<u>\$ 148,478</u>	<u>\$ 796,663</u>	<u>\$ -</u>	<u>\$ 232,509</u>	<u>\$ 89,954</u>	<u>\$ 5,302,005</u>	<u>\$ 16,951,525</u>	<u>\$ 16,008,804</u>

**CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2001**

Schedule C-3

	Public Safety			State Gas Tax		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 430,000	\$ 519,118	\$ 89,118	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	48,000	126,024	78,024	-	-	-
From use of money and property	72,000	196,694	124,694	67,300	155,612	88,312
Charges for current services	175,000	125,580	(49,420)	-	-	-
From other agencies	349,000	343,462	(5,538)	2,957,700	2,945,565	(12,135)
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>1,074,000</b>	<b>1,310,878</b>	<b>236,878</b>	<b>3,025,000</b>	<b>3,101,177</b>	<b>76,177</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Fire	223,073	199,579	23,494	-	-	-
Police	1,356,205	899,735	456,470	-	-	-
Traffic safety	-	-	-	200,517	161,373	39,144
Public right of way	-	-	-	1,978,918	2,002,714	(23,796)
Community buildings	37,737	2,298	35,439	-	-	-
Community services	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
Municipal support	48,579	-	48,579	-	-	-
<b>Capital outlay:</b>						
Police	1,797,866	579,558	1,218,308	-	-	-
Traffic safety	-	-	-	506,639	8,355	498,284
Public right of way	-	-	-	1,040,248	199,760	840,488
Drainage	-	-	-	1,857,740	1,006,953	850,787
Community buildings	5,196	5,196	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
<b>Debt service:</b>						
Principal retirement	166,172	166,172	-	-	-	-
Interest and fiscal charges	10,726	10,726	-	-	-	-
<b>Total expenditures</b>	<b>3,645,554</b>	<b>1,863,264</b>	<b>1,782,290</b>	<b>5,584,062</b>	<b>3,379,155</b>	<b>2,204,907</b>
Excess (deficiency) of revenues over (under) expenditures	(2,571,554)	(552,386)	2,019,168	(2,559,062)	(277,978)	2,281,084
<b>Other financing sources (uses):</b>						
Operating transfer in:						
General fund	-	-	-	-	-	-
Operating transfer out:						
General fund	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,571,554)	(552,386)	2,019,168	(2,559,062)	(277,978)	2,281,084
<b>Fund balances, July 1</b>	<b>3,259,104</b>	<b>3,259,104</b>	<b>-</b>	<b>2,617,419</b>	<b>2,617,419</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ 687,550</b>	<b>\$ 2,706,718</b>	<b>\$ 2,019,168</b>	<b>\$ 58,357</b>	<b>\$ 2,339,441</b>	<b>\$ 2,281,084</b>

(Continued)



CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2001

Schedule C-3  
Continued

	Golf Course			Self-Supporting Revenue		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	-	-	-	-	-	-
Charges for current services	600,000	651,245	51,245	587,000	567,373	(19,627)
From other agencies	-	-	-	-	-	-
Other	-	-	-	3,000	66	(2,934)
<b>Total revenues</b>	<u>600,000</u>	<u>651,245</u>	<u>51,245</u>	<u>590,000</u>	<u>567,439</u>	<u>(22,561)</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Community services	-	-	-	692,428	680,065	12,363
Parks and greenbelts	64,617	34,091	30,526	-	-	-
Community planning and development	-	-	-	-	-	-
Municipal support	-	-	-	-	-	-
<b>Capital outlay:</b>						
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Drainage	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
<b>Debt service:</b>						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<u>64,617</u>	<u>34,091</u>	<u>30,526</u>	<u>692,428</u>	<u>680,065</u>	<u>12,363</u>
Excess (deficiency) of revenues over (under) expenditures	<u>535,383</u>	<u>617,154</u>	<u>81,771</u>	<u>(102,428)</u>	<u>(112,626)</u>	<u>(10,198)</u>
<b>Other financing sources (uses):</b>						
Operating transfer in:						
General fund	-	-	-	93,284	93,284	-
Operating transfer out:						
General fund	(500,000)	(500,000)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>93,284</u>	<u>93,284</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>35,383</u>	<u>117,154</u>	<u>81,771</u>	<u>(9,144)</u>	<u>(19,342)</u>	<u>(10,198)</u>
<b>Fund balances, July 1</b>	<u>565,286</u>	<u>565,286</u>	<u>-</u>	<u>23,901</u>	<u>23,901</u>	<u>-</u>
<b>Fund balances, June 30</b>	<u>\$ 600,669</u>	<u>\$ 682,440</u>	<u>\$ 81,771</u>	<u>\$ 14,757</u>	<u>\$ 4,559</u>	<u>\$ (10,198)</u>

(Continued)

CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2001

Schedule C-3  
Continued

	Developer Fees			Main Library		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	24,000	46,920	22,920	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	69,400	285,366	215,966	-	-	-
Charges for current services	520,600	1,124,248	603,648	-	-	-
From other agencies	-	-	-	-	-	-
Other	1,000	2,000	1,000	-	-	-
<b>Total revenues</b>	<b>615,000</b>	<b>1,458,534</b>	<b>843,534</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	3,000	-	3,000	-	-	-
Community buildings	-	-	-	49,316	94,143	(44,827)
Community services	22,112	16,092	6,020	-	-	-
Parks and greenbelts	68,174	52,175	15,999	-	-	-
Community planning and development	-	-	-	-	-	-
Municipal support	-	-	-	-	-	-
<b>Capital outlay:</b>						
Police	-	-	-	-	-	-
Traffic safety	849,464	108,433	741,031	-	-	-
Public right of way	807,567	65,748	541,819	-	-	-
Drainage	531,305	80,841	450,464	-	-	-
Community buildings	10,000	10,000	-	-	-	-
Parks and greenbelts	578,887	158,976	419,911	-	-	-
Community planning and development	-	-	-	-	-	-
<b>Debt service:</b>						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,670,509</b>	<b>492,265</b>	<b>2,178,244</b>	<b>49,316</b>	<b>94,143</b>	<b>(44,827)</b>
Excess (deficiency) of revenues over (under) expenditures	(2,055,509)	966,269	3,021,778	(49,316)	(94,143)	(44,827)
<b>Other financing sources (uses):</b>						
Operating transfer in:						
General fund	-	-	-	-	-	-
Operating transfer out:						
General fund	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,055,509)	966,269	3,021,778	(49,316)	(94,143)	(44,827)
<b>Fund balances, July 1</b>	<b>3,668,589</b>	<b>3,668,589</b>	<b>-</b>	<b>108,043</b>	<b>108,043</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ 1,613,080</b>	<b>\$ 4,634,858</b>	<b>\$ 3,021,778</b>	<b>\$ 58,727</b>	<b>\$ 13,900</b>	<b>\$ (44,827)</b>

(Continued)

CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2001

Schedule C-3  
Continued

	Housing Authority			Garden Grove Cable		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	-	6,374	6,374	5,000	7,466	2,466
Charges for current services	-	-	-	-	-	-
From other agencies	13,185,505	14,165,910	980,405	-	-	-
Other	-	20,692	20,692	259,868	239,507	(20,361)
<b>Total revenues</b>	<b>13,185,505</b>	<b>14,192,976</b>	<b>1,007,471</b>	<b>264,868</b>	<b>246,973</b>	<b>(17,895)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Community buildings	-	-	-	5,000	-	5,000
Community services	-	-	-	264,156	246,267	17,889
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	13,168,371	14,173,441	(1,005,070)	-	-	-
Municipal support	24,801	19,535	5,266	-	-	-
<b>Capital outlay:</b>						
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Drainage	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
<b>Debt service:</b>						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>13,193,172</b>	<b>14,192,976</b>	<b>(999,804)</b>	<b>269,156</b>	<b>246,267</b>	<b>22,889</b>
Excess (deficiency) of revenues over (under) expenditures	(7,667)	-	7,667	(4,288)	706	4,994
<b>Other financing sources (uses):</b>						
Operating transfer in:						
General fund	-	-	-	-	-	-
Operating transfer out:						
General fund	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(7,667)	-	7,667	(4,288)	706	4,994
<b>Fund balances, July 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,772</b>	<b>147,772</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ (7,667)</b>	<b>\$ -</b>	<b>\$ 7,667</b>	<b>\$ 143,484</b>	<b>\$ 148,478</b>	<b>\$ 4,994</b>

(Continued)

CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2001

Schedule C-3  
Continued

	Street Lighting			Park Maintenance		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	-	-	-	-	-	-
Charges for current services	1,308,256	1,329,576	21,320	700,000	692,950	(7,050)
From other agencies	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<u>1,308,256</u>	<u>1,329,576</u>	<u>21,320</u>	<u>700,000</u>	<u>692,950</u>	<u>(7,050)</u>
<b>Expenditures:</b>						
<b>Current</b>						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	1,267,123	1,098,220	168,903	-	-	-
Public right of way	10,042	9,066	976	-	-	-
Community buildings	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Parks and greenbelts	-	-	-	700,512	693,462	7,050
Community planning and development	-	-	-	-	-	-
Municipal support	15,391	14,956	435	-	-	-
<b>Capital outlay:</b>						
Police	-	-	-	-	-	-
Traffic safety	543,971	428,470	115,501	-	-	-
Public right of way	40,000	40,000	-	-	-	-
Drainage	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
<b>Debt service:</b>						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<u>1,876,527</u>	<u>1,590,712</u>	<u>285,815</u>	<u>700,512</u>	<u>693,462</u>	<u>7,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(568,271)</u>	<u>(261,136)</u>	<u>307,135</u>	<u>(512)</u>	<u>(512)</u>	<u>-</u>
<b>Other financing sources (uses):</b>						
Operating transfer in:						
General fund	-	-	-	-	-	-
Operating transfer out:						
General fund	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(568,271)</u>	<u>(261,136)</u>	<u>307,135</u>	<u>(512)</u>	<u>(512)</u>	<u>-</u>
<b>Fund balances, July 1</b>	<u>1,057,799</u>	<u>1,057,799</u>	<u>-</u>	<u>512</u>	<u>512</u>	<u>-</u>
<b>Fund balances, June 30</b>	<u>\$ 489,528</u>	<u>\$ 796,663</u>	<u>\$ 307,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2001

Schedule C-3  
Continued

	Main Street/Vehicle Parking District			Air Quality Improvement		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	8,900	15,540	6,640	1,000	1,085	85
Charges for current services	28,500	27,569	(931)	173,000	176,963	3,963
From other agencies	-	-	-	-	-	-
Other	-	-	-	-	1,832	1,832
<b>Total revenues</b>	<u>37,400</u>	<u>43,109</u>	<u>5,709</u>	<u>174,000</u>	<u>179,880</u>	<u>5,880</u>
<b>Expenditures:</b>						
Current:						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	44,673	39,838	4,835	-	-	-
Community buildings	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	4,296	-	4,296
Municipal support	-	-	-	151,796	125,692	26,104
Capital outlay:						
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Drainage	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<u>44,673</u>	<u>39,838</u>	<u>4,835</u>	<u>156,092</u>	<u>125,692</u>	<u>30,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,273)</u>	<u>3,271</u>	<u>10,544</u>	<u>17,908</u>	<u>54,188</u>	<u>36,280</u>
<b>Other financing sources (uses):</b>						
Operating transfer in:						
General fund	-	-	-	-	-	-
Operating transfer out:						
General fund	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(7,273)</u>	<u>3,271</u>	<u>10,544</u>	<u>17,908</u>	<u>54,188</u>	<u>36,280</u>
<b>Fund balances, July 1</b>	<u>229,238</u>	<u>229,238</u>	<u>-</u>	<u>35,766</u>	<u>35,766</u>	<u>-</u>
<b>Fund balances, June 30</b>	<u>\$ 221,965</u>	<u>\$ 232,509</u>	<u>\$ 10,544</u>	<u>\$ 53,674</u>	<u>\$ 89,954</u>	<u>\$ 36,280</u>

(Continued)

**CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2001**

Schedule C-3  
Continued

	Other Federal, State, County Grants			Totals		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 430,000	\$ 519,118	\$ 89,118
Licenses and permits	-	622	622	24,000	47,542	23,542
Fines, forfeits and penalties	2,300,000	33,181	(2,266,819)	2,348,000	159,205	(2,188,795)
From use of money and property	-	375,919	375,919	223,600	1,044,056	820,456
Charges for current services	-	-	-	4,092,356	4,695,504	603,148
From other agencies	19,555,463	11,479,815	(8,075,648)	36,047,668	28,934,752	(7,112,916)
Other	315,000	706,149	391,149	578,868	970,246	391,378
<b>Total revenues</b>	<b>22,170,463</b>	<b>12,595,686</b>	<b>(9,574,777)</b>	<b>43,744,492</b>	<b>36,370,423</b>	<b>(7,374,069)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Fire	141,223	11,223	130,000	364,296	210,802	153,494
Police	830,285	585,036	245,249	2,186,490	1,484,771	701,719
Traffic safety	1,797,148	90,351	1,706,797	3,264,788	1,349,944	1,914,844
Public right of way	666,261	76,582	589,679	2,702,894	2,128,200	574,694
Community buildings	80,375	44,623	35,752	172,428	141,064	31,364
Community services	589,670	347,319	242,351	1,568,366	1,289,743	278,623
Parks and greenbelts	-	-	-	833,303	779,728	53,575
Community planning and development	3,215,915	1,400,506	1,815,409	16,388,582	15,573,947	814,635
Municipal support	5,569,488	3,911,883	1,657,605	5,810,055	4,072,066	1,737,989
<b>Capital outlay:</b>						
Police	-	-	-	1,797,866	579,558	1,218,308
Traffic safety	6,073,530	1,592,079	4,481,451	7,973,604	2,137,337	5,836,267
Public right of way	5,514,567	1,552,808	3,961,759	7,202,382	1,858,316	5,344,066
Drainage	505,847	406,508	99,339	2,894,892	1,494,302	1,400,590
Community buildings	-	-	-	15,196	15,196	-
Parks and greenbelts	354,004	27,983	326,021	932,891	186,959	745,932
Community planning and development	1,113,726	387,424	-	1,113,726	387,424	726,302
<b>Debt service:</b>						
Principal retirement	410,000	410,000	-	576,172	576,172	-
Interest and fiscal charges	744,731	744,731	-	755,457	755,457	-
<b>Total expenditures</b>	<b>27,606,770</b>	<b>11,589,056</b>	<b>16,017,714</b>	<b>56,553,388</b>	<b>35,020,986</b>	<b>21,532,402</b>
Excess (deficiency) of revenues over (under) expenditures	(5,436,307)	1,006,630	6,442,937	(12,808,896)	1,349,437	14,158,333
<b>Other financing sources (uses):</b>						
Operating transfer in:						
General fund	-	-	-	93,284	93,284	-
Operating transfer out:						
General fund	-	-	-	(500,000)	(500,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(406,716)</b>	<b>(406,716)</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(5,436,307)	1,006,630	6,442,937	(13,215,612)	942,721	14,158,333
<b>Fund balances, July 1</b>	<b>4,295,375</b>	<b>4,295,375</b>	<b>-</b>	<b>16,008,804</b>	<b>16,008,804</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ (1,140,932)</b>	<b>\$ 5,302,005</b>	<b>\$ 6,442,937</b>	<b>2,793,192</b>	<b>16,951,525</b>	<b>14,158,333</b>

(Continued)

**DEBT SERVICE FUNDS**

Community Project Fund

This fund is used to account for resources provided to pay principal and interest on Agency for Community Development Community Project debt.

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 know as Buena-Clinton.

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CITY OF GARDEN GROVE  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2001  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2000

Schedule D-1

	Community Project	Buena-Clinton Project	Totals	
			2001	2000
<b>ASSETS</b>				
Cash and investments with fiscal agents	\$ 4,486,000	\$ -	\$ 4,486,000	\$ 4,388,861
Taxes receivable	106,872	1,045	107,917	222,685
Total assets	<u>\$ 4,592,872</u>	<u>\$ 1,045</u>	<u>\$ 4,593,917</u>	<u>\$ 4,611,546</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Due to capital projects fund	\$ 205,815	\$ 1,045	\$ 206,860	\$ 222,685
Total liabilities	<u>205,815</u>	<u>1,045</u>	<u>206,860</u>	<u>222,685</u>
Fund balances:				
Reserved for debt service	<u>4,387,057</u>	<u>-</u>	<u>4,387,057</u>	<u>4,388,861</u>
Total liabilities and fund balances	<u>\$ 4,592,872</u>	<u>\$ 1,045</u>	<u>\$ 4,593,917</u>	<u>\$ 4,611,546</u>

CITY OF GARDEN GROVE  
DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2001  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2000

Schedule D-2

	Community Project	Buena-Clinton Project	Totals	
			2001	2000
<b>Revenues:</b>				
Taxes	\$ 9,928,498	\$ 234,367	\$ 10,162,865	\$ 9,411,844
From use of money and property	62,236	-	62,236	-
Total revenues	<u>9,990,734</u>	<u>234,367</u>	<u>10,225,101</u>	<u>9,411,844</u>
<b>Expenditures:</b>				
Principal retirement	1,165,000	-	1,165,000	1,110,000
Interest and fiscal charges	3,278,679	1,927	3,280,606	3,253,369
Total expenditures	<u>4,443,679</u>	<u>1,927</u>	<u>4,445,606</u>	<u>4,363,369</u>
Excess of revenues over expenditures	5,547,055	232,440	5,779,495	5,048,475
<b>Other Financing (Uses):</b>				
Operating transfer out:				
Capital projects funds	<u>(5,548,859)</u>	<u>(232,440)</u>	<u>(5,781,299)</u>	<u>(5,153,371)</u>
Excess of revenues over expenditures and other financing uses	(1,804)	-	(1,804)	(104,896)
<b>Fund balances, July 1</b>	<u>4,388,861</u>	<u>-</u>	<u>4,388,861</u>	<u>4,493,757</u>
<b>Fund balances, June 30</b>	<u>\$ 4,387,057</u>	<u>\$ -</u>	<u>\$ 4,387,057</u>	<u>\$ 4,388,861</u>

## CAPITAL PROJECTS FUNDS

### Community Project Fund

Capital projects within the Agency For Community Development Community Project Area are accounted for in this fund. Included within this area are the Community Center, Harbor Corridor, Harbor-Buaro, Brookhurst-Chapman, Brookhurst-Katella, and Trask Auto Center.

### Buena-Clinton Project Fund

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

### Housing Set-Aside Fund

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

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CITY OF GARDEN GROVE  
 CAPITAL PROJECTS FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2001  
 WITH COMPARATIVE TOTALS FOR JUNE 30, 2000

Schedule E-1

	Community	Buena-Clinton	Housing	Totals	
	Project	Project	Set-Aside	2001	2000
<b>ASSETS</b>					
Cash and investments	\$ 4,975,725	\$ -	\$ 831,133	\$ 5,806,858	\$ 2,957,561
Cash with fiscal agents	-	-	53,858	53,858	51,937
Taxes receivable	-	-	26,979	26,979	55,671
Accounts receivable	150,378	-	106,652	257,030	313,426
Interest receivable	79,656	1,996	-	81,652	99,927
Notes receivable	38,529,438	146,200	4,316,930	42,992,568	44,120,445
Due from Debt Service fund	206,860	-	-	206,860	222,685
Due from Capital Project fund	755,072	-	-	755,072	3,655,796
Land held for resale	5,164,275	275,890	2,379,014	7,819,179	13,289,723
Allowance for decline in value of land held for resale	(44,851)	-	-	(44,851)	(540,439)
Deposits	141,770	-	476,650	618,420	486,650
<b>Total assets</b>	<b>\$ 49,958,323</b>	<b>\$ 424,086</b>	<b>\$ 8,191,216</b>	<b>\$ 58,573,625</b>	<b>\$ 64,713,382</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 13,378	\$ 13,378	\$ 6,569
Other accrued liabilities	-	-	14,590	14,590	13,522
Refundable deposits	456,808	-	-	456,808	1,084,739
Due to Community Project fund	-	82,363	672,709	755,072	3,655,796
Deferred revenue	38,529,438	146,200	4,316,930	42,992,568	44,120,445
Intercity loans payable	7,121,066	-	-	7,121,066	5,774,773
<b>Total liabilities</b>	<b>46,107,312</b>	<b>228,563</b>	<b>5,017,607</b>	<b>51,353,482</b>	<b>54,655,844</b>
<b>Fund balances:</b>					
<b>Reserved:</b>					
Reserved for encumbrances	47,024	-	477,450	524,474	723,451
Reserved for continuing projects	623,613	90,000	27,000	740,613	9,600
Reserved for land held for resale	5,119,424	275,890	2,379,014	7,774,328	12,749,284
Reserved for contractual commitments	-	-	670,000	670,000	757,524
Unreserved	(1,939,050)	(170,367)	(379,855)	(2,489,272)	(4,182,321)
<b>Total fund balances</b>	<b>3,851,011</b>	<b>195,523</b>	<b>3,173,609</b>	<b>7,220,143</b>	<b>10,057,538</b>
<b>Total liabilities and fund balances</b>	<b>\$ 49,958,323</b>	<b>\$ 424,086</b>	<b>\$ 8,191,216</b>	<b>\$ 58,573,625</b>	<b>\$ 64,713,382</b>

**CITY OF GARDEN GROVE  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2001  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2000**

Schedule E-2

	Community Project	Buena-Clinton Project	Housing Set-Aside	Totals	
				2001	2000
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ 2,540,717	\$ 2,540,717	\$ 2,340,498
From use of money and property	1,363,930	23,494	652,852	2,040,276	1,361,152
Sale of land	330,576	-	2,184,565	2,515,141	2,679,642
Other	-	-	663	663	32,238
<b>Total revenues</b>	<b>1,694,506</b>	<b>23,494</b>	<b>5,378,797</b>	<b>7,096,797</b>	<b>6,413,530</b>
<b>Expenditures:</b>					
Capital outlay					
Police	-	140,000	-	140,000	53,105
Public right of way	10,068	-	-	10,068	11,636
Community buildings	25,499	-	-	25,499	2,330
Community planning and development	6,125,469	16,835	2,360,884	8,503,188	6,263,010
Municipal support	228,577	-	40,973	269,550	293,291
Cost of land sold	557,618	-	4,161,686	4,719,304	11,999,739
Debt service:					
Principal retirement	1,000,000	-	267,462	1,267,462	1,830,225
Interest and fiscal charges	596,294	700	83,435	680,429	459,808
<b>Total expenditures</b>	<b>8,543,525</b>	<b>157,535</b>	<b>6,914,440</b>	<b>15,615,500</b>	<b>20,913,144</b>
Excess (deficiency) of revenues over (under) expenditures	(6,849,019)	(134,041)	(1,535,643)	(8,518,703)	(14,499,614)
<b>Other financing sources (uses):</b>					
Operating transfer in:					
Debt service funds	5,548,859	232,440	-	5,781,299	5,153,371
Operating transfer out:					
Mobilehome parks fund	-	-	-	-	(78,813)
Proceeds of long term debt	487,500	-	1,200,000	1,687,500	500,000
<b>Total other financing sources (uses)</b>	<b>6,036,359</b>	<b>232,440</b>	<b>1,200,000</b>	<b>7,468,799</b>	<b>5,574,558</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(812,660)	98,399	(335,643)	(1,049,904)	(8,925,056)
<b>Fund balances, July 1</b>	<b>6,451,162</b>	<b>97,124</b>	<b>3,509,252</b>	<b>10,057,538</b>	<b>18,982,594</b>
Prior period adjustment	(1,787,491)	-	-	(1,787,491)	-
<b>Adjusted fund balance, July 1</b>	<b>4,663,671</b>	<b>97,124</b>	<b>3,509,252</b>	<b>8,270,047</b>	<b>18,982,594</b>
<b>Fund balances, June 30</b>	<b>\$ 3,851,011</b>	<b>\$ 195,523</b>	<b>\$ 3,173,609</b>	<b>\$ 7,220,143</b>	<b>\$ 10,057,538</b>

CITY OF GARDEN GROVE  
 CAPITAL PROJECTS FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2001

	Community Project		Variance- Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
From use of money and property	723,351	1,363,930	640,579
Sale of land	-	330,576	330,576
Other	1,000,000	-	(1,000,000)
<b>Total revenues</b>	<b>1,723,351</b>	<b>1,694,506</b>	<b>(28,845)</b>
<b>Expenditures:</b>			
<b>Capital outlay:</b>			
Police	-	-	-
Public right of way	49,556	10,068	39,488
Community buildings	42,504	25,499	17,005
Community planning and development	6,586,158	6,125,469	460,689
Municipal support	265,724	228,577	37,147
Cost of land sold	-	557,618	(557,618)
<b>Debt service:</b>			
Principal retirement	1,000,000	1,000,000	-
Interest and fiscal charges	596,294	596,294	-
<b>Total expenditures</b>	<b>8,540,236</b>	<b>8,543,525</b>	<b>(3,289)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(6,816,885)</b>	<b>(6,849,019)</b>	<b>(32,134)</b>
<b>Other financing sources (uses):</b>			
<b>Operating transfer in:</b>			
Debt service fund	4,926,732	5,548,859	(622,127)
Proceeds of long term debt	-	487,500	(487,500)
<b>Total other financing sources (uses)</b>	<b>4,926,732</b>	<b>6,036,359</b>	<b>(1,109,627)</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>(1,890,153)</b>	<b>(812,660)</b>	<b>1,077,493</b>
<b>Fund balances, July 1</b>	<b>6,451,162</b>	<b>6,451,162</b>	<b>-</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>(1,787,491)</b>	<b>(1,787,491)</b>
<b>Adjusted fund balance, July 1</b>	<b>6,451,162</b>	<b>4,663,671</b>	<b>(1,787,491)</b>
<b>Fund balances, June 30</b>	<b>\$ 4,561,009</b>	<b>\$ 3,851,011</b>	<b>\$ (709,998)</b>

(Continued)

CITY OF GARDEN GROVE  
 CAPITAL PROJECTS FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2001

Schedule E-3  
 Continued

	Buena-Clinton Project			Housing Set-Aside		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 2,577,750	\$ 2,540,717	\$ (37,033)
From use of money and property	15,000	23,494	8,494	53,500	652,852	599,352
Sale of land	-	-	-	1,200,000	2,184,565	984,565
Other	-	-	-	-	663	663
<b>Total revenues</b>	<b>15,000</b>	<b>23,494</b>	<b>8,494</b>	<b>3,831,250</b>	<b>5,378,797</b>	<b>1,547,547</b>
<b>Expenditures:</b>						
Capital outlay:						
Police	140,000	140,000	-	-	-	-
Public right of way	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Community planning and development	219,900	16,835	203,065	2,805,671	2,360,884	444,787
Municipal support	-	-	-	52,797	40,973	11,824
Cost of land sold	-	-	-	-	4,161,686	(4,161,686)
Debt service:						
Principal retirement	-	-	-	267,462	267,462	-
Interest and fiscal charges	700	700	-	83,435	83,435	-
<b>Total expenditures</b>	<b>360,600</b>	<b>157,535</b>	<b>203,065</b>	<b>3,209,365</b>	<b>6,914,440</b>	<b>(3,705,075)</b>
Excess (deficiency) of revenues over (under) expenditures	(345,600)	(134,041)	211,559	621,885	(1,535,643)	(2,157,528)
<b>Other financing sources (uses):</b>						
Operating transfer in:						
Debt service fund	-	232,440	(232,440)	-	-	-
Proceeds of long term debt	-	-	-	-	1,200,000	(1,200,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>232,440</b>	<b>(232,440)</b>	<b>-</b>	<b>1,200,000</b>	<b>(1,200,000)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(345,600)	98,399	443,999	621,885	(335,643)	(957,528)
<b>Fund balances, July 1</b>	<b>97,124</b>	<b>97,124</b>	<b>-</b>	<b>3,509,252</b>	<b>3,509,252</b>	<b>-</b>
Prior period adjustment	-	-	-	-	-	-
<b>Adjusted fund balance, July 1</b>	<b>97,124</b>	<b>97,124</b>	<b>-</b>	<b>3,509,252</b>	<b>3,509,252</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ (248,476)</b>	<b>\$ 195,523</b>	<b>\$ 443,999</b>	<b>\$ 4,131,137</b>	<b>\$ 3,173,609</b>	<b>\$ (957,528)</b>

(Continued)



CITY OF GARDEN GROVE  
 CAPITAL PROJECTS FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2001

Schedule E-3  
 Continued

	Totals		Variance- Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Taxes	\$ 2,577,750	\$ 2,540,717	\$ (37,033)
From use of money and property	791,851	2,040,276	1,248,425
Sale of land	1,200,000	2,515,141	1,315,141
Other	1,000,000	663	(999,337)
<b>Total revenues</b>	<b>5,569,601</b>	<b>7,096,797</b>	<b>1,527,196</b>
<b>Expenditures:</b>			
Capital outlay:			
Police	140,000	140,000	-
Public right of way	49,556	10,068	39,488
Community buildings	42,504	25,499	17,005
Community planning and development	9,611,729	8,503,188	1,108,541
Municipal support	318,521	269,550	48,971
Cost of land sold	-	4,719,304	(4,719,304)
Debt service:			
Principal retirement	1,267,462	1,267,462	-
Interest and fiscal charges	680,429	680,429	-
<b>Total expenditures</b>	<b>12,110,201</b>	<b>15,615,500</b>	<b>(3,505,299)</b>
Excess (deficiency) of revenues over (under) expenditures	(6,540,600)	(8,518,703)	(1,978,103)
<b>Other financing sources (uses):</b>			
Operating transfer in:			
Debt service fund	4,926,732	5,781,299	(854,567)
Proceeds of long term debt	-	1,687,500	(1,687,500)
<b>Total other financing sources (uses)</b>	<b>4,926,732</b>	<b>7,468,799</b>	<b>(2,542,067)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,613,868)	(1,049,904)	563,964
<b>Fund balances, July 1</b>	<b>10,057,538</b>	<b>10,057,538</b>	<b>-</b>
Prior period adjustment	-	(1,787,491)	(1,787,491)
<b>Adjusted fund balance, July 1</b>	<b>10,057,538</b>	<b>8,270,047</b>	<b>(1,787,491)</b>
<b>Fund balances, June 30</b>	<b>\$ 8,443,670</b>	<b>\$ 7,220,143</b>	<b>\$ (1,223,527)</b>

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## ENTERPRISE FUNDS

### Water Utility Fund

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

### Mobile home Parks Fund

The purpose of this fund is to account for the operation and debt service obligations of the Bahia 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.

### Garden Grove Sanitary District Funds

The Sanitary District comprises of 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 sewage collection system. The Solid Waste Disposal Fund accounts for the operation of the trash and solid waste collections and disposal services.

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**CITY OF GARDEN GROVE  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2001  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2000**

	Water Utility	Mobile home Parks	Sanitary District	Totals	
				2001	2000
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and investments	\$ 8,846,877	\$ 1,247,731	\$ 4,994,316	\$ 15,088,924	\$ 13,098,349
Cash with fiscal agent	1,376,822	1,141,845	-	2,518,667	3,745,564
Accrued taxes receivable	-	-	71,270	71,270	67,975
Accounts receivable	2,216,800	12,608	1,169,904	3,399,312	3,660,573
Accrued interest receivable	107,776	48,392	54,626	210,794	287,605
Intercity loans receivable, current portion	1,394,793	-	-	1,394,793	1,355,439
Notes receivable, current portion	-	41,616	49,991	91,607	360,557
Deposits	15,000	-	-	15,000	15,000
<b>Total current assets</b>	<b>13,958,068</b>	<b>2,492,192</b>	<b>6,340,107</b>	<b>22,790,367</b>	<b>22,591,062</b>
Restricted cash	901,466	-	-	901,466	1,343,320
Notes receivable, less current portion	-	209,419	9,848	219,267	-
<b>Fixed assets:</b>					
Land	424,103	11,695,000	6,000	12,125,103	12,200,103
Buildings	76,186	624,310	-	700,496	700,496
Water utility plant	72,276,541	-	-	72,276,541	70,287,510
Sewer subsurface lines	-	-	8,936,944	8,936,944	8,399,590
Sewer pump stations	-	-	127,500	127,500	127,500
Improvements	-	563,115	-	563,115	563,115
Furniture and equipment	314,095	7,543	4,505	326,143	605,564
Less: accumulated depreciation	(24,845,539)	(572,051)	(2,631,503)	(28,049,093)	(26,491,104)
<b>Total fixed assets</b>	<b>48,245,386</b>	<b>12,317,917</b>	<b>6,443,446</b>	<b>67,006,749</b>	<b>66,392,774</b>
Deferred issuance costs	347,885	560,045	-	907,930	948,657
<b>Total assets</b>	<b>\$ 63,452,805</b>	<b>\$ 15,579,573</b>	<b>\$ 12,793,401</b>	<b>\$ 91,825,779</b>	<b>\$ 91,275,813</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 2,014,634	\$ -	\$ 824,761	\$ 2,839,395	\$ 3,092,464
Accrued interest payable	39,289	327,971	-	367,260	374,222
Other accrued liabilities	145,143	-	19,179	164,322	167,843
Refundable deposits	324,253	311	8,383	332,947	355,167
Due to other funds	-	-	533,426	533,426	-
Deferred revenue	76,305	252,138	779,967	1,108,410	1,081,056
Intercity loans payable, current portion	830,140	-	644,793	1,474,933	605,439
Revenue bonds payable, current portion	430,000	-	-	430,000	415,000
Certificates of participation, current portion	-	320,000	-	320,000	1,120,000
<b>Total current liabilities</b>	<b>3,859,764</b>	<b>900,420</b>	<b>2,810,509</b>	<b>7,570,693</b>	<b>7,211,191</b>
<b>Long-term liabilities:</b>					
Intercity loan from General fund	12,354,908	-	-	12,354,908	13,159,801
Revenue bonds payable, less current portion	17,354,085	-	-	17,354,085	17,778,933
Certificates of participation payable, less current portion	-	13,626,731	-	13,626,731	13,943,877
<b>Total long-term liabilities</b>	<b>29,708,993</b>	<b>13,626,731</b>	<b>-</b>	<b>43,335,724</b>	<b>44,882,611</b>
<b>Total liabilities</b>	<b>33,568,757</b>	<b>14,527,151</b>	<b>2,810,509</b>	<b>50,906,417</b>	<b>52,093,802</b>
<b>Fund equity:</b>					
Contributed capital	13,753,525	-	5,369,990	19,123,515	18,810,022
<b>Retained earnings:</b>					
Reserved for bond retirement	52,529	-	-	52,529	52,529
Reserved for continuing projects	2,055,066	-	2,216,801	4,271,867	1,959,064
Unreserved	14,022,928	1,052,422	2,396,101	17,471,451	18,360,396
<b>Total retained earnings</b>	<b>16,130,523</b>	<b>1,052,422</b>	<b>4,612,902</b>	<b>21,795,847</b>	<b>20,371,989</b>
<b>Total fund equity</b>	<b>29,884,048</b>	<b>1,052,422</b>	<b>9,982,892</b>	<b>40,919,362</b>	<b>39,182,011</b>
<b>Total liabilities and fund equity</b>	<b>\$ 63,452,805</b>	<b>\$ 15,579,573</b>	<b>\$ 12,793,401</b>	<b>\$ 91,825,779</b>	<b>\$ 91,275,813</b>

**CITY OF GARDEN GROVE  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
YEAR ENDED JUNE 30, 2001  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2000**

Schedule F-2

	Water	Mobile home	Sanitary	Totals	
	Utility	Parks	District	2001	2000
<b>Operating revenues:</b>					
Water sales	\$ 14,514,384	\$ -	\$ -	\$ 14,514,384	\$ 15,107,955
Mobile home parks operation	-	1,787,673	-	1,787,673	1,689,741
Solid waste disposal fees	-	-	5,519,249	5,519,249	5,885,501
Property assessments	-	-	1,396,114	1,396,114	1,894,175
Sewer user fees	-	-	1,648,116	1,648,116	1,773,233
Other	187,037	-	109,524	296,561	594,747
<b>Total operating revenues</b>	<b>14,701,421</b>	<b>1,787,673</b>	<b>8,673,003</b>	<b>25,162,097</b>	<b>26,945,352</b>
<b>Operating expenses:</b>					
Salaries and wages	3,125,974	-	594,342	3,720,316	3,572,852
Contractual services	2,397,956	-	6,068,717	8,466,673	8,101,923
Materials and supplies	918,305	-	340,075	1,258,380	1,052,206
Water production expenses	6,462,811	-	-	6,462,811	6,442,258
Mobile home parks on-site operation	-	589,574	-	589,574	548,318
Depreciation	1,594,314	84,966	219,027	1,898,307	2,390,080
Amortization	20,613	28,119	-	48,732	48,732
<b>Total operating expenses</b>	<b>14,519,973</b>	<b>702,659</b>	<b>7,222,161</b>	<b>22,444,793</b>	<b>22,156,369</b>
<b>Operating income</b>	<b>181,448</b>	<b>1,085,014</b>	<b>1,450,842</b>	<b>2,717,304</b>	<b>4,788,983</b>
<b>Nonoperating revenues (expenses):</b>					
Investment income	785,833	203,672	274,449	1,263,954	1,019,922
Other nonoperating revenue	-	49,740	32,352	82,092	350,576
Rent	-	-	60,000	60,000	101,580
Proceeds from disposal of assets	33,591	-	-	33,591	-
Loss on disposal of assets	-	-	(2,550)	(2,550)	(462,810)
Interest expense	(1,781,156)	(795,848)	(39,353)	(2,616,357)	(2,682,329)
Fiscal charges	(3,726)	(3,498)	-	(7,224)	(6,463)
<b>Total nonoperating revenues (expenses)</b>	<b>(965,458)</b>	<b>(545,934)</b>	<b>324,898</b>	<b>(1,186,494)</b>	<b>(2,030,100)</b>
<b>Income (loss) before transfers</b>	<b>(784,010)</b>	<b>539,080</b>	<b>1,775,740</b>	<b>1,530,810</b>	<b>2,758,883</b>
<b>Transfers from (to) other funds:</b>					
Transfer from other funds:					
Capital projects fund	-	-	-	-	78,813
Internal service fund	-	-	-	-	130,000
Transfer to other funds:					
General fund	-	(70,000)	-	(70,000)	(70,000)
<b>Total transfers</b>	<b>-</b>	<b>(70,000)</b>	<b>-</b>	<b>(70,000)</b>	<b>138,813</b>
<b>Net Income (loss)</b>	<b>(784,010)</b>	<b>469,080</b>	<b>1,775,740</b>	<b>1,460,810</b>	<b>2,897,696</b>
<b>Retained earnings, July 1</b>	<b>16,914,533</b>	<b>583,342</b>	<b>2,874,114</b>	<b>20,371,989</b>	<b>17,123,717</b>
Prior period adjustment	-	-	(36,952)	(36,952)	-
<b>Adjusted retained earnings, July 1</b>	<b>16,914,533</b>	<b>583,342</b>	<b>2,837,162</b>	<b>20,335,037</b>	<b>17,123,717</b>
<b>Retained earnings, June 30</b>	<b>\$ 16,130,523</b>	<b>\$ 1,052,422</b>	<b>\$ 4,612,902</b>	<b>\$ 21,795,847</b>	<b>\$ 20,371,989</b>

CITY OF GARDEN GROVE  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2001  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2000

Schedule F-3

	Water Utility	Mobile home Parks	Sanitary District	Totals	
				2001	2000
<b>Cash flows from operating activities:</b>					
Cash received from users	\$ 14,944,127	\$ 1,853,433	\$ 8,609,396	\$ 25,406,956	\$ 26,135,075
Cash received from quasi-external transactions	-	-	533,426	533,426	-
Cash paid to suppliers	(9,974,744)	(645,391)	(6,249,202)	(16,869,337)	(18,113,962)
Cash paid to employees	(3,125,974)	-	(594,342)	(3,720,316)	(3,572,852)
<b>Net cash provided by operating activities</b>	<b>1,843,409</b>	<b>1,208,042</b>	<b>2,299,278</b>	<b>5,350,729</b>	<b>4,448,261</b>
<b>Cash flows from noncapital financing activities:</b>					
Transfer in - Capital Projects fund	-	-	-	-	78,813
Transfers out - General fund	-	(70,000)	-	(70,000)	(70,000)
Transfers in - Internal Service fund	-	-	-	-	130,000
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>(70,000)</b>	<b>-</b>	<b>(70,000)</b>	<b>138,813</b>
<b>Cash flows from investing activities:</b>					
Investment income	785,833	203,672	274,449	1,263,954	1,019,922
<b>Cash flows from capital and related financing activities:</b>					
Certificates of participation principal payments	-	(305,000)	(815,000)	(1,120,000)	(1,045,000)
Bond principal payments	(415,000)	-	-	(415,000)	(395,000)
Rent	-	-	60,000	60,000	60,000
Purchase of fixed assets	(1,802,445)	-	(533,286)	(2,335,731)	(2,899,088)
Proceeds from disposal of assets	75,000	-	-	75,000	-
Cash capital contributions	54,361	-	-	54,361	55,471
Other nonoperating revenues	-	49,740	32,352	82,092	425,751
Interest paid	(1,781,156)	(795,848)	(39,353)	(2,616,357)	(2,682,329)
Fiscal charges	(3,726)	(3,498)	-	(7,224)	(6,463)
<b>Net cash (used) by capital and related financing activities</b>	<b>(3,872,966)</b>	<b>(1,054,606)</b>	<b>(1,295,287)</b>	<b>(6,222,859)</b>	<b>(6,486,658)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,243,724)</b>	<b>287,108</b>	<b>1,278,440</b>	<b>321,824</b>	<b>(879,662)</b>
<b>Cash and cash equivalents, July 1</b>	<b>12,368,889</b>	<b>2,102,468</b>	<b>3,715,876</b>	<b>18,187,233</b>	<b>19,066,895</b>
<b>Cash and cash equivalents, June 30</b>	<b>\$ 11,125,165</b>	<b>\$ 2,389,576</b>	<b>\$ 4,994,316</b>	<b>\$ 18,509,057</b>	<b>\$ 18,187,233</b>

(Continued)

**RECONCILIATION OF OPERATING INCOME  
TO NET CASH PROVIDED  
BY OPERATING ACTIVITIES**

Schedule F-3  
Continued

	Water Utility	Mobile home Parks	Sanitary District	Totals	
				2001	2000
<b>Operating income</b>	<b>\$ 181,448</b>	<b>\$ 1,085,014</b>	<b>\$ 1,450,842</b>	<b>\$ 2,717,304</b>	<b>\$ 4,788,983</b>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>					
Depreciation expense	1,594,314	84,966	219,027	1,898,307	2,390,080
Amortization expense	20,613	28,119	-	48,732	48,732
Uncollectable accounts	26,918	-	-	26,918	-
<b>Changes in assets and liabilities:</b>					
(Increase) decrease in taxes receivable	-	-	(3,295)	(3,295)	10,357
Decrease (increase) in accounts receivable	289,102	28,280	(56,120)	261,262	(263,085)
Decrease (increase) in accrued interest receivable	90,552	(12,260)	(1,481)	76,811	(217,173)
(Increase) in intercity loans receivable	(39,354)	-	-	(39,354)	(36,952)
Decrease (increase) in notes receivable	2,653	49,740	(2,710)	49,683	(303,428)
(Decrease) increase in accounts payable	(367,096)	-	114,026	(253,070)	(1,122,382)
(Decrease) in accrued interest payable	(735)	(6,227)	-	(6,962)	(45,706)
Increase in intercity loan payable	-	-	39,354	39,354	17,380
(Decrease) increase in other accrued liabilities	(6,288)	-	2,767	(3,521)	38,019
(Decrease) increase in refundable deposits	(22,370)	150	-	(22,220)	9,007
Increase (decrease) in due to other funds	-	-	533,426	533,426	(1,224,402)
Increase (decrease) in deferred revenue	73,652	(49,740)	3,442	27,354	358,831
<b>Total adjustments</b>	<b>1,661,961</b>	<b>123,028</b>	<b>848,436</b>	<b>2,633,425</b>	<b>(340,722)</b>
<b>Net cash provided by operating activities</b>	<b>\$ 1,843,409</b>	<b>\$ 1,208,042</b>	<b>\$ 2,299,278</b>	<b>\$ 5,350,729</b>	<b>\$ 4,448,261</b>

*Non-cash Investing, Capital, and Financing Activities:*

*The Water Utility Fund received contributed capital from developers valued at \$272,473.*

*The Sanitary District Sewage Collection Fund received contributed capital from developers valued at \$41,020.*



**CITY OF GARDEN GROVE  
WATER UTILITY ENTERPRISE FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2001 and 2000**

Schedule F-4

	2001	2000
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 8,846,877	\$ 9,682,572
Cash with fiscal agent	1,376,822	1,376,032
Accounts receivable	2,216,800	2,505,902
Accrued interest receivable	107,776	198,328
Intercity loans receivable	1,394,793	1,355,439
Note receivable	-	2,653
Deposits	15,000	15,000
Total current assets	13,958,068	15,135,926
Restricted cash	901,466	1,310,285
Water plant in service:		
Land	424,103	499,103
Buildings	76,186	76,186
Utility plant	72,276,541	70,287,510
Furniture and equipment	314,095	474,458
Less: accumulated depreciation	(24,845,539)	(23,475,035)
Total water plant in service	48,245,386	47,862,222
Deferred issuance costs	347,885	363,347
Total assets	\$ 63,452,805	\$ 64,671,780
<b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,014,634	\$ 2,381,730
Accrued interest payable	39,289	40,024
Other accrued liabilities	145,143	151,431
Refundable deposits	324,253	346,623
Deferred revenue	76,305	2,653
Intercity loan payable - current portion	830,140	-
Revenue bonds payable - current portion	430,000	415,000
Total current liabilities	3,859,764	3,337,461
Long-term liabilities:		
Intercity loan from General fund	12,354,908	13,159,801
Revenue bonds payable - less current portion	17,354,085	17,778,933
Total long-term liabilities	29,708,993	30,938,734
Total liabilities	33,568,757	34,276,195
Fund equity:		
Contributed capital	13,753,525	13,481,052
Retained earnings:		
Reserved for bond retirement	52,529	52,529
Reserved for continuing projects	2,055,066	1,959,064
Unreserved	14,022,928	14,902,940
Total retained earnings	16,130,523	16,914,533
Total fund equity	29,884,048	30,395,585
Total liabilities and fund equity	\$ 63,452,805	\$ 64,671,780

**CITY OF GARDEN GROVE  
WATER UTILITY ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
YEARS ENDED JUNE 30, 2001 and 2000**

Schedule F-5

	<u>2001</u>	<u>2000</u>
<b>Operating revenues:</b>		
Water sales	\$ 14,514,384	\$ 15,107,955
Other	187,037	303,685
	<u>14,701,421</u>	<u>15,411,640</u>
<b>Operating expenses:</b>		
Salaries and wages	3,125,974	3,002,387
Contractual services	2,397,956	2,249,232
Materials and supplies	918,305	949,404
Water production expenses	6,462,811	6,442,258
Depreciation	1,594,314	1,525,053
Amortization	20,613	20,613
	<u>14,519,973</u>	<u>14,188,947</u>
Total operating expenses	<u>14,519,973</u>	<u>14,188,947</u>
Operating income	<u>181,448</u>	<u>1,222,693</u>
<b>Nonoperating revenues (expenses):</b>		
Investment income	785,833	767,843
Proceeds from disposal of assets	33,591	-
Interest expense	(1,781,156)	(1,798,314)
Fiscal charges	(3,726)	(3,343)
	<u>(965,458)</u>	<u>(1,033,814)</u>
Total nonoperating revenues (expenses)	<u>(965,458)</u>	<u>(1,033,814)</u>
Net income (loss)	<u>(784,010)</u>	<u>188,879</u>
<b>Retained earnings, July 1</b>	16,914,533	15,380,229
Prior period adjustment	-	1,345,425
<b>Adjusted retained earnings, July 1</b>	<u>16,914,533</u>	<u>16,725,654</u>
<b>Retained earnings, June 30</b>	<u>\$ 16,130,523</u>	<u>\$ 16,914,533</u>

**CITY OF GARDEN GROVE  
WATER UTILITY ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2001 AND 2000**

Schedule F-6

	2001	2000
<b>Cash flows from operating activities:</b>		
Cash received from users	\$ 14,944,127	\$ 15,115,751
Cash paid to suppliers	(9,974,744)	(9,977,411)
Cash paid to employees	(3,125,974)	(3,002,387)
Net cash provided by operating activities	1,843,409	2,135,953
<b>Cash flows from investing activities:</b>		
Investment income	785,833	767,843
<b>Cash flows from capital and related financing activities:</b>		
Bond principal payments	(415,000)	(395,000)
Purchase of fixed assets	(1,802,445)	(2,342,170)
Proceeds from disposal of assets	75,000	-
Cash capital contributions	54,361	55,471
Interest paid	(1,781,156)	(1,798,314)
Fiscal charges	(3,726)	(3,343)
Net cash (used) by capital and related financing activities	(3,872,966)	(4,483,356)
Net (decrease) in cash and cash equivalents	(1,243,724)	(1,579,560)
Cash and cash equivalents, July 1	12,368,889	13,948,449
Cash and cash equivalents, June 30	\$ 11,125,165	\$ 12,368,889

(Continued)

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

Schedule F-6  
Continued

	2001	2000
<b>Operating income</b>	<b>\$ 181,448</b>	<b>\$ 1,222,693</b>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation expense	1,594,314	1,525,053
Amortization expense	20,613	20,613
Uncollectable accounts	26,918	-
<b>Changes in assets and liabilities:</b>		
Decrease (increase) in accounts receivable	289,102	(187,401)
Decrease (increase) decrease in accrued interest receivable	90,552	(68,884)
(Increase) in intercity loans receivable	(39,354)	(36,952)
Decrease (increase) in note receivable	2,653	(2,653)
(Decrease) in accounts payable	(367,096)	(386,194)
(Decrease) in accrued interest payable	(735)	(691)
(Decrease) increase in other accrued liabilities	(6,288)	38,709
(Decrease) increase in refundable deposits	(22,370)	9,007
Increase in deferred revenue	73,652	2,653
Total adjustments	1,661,961	913,260
<b>Net cash provided by operating activities</b>	<b>\$ 1,843,409</b>	<b>\$ 2,135,953</b>

CITY OF GARDEN GROVE  
MOBILE HOME PARKS ENTERPRISE FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2001 and 2000

Schedule F-7

	2001	2000
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 1,247,731	\$ 547,936
Cash with fiscal agent	1,141,845	1,554,532
Accounts receivable	12,608	40,887
Accrued interest receivable	48,392	36,132
Note receivable, current portion	41,616	49,740
Total current assets	2,492,192	2,229,227
 Note receivable, less current portion	 209,419	 251,035
 Mobilehome parks		
Land	11,695,000	11,695,000
Buildings	624,310	624,310
Improvements	563,115	563,115
Furniture, Fixtures, Equipment	7,543	7,543
Less:accumulated depreciation	(572,051)	(487,084)
Total mobilehome parks	12,317,917	12,402,884
 Deferred issuance costs	 560,045	 585,310
 Total assets	 \$ 15,579,573	 \$ 15,468,456
 <b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities:		
Accrued interest payable	\$ 327,971	\$ 334,198
Refundable deposits	311	161
Deferred revenue	252,138	301,878
Certificates of participation payable - current portion	320,000	305,000
Total current liabilities	900,420	941,237
 Long-term liabilities:		
Certificates of participation payable - less current portion	13,626,731	13,943,877
Total liabilities	14,527,151	14,885,114
 Fund equity:		
Retained earnings:		
Unreserved	1,052,422	583,342
 Total liabilities and fund equity	 \$ 15,579,573	 \$ 15,468,456

CITY OF GARDEN GROVE  
MOBILE HOME PARKS ENTERPRISE FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
YEARS ENDED JUNE 30, 2001 and 2000

Schedule F-8

	2001	2000
<b>Operating revenues:</b>		
Mobile home parks operation	\$ 1,787,673	\$ 1,689,741
<b>Operating expenses:</b>		
On-site operation	589,574	548,318
Depreciation	84,966	81,530
Amortization	28,119	28,119
Total operating expenses	702,659	657,967
Operating income	1,085,014	1,031,774
<b>Nonoperating revenues (expenses):</b>		
Investment income	203,672	86,128
Other nonoperating income	49,740	41,580
Interest expense	(795,848)	(803,203)
Fiscal charges	(3,498)	(3,120)
Total nonoperating revenue (expenses)	(545,934)	(678,615)
Income before transfers	539,080	353,159
<b>Transfers from (to) other funds:</b>		
Transfer from Capital Projects fund	-	78,813
Transfer to General fund	(70,000)	(70,000)
Total transfers	(70,000)	8,813
<b>Net income</b>	469,080	361,972
<b>Retained earnings, July 1</b>	583,342	221,370
<b>Retained earnings, June 30</b>	\$ 1,052,422	\$ 583,342

**CITY OF GARDEN GROVE  
MOBILE HOME PARKS ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2001 and 2000**

Schedule F-9

	2001	2000
<b>Cash flows from operating activities:</b>		
Cash received from users	\$ 1,853,433	\$ 1,367,990
Cash paid to suppliers	(645,391)	(253,793)
Net cash provided by operating activities	1,208,042	1,114,197
<b>Cash flows from noncapital financing activities:</b>		
Transfer in - Capital Projects fund	-	78,813
Transfer out - General fund	(70,000)	(70,000)
Net cash provided by noncapital financing activities	(70,000)	8,813
<b>Cash flows from investing activities:</b>		
Investment income	203,672	86,128
<b>Cash flows from capital and related financing activities:</b>		
Principal payment - Certificates of participation	(305,000)	(285,000)
Other nonoperating revenues	49,740	41,580
Purchase of fixed assets	-	(12,354)
Interest paid	(795,848)	(803,203)
Fiscal charges	(3,498)	(3,120)
Net cash (used) by capital and related financing activities	(1,054,606)	(1,062,097)
Net increase in cash and cash equivalents	287,108	147,041
<b>Cash and cash equivalents, July 1</b>	<b>2,102,468</b>	<b>1,955,427</b>
<b>Cash and cash equivalents, June 30</b>	<b>\$ 2,389,576</b>	<b>\$ 2,102,468</b>

(Continued)

**RECONCILIATION OF OPERATING INCOME  
TO NET CASH PROVIDED BY  
OPERATING ACTIVITIES**

Schedule F-9  
Continued

	<b>2001</b>	<b>2000</b>
<b>Operating income</b>	<b>\$ 1,085,014</b>	<b>\$ 1,031,774</b>
 <b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation expense	84,966	81,530
Amortization expense	28,119	28,119
 Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	28,280	(16,434)
(Increase) in accrued interest receivable	(12,260)	(4,542)
Decrease (increase) in notes receivable	49,740	(300,775)
(Decrease) in accrued interest payable	(6,227)	(610)
Increase (decrease) in refundable deposits	150	(5,640)
(Decrease) increase in deferred revenue	(49,740)	300,775
 Total adjustments	 123,028	 82,423
 <b>Net cash provided by operating activities</b>	 <b>\$ 1,208,042</b>	 <b>\$ 1,114,197</b>



CITY OF GARDEN GROVE  
SANITARY DISTRICT ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2001  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2000

Schedule F-10

	Sewage Collection	Solid Waste Disposal	Totals	
			2001	2000
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 4,687,855	\$ 306,461	\$ 4,994,316	\$ 2,867,841
Cash with fiscal agent	-	-	-	815,000
Accrued taxes receivable	22,843	48,427	71,270	67,975
Accounts receivable	208,200	961,704	1,169,904	1,113,784
Accrued interest receivable	54,626	-	54,626	53,145
Notes receivable, current portion	-	49,991	49,991	33,595
Total current assets	<u>4,973,524</u>	<u>1,366,583</u>	<u>6,340,107</u>	<u>4,951,340</u>
Restricted cash	-	-	-	33,035
Notes receivable, less current portion	-	9,848	9,848	23,534
Plant and Equipment:				
Land	6,000	-	6,000	6,000
Sewer subsurface lines	8,936,944	-	8,936,944	8,399,590
Pump stations	127,500	-	127,500	127,500
Furniture and equipment	4,505	-	4,505	123,563
Less: accumulated depreciation	(2,631,503)	-	(2,631,503)	(2,528,985)
Net plant and equipment	<u>6,443,446</u>	<u>-</u>	<u>6,443,446</u>	<u>6,127,668</u>
Total assets	<u>\$ 11,416,970</u>	<u>\$ 1,376,431</u>	<u>\$ 12,793,401</u>	<u>\$ 11,135,577</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Current liabilities:				
Accounts payable	\$ 685,506	\$ 139,255	\$ 824,761	\$ 710,734
Other accrued liabilities	13,281	5,898	19,179	16,412
Refundable deposits	8,383	-	8,383	8,383
Due to other funds	34,318	499,108	533,426	-
Deferred revenue	-	779,967	779,967	776,525
Intercity loans payable	644,793	-	644,793	605,439
Certificates of participation	-	-	-	815,000
Total liabilities	<u>1,386,281</u>	<u>1,424,228</u>	<u>2,810,509</u>	<u>2,932,493</u>
Fund equity(deficit):				
Contributed capital	<u>5,369,990</u>	<u>-</u>	<u>5,369,990</u>	<u>5,328,970</u>
Retained earnings(deficit):				
Reserved	2,216,801	-	2,216,801	-
Unreserved	<u>2,443,898</u>	<u>(47,797)</u>	<u>2,396,101</u>	<u>2,874,114</u>
Total retained earnings (deficit)	<u>4,660,699</u>	<u>(47,797)</u>	<u>4,612,902</u>	<u>2,874,114</u>
Total fund equity (deficit)	<u>10,030,689</u>	<u>(47,797)</u>	<u>9,982,892</u>	<u>8,203,084</u>
Total liabilities and fund equity	<u>\$ 11,416,970</u>	<u>\$ 1,376,431</u>	<u>\$ 12,793,401</u>	<u>\$ 11,135,577</u>

CITY OF GARDEN GROVE  
 SANITARY DISTRICT ENTERPRISE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGE IN RETAINED EARNINGS  
 YEARS ENDED JUNE 30, 2001 and 2000

Schedule F-11

	Sewage Collection	Solid Waste Disposal	Totals	
			2001	2000
<b>Operating revenues:</b>				
Solid waste disposal fees	\$ -	\$ 5,519,249	\$ 5,519,249	\$ 5,885,501
Property assessments	1,228,580	167,534	1,396,114	1,894,175
Sewer user fees	1,648,116	-	1,648,116	1,773,233
Other	26,064	83,460	109,524	291,062
Total operating revenues	<u>2,902,760</u>	<u>5,770,243</u>	<u>8,673,003</u>	<u>9,843,971</u>
<b>Operating expenses:</b>				
Salaries and wages	418,443	175,899	594,342	570,465
Contractual services	356,316	5,712,401	6,068,717	5,852,691
Materials and supplies	338,010	2,065	340,075	102,802
Depreciation	219,027	-	219,027	783,497
Total operating expenses	<u>1,331,796</u>	<u>5,890,365</u>	<u>7,222,161</u>	<u>7,309,455</u>
Operating income (loss)	<u>1,570,964</u>	<u>(120,122)</u>	<u>1,450,842</u>	<u>2,534,516</u>
<b>Nonoperating revenues (expenses):</b>				
Investment income	273,820	629	274,449	165,951
Other nonoperating revenues	-	32,352	32,352	350,576
Rent	-	60,000	60,000	60,000
Loss on disposal of assets	(2,550)	-	(2,550)	(462,810)
Interest expense	(39,353)	-	(39,353)	(80,812)
Total nonoperating revenues, (expenses)	<u>231,917</u>	<u>92,981</u>	<u>324,898</u>	<u>32,905</u>
Income (loss) before transfers	<u>1,802,881</u>	<u>(27,141)</u>	<u>1,775,740</u>	<u>2,567,421</u>
Transfer from Internal Service fund	-	-	-	130,000
Net Income (loss)	<u>1,802,881</u>	<u>(27,141)</u>	<u>1,775,740</u>	<u>2,697,421</u>
Retained earnings (deficit), July 1	2,894,770	(20,656)	2,874,114	61,325
Prior period adjustment	(36,952)	-	(36,952)	115,368
Adjusted retained earnings (deficit), July 1	<u>2,857,818</u>	<u>(20,656)</u>	<u>2,837,162</u>	<u>176,693</u>
Retained earnings (deficit), June 30	<u>\$ 4,660,699</u>	<u>\$ (47,797)</u>	<u>\$ 4,612,902</u>	<u>\$ 2,874,114</u>

CITY OF GARDEN GROVE  
 SANITARY DISTRICT ENTERPRISE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 YEAR ENDED JUNE 30, 2001  
 WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2000

Schedule F-12

	Sewage Collection	Solid Waste Disposal	Totals	
			2001	2000
<b>Cash flows from operating activities:</b>				
Cash received from users	\$ 2,893,678	\$ 5,715,718	\$ 8,609,396	\$ 9,651,334
Cash received from quasi-external transactions	34,318	499,108	533,426	-
Cash paid to suppliers	(272,504)	(5,976,698)	(6,249,202)	(7,882,758)
Cash paid to employees	(418,443)	(175,899)	(594,342)	(570,465)
Net cash provided by operating activities	<u>2,237,049</u>	<u>62,229</u>	<u>2,299,278</u>	<u>1,198,111</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfer in - Internal Service fund	-	-	-	130,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,000</u>
<b>Cash flows from investing activities:</b>				
Investment income	<u>273,820</u>	<u>629</u>	<u>274,449</u>	<u>165,951</u>
<b>Cash flows from capital and related financing activities:</b>				
Certificates of participation principal payments	-	(815,000)	(815,000)	(760,000)
Rent	-	60,000	60,000	60,000
Purchase of fixed asset	(533,286)	-	(533,286)	(544,564)
Other nonoperating revenues	-	32,352	32,352	384,171
Interest paid	(39,353)	-	(39,353)	(80,812)
Net cash (used) by capital and related financing activities	<u>(572,639)</u>	<u>(722,648)</u>	<u>(1,295,287)</u>	<u>(941,205)</u>
Net increase (decrease) in cash and cash equivalents	1,938,230	(659,790)	1,278,440	552,857
Cash and cash equivalents, July 1	<u>2,749,625</u>	<u>966,251</u>	<u>3,715,876</u>	<u>3,163,019</u>
Cash and cash equivalents, June 30	<u>\$ 4,687,855</u>	<u>\$ 306,461</u>	<u>\$ 4,994,316</u>	<u>\$ 3,715,876</u>

(Continued)

**RECONCILIATION OF OPERATING INCOME (LOSS)  
TO NET CASH PROVIDED  
BY OPERATING ACTIVITIES**

Schedule F-12  
Continued

	Sewage Collection	Solid Waste Disposal	Totals	
			2001	2000
<b>Operating Income (loss)</b>	<b>\$ 1,570,964</b>	<b>\$ (120,122)</b>	<b>\$ 1,450,842</b>	<b>\$ 2,534,516</b>
<b>Adjustments to reconcile operating (loss) to net cash provided by operating activities:</b>				
Depreciation expense	219,027	-	219,027	783,497
<b>Changes in assets and liabilities:</b>				
(Increase) decrease in taxes receivable	(2,032)	(1,263)	(3,295)	10,357
(Increase) in accounts receivable	(5,568)	(50,552)	(56,120)	(59,250)
(Increase) in accrued interest receivable	(1,481)	-	(1,481)	(143,747)
(Increase) in notes receivable	-	(2,710)	(2,710)	-
Increase (decrease) in accounts payable	379,273	(265,247)	114,026	(735,578)
(Decrease) in accrued interest payable	-	-	-	(39,375)
Increase in intercity loan payable	39,354	-	39,354	17,380
Increase (decrease) in other accrued liabilities	3,194	(427)	2,767	(690)
Increase (decrease) in due to other funds	34,318	499,108	533,426	(1,224,402)
Increase in deferred revenue	-	3,442	3,442	55,403
<b>Total adjustments</b>	<b>666,085</b>	<b>182,351</b>	<b>848,436</b>	<b>(1,336,405)</b>
<b>Net cash provided by operating activities</b>	<b>\$ 2,237,049</b>	<b>\$ 62,229</b>	<b>\$ 2,299,278</b>	<b>\$ 1,198,111</b>

*Non-cash Investing, Capital, and Financing Activities:*

*The Sewage Collection Fund received contributed capital from developers valued at \$41,020*

## 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, sick leave, vacation, and other paid leaves. Revenues for this fund are provided from bi-weekly payroll charges to all departments based on employee earnings. These charges have been previously calculated as a "fringe rate" based on number of employees, length of service, and insurance coverages. 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.

(Continued)

## INTERNAL SERVICE FUNDS(Continued)

### 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 equipment cost prorated on the number of instruments.

### Risk Management Fund

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

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**CITY OF GARDEN GROVE  
INTERNAL SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2001  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2000**

	<u>Workers' Compensation</u>	<u>Fleet Management</u>	<u>Employee Benefits</u>	<u>Information Systems</u>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 6,055,249	\$ 4,329,795	\$ 12,936,230	\$ 1,331,038
Accounts receivable	-	91,381	806,558	-
Accrued interest receivable	126,125	-	-	15,818
Intercity loan receivable	-	-	-	-
Due from other funds	5,060,599	-	-	-
Inventory	-	40,373	-	-
Deposits	-	-	33,270	-
Total current assets	<u>11,241,973</u>	<u>4,461,549</u>	<u>13,776,058</u>	<u>1,346,856</u>
Fixed assets:				
Furniture and equipment	117,139	881,369	-	758,113
Automotive equipment	-	10,293,464	-	-
Accumulated depreciation	<u>(28,853)</u>	<u>(5,593,278)</u>	<u>-</u>	<u>(465,250)</u>
Total fixed assets	<u>88,286</u>	<u>5,581,555</u>	<u>-</u>	<u>292,863</u>
Total assets	<u>\$ 11,330,259</u>	<u>\$ 10,043,104</u>	<u>\$ 13,776,058</u>	<u>\$ 1,639,719</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Current liabilities:				
Accounts payable	\$ 49,341	\$ 148,172	\$ 499,926	\$ 31,471
Accrued compensated absences	-	-	4,628,152	-
Other accrued liabilities	10,823	25,057	164,588	23,057
Claims payable	<u>10,161,512</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>10,221,676</u>	<u>173,229</u>	<u>5,292,666</u>	<u>54,528</u>
Fund equity:				
Contributed capital	-	3,961,829	-	-
Retained earnings:				
Unreserved	<u>1,108,583</u>	<u>5,908,046</u>	<u>8,483,392</u>	<u>1,585,191</u>
Total fund equity	<u>1,108,583</u>	<u>9,869,875</u>	<u>8,483,392</u>	<u>1,585,191</u>
Total liabilities and fund equity	<u>\$ 11,330,259</u>	<u>\$ 10,043,104</u>	<u>\$ 13,776,058</u>	<u>\$ 1,639,719</u>



Warehouse Operations	Telephone System	Risk Management	Totals	
			2001	2000
\$ 269,122	\$ 714,046	\$ 17,811,651	\$ 43,447,131	\$ 36,543,478
-	-	-	897,939	772,358
-	-	206,061	348,004	470,563
-	-	-	-	222,441
-	-	-	5,060,599	1,826,189
183,417	-	-	223,790	211,432
-	-	138,977	172,247	176,216
<u>452,539</u>	<u>714,046</u>	<u>18,156,689</u>	<u>50,149,710</u>	<u>40,222,677</u>
-	323,951	-	2,080,572	1,385,542
-	-	-	10,293,464	9,317,008
-	(228,823)	-	(6,316,204)	(5,562,937)
-	<u>95,128</u>	-	<u>6,057,832</u>	<u>5,139,613</u>
<u>\$ 452,539</u>	<u>\$ 809,174</u>	<u>\$ 18,156,689</u>	<u>\$ 56,207,542</u>	<u>\$ 45,362,290</u>
\$ 23,971	\$ 35,150	\$ 6,783	\$ 794,814	\$ 694,369
-	-	-	4,628,152	4,235,337
3,326	1,701	4,946	233,498	219,703
-	-	7,135,335	17,296,847	19,182,131
<u>27,297</u>	<u>36,851</u>	<u>7,147,064</u>	<u>22,953,311</u>	<u>24,331,540</u>
104,569	-	-	4,066,398	3,623,995
<u>320,673</u>	<u>772,323</u>	<u>11,009,625</u>	<u>29,187,833</u>	<u>17,406,755</u>
<u>425,242</u>	<u>772,323</u>	<u>11,009,625</u>	<u>33,254,231</u>	<u>21,030,750</u>
<u>\$ 452,539</u>	<u>\$ 809,174</u>	<u>\$ 18,156,689</u>	<u>\$ 56,207,542</u>	<u>\$ 45,362,290</u>

CITY OF GARDEN GROVE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
YEAR ENDED JUNE 30, 2001  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2000

	<u>Workers'</u> <u>Compensation</u>	<u>Fleet</u> <u>Management</u>	<u>Employee</u> <u>Benefits</u>	<u>Information</u> <u>Systems</u>
<b>Operating revenue:</b>				
Charges for services	\$ 3,274,043	\$ 3,014,569	\$ 12,402,733	\$ 1,237,243
<b>Operating expenses:</b>				
Salaries and wages	385,841	598,984	5,017,567	424,775
Contractual services	65,378	522,293	4,658,624	104,787
Liability claims	2,838,109	-	-	-
Materials and supplies	29,713	1,048,240	295,908	27,842
Depreciation	11,196	794,028	-	56,663
Total operating expenses	<u>3,330,237</u>	<u>2,963,545</u>	<u>9,972,099</u>	<u>614,067</u>
Operating income (loss)	<u>(56,194)</u>	<u>51,024</u>	<u>2,430,634</u>	<u>623,176</u>
<b>Nonoperating revenues (expenses):</b>				
Investment income	672,637	-	-	90,549
Proceeds from disposal of assets	-	50,485	-	-
Loss on disposal of assets	-	-	-	-
Other nonoperating revenues	-	247,349	-	-
Capital contributions	-	458,436	-	-
Interest expense	-	-	-	-
Total nonoperating revenues (expenses)	<u>672,637</u>	<u>756,270</u>	<u>-</u>	<u>90,549</u>
Income (loss) before transfers	<u>616,443</u>	<u>807,294</u>	<u>2,430,634</u>	<u>713,725</u>
<b>Operating transfers from (to):</b>				
From (to) General fund	-	1,250,000	-	71,466
To Enterprise fund	-	-	-	-
Total transfers	<u>-</u>	<u>1,250,000</u>	<u>-</u>	<u>71,466</u>
Net Income (loss)	616,443	2,057,294	2,430,634	785,191
Retained earnings, July 1	<u>492,140</u>	<u>3,850,752</u>	<u>6,052,758</u>	<u>800,000</u>
Retained earnings, June 30	<u>\$ 1,108,583</u>	<u>\$ 5,908,046</u>	<u>\$ 8,483,392</u>	<u>\$ 1,585,191</u>

Warehouse Operations	Telephone System	Risk Management	Totals	
			2001	2000
\$ 90,598	\$ 801,928	\$ 5,261,692	\$ 26,082,806	\$ 22,461,110
69,770	33,561	116,681	6,647,179	5,955,828
12,133	452,778	536,200	6,352,193	6,931,291
-	-	-	2,838,109	2,956,830
9,080	4,541	815	1,416,139	1,302,497
-	43,927	-	905,814	774,651
90,983	534,807	653,696	18,159,434	17,921,097
(385)	267,121	4,607,996	7,923,372	4,540,013
-	-	1,068,972	1,832,158	1,290,539
-	-	-	50,485	62,284
(8,382)	(1,222)	-	(9,604)	(2,634)
-	-	-	247,349	45,827
-	-	-	458,436	431,073
-	-	-	-	(11,460)
(8,382)	(1,222)	1,068,972	2,578,824	1,815,629
(8,767)	265,899	5,676,968	10,502,196	6,355,642
-	57,416	(100,000)	1,278,882	700,000
-	-	-	-	(130,000)
-	57,416	(100,000)	1,278,882	570,000
(8,767)	323,315	5,576,968	11,781,078	6,925,642
329,440	449,008	5,432,657	17,406,755	10,481,113
\$ 320,673	\$ 772,323	\$ 11,009,625	\$ 29,187,833	\$ 17,406,755

CITY OF GARDEN GROVE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2001  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2000

	<u>Worker's Compensation</u>	<u>Fleet Management</u>	<u>Employee Benefits</u>	<u>Information Systems</u>
<b>Cash flow from operating activities:</b>				
Cash received from users	\$ 3,366,751	\$ 3,203,463	\$ 12,325,652	\$ 1,221,425
Cash received from quasi-external transactions	-	-	-	-
Cash used for quasi-external transactions	(3,234,410)	-	-	-
Cash paid to suppliers	(1,676,942)	(1,537,050)	(5,017,567)	(78,101)
Cash paid to employees	(385,841)	(598,984)	(4,561,354)	(424,775)
Net cash provided (used) by operating activities	<u>(1,930,442)</u>	<u>1,067,429</u>	<u>2,746,731</u>	<u>718,549</u>
<b>Cash flow from noncapital financing activities:</b>				
Other revenue	-	14,182	-	-
Transfers in/out	-	1,250,000	-	71,466
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>1,264,182</u>	<u>-</u>	<u>71,466</u>
<b>Cash flow from investing activities:</b>				
Investment income	<u>672,637</u>	<u>-</u>	<u>-</u>	<u>90,549</u>
<b>Cash flows from capital and related financing activities:</b>				
Intercity loan payments	-	233,167	-	-
Purchase of fixed assets	(5,179)	(1,053,198)	-	(349,526)
Proceeds from disposal of assets	-	50,485	-	-
Cash capital contributions	-	458,436	-	-
Interest paid	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(5,179)</u>	<u>(311,110)</u>	<u>-</u>	<u>(349,526)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,262,984)</b>	<b>2,020,501</b>	<b>2,746,731</b>	<b>531,038</b>
<b>Cash and cash equivalents, July 1</b>	<b><u>7,318,233</u></b>	<b><u>2,309,294</u></b>	<b><u>10,189,499</u></b>	<b><u>800,000</u></b>
<b>Cash and cash equivalents, June 30</b>	<b><u>\$ 6,055,249</u></b>	<b><u>\$ 4,329,795</u></b>	<b><u>\$ 12,936,230</u></b>	<b><u>\$ 1,331,038</u></b>

Warehouse Operations	Telephone System	Risk Management	Totals	
			2001	2000
\$ 79,602	\$ 801,928	\$ 2,292,766	\$ 23,291,587	\$ 18,939,593
-	-	-	-	1,761,087
-	-	-	(3,234,410)	-
(12,812)	(425,885)	(673,961)	(9,422,318)	(8,993,247)
(69,770)	(33,562)	(116,681)	(6,190,967)	(6,025,678)
(2,980)	342,481	1,502,124	4,443,892	5,681,755
-	-	-	14,182	45,827
-	57,416	(100,000)	1,278,882	570,000
-	57,416	(100,000)	1,293,064	615,827
-	-	1,068,972	1,832,158	1,290,539
-	-	-	233,167	-
-	-	-	(1,407,903)	(567,497)
354	-	-	50,839	59,650
-	-	-	458,436	431,073
-	-	-	-	(11,460)
354	-	-	(665,461)	(88,234)
(2,626)	399,897	2,471,096	6,903,653	7,499,887
271,748	314,149	15,340,555	36,543,478	29,043,591
<u>\$ 269,122</u>	<u>\$ 714,046</u>	<u>\$ 17,811,651</u>	<u>\$ 43,447,131</u>	<u>\$ 36,543,478</u>

(Continued)

**RECONCILIATION OF OPERATING INCOME (LOSS)  
TO  
NET CASH PROVIDED (USED)  
BY OPERATING ACTIVITIES**

	<u>Worker's Compensation</u>	<u>Fleet Management</u>	<u>Employee Benefits</u>	<u>Information Systems</u>
<b>Operating income (loss)</b>	<u>\$ (56,194)</u>	<u>\$ 51,024</u>	<u>\$ 2,430,634</u>	<u>\$ 623,176</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>				
Depreciation expense	11,196	794,028	-	56,663
Changes in assets and liabilities:				
(Increase) decreases in accounts receivable	-	(26,444)	(77,081)	(15,818)
Decrease (increase) in accrued interest receivable	49,116	-	-	-
Decrease in intercity loans receivable	-	222,441	-	-
(Increase) decrease in due to/from other funds	(3,234,410)	-	-	-
(Increase) in inventory	-	(7,103)	-	-
Decrease (increase) in deposits	43,592	-	-	-
Increase (decrease) in accounts payable	24,809	31,414	(30,381)	31,471
Increase in accrued compensated absences	-	-	392,815	-
(Decrease) increase in other accrued liabilities	(44,349)	2,069	30,744	23,057
Increase (decrease) in claims payable	1,275,798	-	-	-
<b>Total adjustments</b>	<u>(1,874,248)</u>	<u>1,016,405</u>	<u>316,097</u>	<u>95,373</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (1,930,442)</u>	<u>\$ 1,067,429</u>	<u>\$ 2,746,731</u>	<u>\$ 718,549</u>

**Non-cash investing, capital, and financing activities:**

*Equipment with a net book value of \$442,403 was transferred to the equipment rental fund from the general fixed assets account group.*

Schedule G-3  
Continued

Warehouse Operations	Telephone System	Risk Management	Totals	
			2001	2000
\$ (385)	\$ 267,121	\$ 4,607,996	\$ 7,923,372	\$ 4,540,013
-	43,927	-	905,814	774,651
-	-	89,261	(30,082)	(134,961)
-	-	-	49,116	(219,999)
-	-	-	222,441	267,745
-	-	-	(3,234,410)	1,761,087
(10,996)	-	-	(18,099)	(23,910)
-	-	(39,623)	3,969	120,339
7,867	31,151	4,114	100,445	(152,726)
-	-	-	392,815	376,070
534	282	1,458	13,795	94,143
-	-	(3,161,082)	(1,885,284)	(1,720,697)
(2,595)	75,360	(3,105,872)	(3,479,480)	1,141,742
\$ (2,980)	\$ 342,481	\$ 1,502,124	\$ 4,443,892	\$ 5,681,755

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**GENERAL FIXED ASSETS ACCOUNT GROUP**

This group is used to account for fixed assets of the City which are used in the performance of general government functions and are not accounted for in proprietary operations.

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CITY OF GARDEN GROVE  
 COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS  
 BY SOURCE  
 JUNE 30, 2001 and 2000

Schedule H-1

	2001	2000
<b>General Fixed Assets:</b>		
Land	\$ 8,742,505	\$ 8,404,473
Buildings	18,271,896	17,965,855
Improvements other than buildings	7,514,643	7,456,363
Furniture and equipment	9,025,685	10,451,570
Investment in joint venture	162,127	162,127
Total general fixed assets	\$ 43,716,856	\$ 44,440,388
 <b>Investment in General Fixed Assets from:</b>		
General fund	\$ 25,139,325	\$ 26,812,219
County grants	1,250,046	1,250,046
Federal grants	3,434,090	3,373,690
State grants	4,037,180	3,914,387
Other special revenue funds	7,154,827	6,247,480
Agency for Community Development funds	1,634,073	1,731,977
Gifts	1,067,315	1,110,589
Total investment in general fixed assets	\$ 43,716,856	\$ 44,440,388

CITY OF GARDEN GROVE  
 SCHEDULE OF GENERAL FIXED ASSETS  
 BY PROGRAM  
 JUNE 30, 2001

Schedule H-2

Program	Land	Buildings	Improvements Other than Buildings	Furniture and Equipment	Investment in Joint Venture	Total
Fire	\$ 140,767	\$ 1,274,000	\$ 265,564	\$ 465,621	\$ -	\$ 2,145,952
Police	-	2,121,236	35,201	6,299,257	-	8,455,694
Traffic Safety	-	-	-	992,910	-	992,910
Community buildings	2,171,659	13,135,171	819,916	80,930	-	16,207,676
Community services	-	153,746	143,051	73,105	-	369,902
Parks and greenbelts	4,115,285	1,587,743	6,250,911	238,477	-	12,192,416
Community planning and development	2,314,794	-	-	145,678	-	2,460,472
Municipal support	-	-	-	729,707	-	729,707
Fire training authority	-	-	-	-	162,127	162,127
<b>Total general fixed assets</b>	<b>\$ 8,742,505</b>	<b>\$ 18,271,896</b>	<b>\$ 7,514,643</b>	<b>\$ 9,025,685</b>	<b>\$ 162,127</b>	<b>\$ 43,716,856</b>

CITY OF GARDEN GROVE  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
 BY PROGRAM  
 YEAR ENDED JUNE 30, 2001

Schedule H-3

<u>Program</u>	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2001</u>
Fire	\$ 2,419,842	\$ 23,253	\$ (297,143)	\$ -	\$ 2,145,952
Police	8,698,588	812,473	(1,055,367)	-	8,455,694
Traffic safety	913,518	232,039	(152,647)	-	992,910
Community buildings	16,198,098	9,578	-	-	16,207,676
Community services	348,019	84,936	(63,053)	-	369,902
Parks and greenbelts	11,927,859	264,557	-	-	12,192,416
Community planning and development	2,297,128	353,374	(190,030)	-	2,460,472
Municipal support	1,475,209	446,103	(749,202)	(442,403)	729,707
Fire training authority	162,127	-	-	-	162,127
<b>Total general fixed assets</b>	<b>\$ 44,440,388</b>	<b>\$ 2,226,313</b>	<b>\$ (2,507,442)</b>	<b>\$ (442,403)</b>	<b>\$ 43,716,856</b>

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STATISTICAL  
SECTION

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CITY OF GARDEN GROVE  
 REVENUES BY SOURCE - ALL GOVERNMENTAL FUND TYPES  
 LAST TEN FISCAL YEARS

Exhibit A

Fiscal Year	Taxes	Licenses and Permits	Fines, Forfeits and Penalties	From Use of Money and Property	Charges for Current Services	From Other Agencies	Other	Total
1992	\$ 34,858,459	\$ 569,991	\$ 1,517,877	\$ 2,764,956	\$ 8,043,586	\$ 21,934,897	\$ 1,453,784	\$ 71,143,550
1993	34,273,349	495,320	1,210,145	2,731,176	8,512,910	23,348,710	1,624,513	72,196,123
1994	33,655,516	541,624	978,646	3,906,016	8,862,616	25,178,700	1,110,919	74,234,037
1995	33,357,034	513,759	940,834	4,314,946	8,517,319	27,058,147	1,641,387	76,343,426
1996	34,359,920	559,885	713,406	3,817,567	8,968,904	28,736,661	8,454,947	85,611,290
1997	34,922,842	631,604	708,349	4,158,539	9,935,681	33,202,517	6,166,290	89,725,822
1998	35,202,597	845,235	778,585	4,696,853	10,086,122	29,322,418	9,075,753	90,007,563
1999	38,688,437	1,246,309	1,485,615	3,680,285	10,521,186	29,438,617	5,485,539	90,545,988
2000	43,066,325	1,529,432	1,475,528	4,034,092	11,433,428	35,286,938	5,059,530	101,885,273
2001	46,386,286	1,264,250	1,359,830	5,254,884	10,922,997	38,317,585	4,761,674	108,267,506

*NOTE: Includes general, special revenue, debt service, and capital projects funds*  
 SOURCE: City Controller's Office

**CITY OF GARDEN GROVE  
EXPENDITURES BY PROGRAM - ALL GOVERNMENTAL FUND TYPES  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Fire</b>	<b>Police</b>	<b>Traffic Safety</b>	<b>Public Right of Way</b>	<b>Drainage</b>	<b>Community Buildings</b>
1992	\$9,247,171	\$19,211,038	\$2,234,032	\$7,002,100	\$298,127	\$1,622,578
1993	9,119,139	19,700,984	1,999,927	7,561,582	487,098	1,760,908
1994	9,155,042	18,995,741	1,930,744	7,140,811	479,447	1,669,211
1995	9,178,778	19,847,742	1,984,856	13,090,184	1,655,460	4,200,049
1996	9,656,627	20,664,243	2,645,307	9,410,289	1,770,657	4,704,578
1997	9,539,889	22,148,062	2,707,193	8,527,186	608,719	1,921,470
1998	10,090,274	21,997,802	2,175,666	7,083,555	663,018	2,279,786
1999	10,045,706	23,536,643	2,776,520	5,924,733	2,157,947	1,979,080
2000	10,972,200	25,417,845	4,130,579	6,662,996	487,205	2,256,119
2001	12,277,714	29,123,723	4,336,705	6,580,799	1,494,302	2,164,620

*Note: Includes General, Special Revenue, Debt Service, and Capital Projects Funds*

*Source: City Controller's Office*

<b>Community Services</b>	<b>Parks and Greenbelts</b>	<b>Community Planning and Development</b>	<b>Municipal Support</b>	<b>Debt Service</b>	<b>Total</b>
\$1,545,694	\$1,427,254	\$17,123,361	\$4,773,999	\$4,195,812	\$68,681,166
1,466,154	1,227,253	20,655,782	4,662,728	4,169,089	72,810,644
1,531,503	1,305,719	23,164,416	4,926,501	4,212,120	74,511,255
1,569,353	1,601,864	19,930,562	5,400,563	5,122,050	83,581,461
1,553,774	1,298,804	30,313,735	5,463,973	5,481,426	92,963,413
1,526,112	1,217,777	40,811,965	5,463,452	8,440,628	102,912,453
1,615,719	1,232,938	44,184,873	6,124,697	8,181,416	105,629,744
1,650,549	1,586,564	38,732,103	6,538,216	9,578,191	104,506,252
1,885,048	1,400,354	38,020,506	7,193,657	8,219,956	106,646,465
2,225,016	1,592,357	30,929,858	8,585,980	8,227,285	107,538,359

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

**Exhibit C**

<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>
1992	0.025	\$ 8,975,314	\$ 8,312,104	92.6%	\$ 338,472	\$ 8,650,576	96.4%	\$ 427,433	4.8%
1993	0.025	8,562,861	7,841,371	91.6	360,191	8,201,562	95.8	435,642	5.1%
1994	0.025	7,422,786	6,955,760	93.7	390,350	7,346,110	98.9	272,199	3.7%
1995	0.025	7,482,224	6,900,068	92.3	293,376	7,193,444	96.1	265,742	3.6%
1996	0.025	7,330,476	6,751,782	92.1	369,698	7,121,480	97.1	173,309	2.4%
1997	0.025	7,097,406	6,698,543	94.3	317,589	7,016,132	98.9	145,099	2.0%
1998	0.0025	7,347,609	7,084,765	96.4	235,421	7,320,186	99.6	150,644	2.0%
1999	0.0025	7,624,720	7,320,554	96.0	168,499	7,489,053	98.2	151,995	2.0%
2000	0.0025	8,160,303	7,848,774	96.1	161,248	8,010,022	98.1	152,600	1.8%
2001	0.0025	8,763,177	8,347,008	95.2	141,683	8,488,691	96.9	23,438	0.2%

*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  
City Controller's Office

**CITY OF GARDEN GROVE  
 ASSESSED AND ESTIMATED ACTUAL VALUES OF ALL CITY PROPERTY  
 LAST TEN FISCAL YEARS**

Exhibit D

<b>Fiscal Year</b>	<b>Secured Property</b>	<b>Unsecured</b>	<b>Total Assessed Valuation</b>	<b>Estimated Full Market Valuation</b>	<b>Percent Increase (Decrease)</b>
1992	\$ 4,384,673,033	\$ 275,512,557	\$ 4,660,185,590	\$ 4,660,185,590	6.9%
1993	4,635,566,466	318,661,996	4,954,228,462	4,954,228,462	6.4
1994	4,647,032,626	241,198,303	4,888,230,929	4,888,230,929	(1.4)
1995	4,650,058,496	247,975,774	4,898,034,270	4,898,034,270	-
1996	4,596,713,371	237,419,608	4,834,132,979	4,834,132,979	(1.3)
1997	4,569,482,092	234,999,187	4,804,481,279	4,804,481,279	(0.6)
1998	4,626,552,656	246,003,468	4,872,556,124	4,872,556,124	1.4
1999	4,784,032,451	253,572,578	5,037,605,029	5,037,605,029	0.9
2000	5,066,585,221	275,398,024	5,341,983,245	5,341,983,245	6.2
2001	5,485,695,051	286,423,071	5,772,118,122	5,772,118,122	8.1

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

*Source: Orange County Assessor's Office*

CITY OF GARDEN GROVE  
 PRINCIPAL TAXPAYERS  
 JUNE 30, 2001

Exhibit E

Taxpayer	Type of Business	2001 Assessed Valuation	Percent of Total Assessed Valuation
Angeli LLC	Property Management/Hotel	\$ 29,752,537	43%
Hughes/Lyon	General Merchandise/Retail	28,993,440	42%
American Medical	Medical Center/Hospital	27,462,833	40%
Air Industries	Manufacturing/Aircraft Fasteners	21,489,913	31%
Lifinity Microelectronics	Mfg Linear Integrated Circuits	20,631,036	30%
James Rivers Papers	Paper Distribution	18,264,386	26%
Choe Winston	General Merchandise/Retail	14,000,000	20%
Mead Corp	Manufacturing/Wholesale Stationery	12,117,868	18%
Sunbelt Stores	Retail Stores	12,086,291	18%
Kaiser Foundation	Medical Center/Hospital	<u>11,649,782</u>	17%
Total		<u><u>\$ 196,448,086</u></u>	2.85%

Source: Orange County Assessor's File  
 City Business Tax File

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

Exhibit F

Fiscal Year	City General	City Paramedic	Metropolitan Water District	Orange County	Sanitation and Water	School Services	Other	Total
1992	N/A	0.02500	0.00890	0.00010	0.00070	0.00150	1.00010	1.03630
1993	N/A	0.02500	0.00890	0.00010	0.00070	0.00100	1.00010	1.03580
1994	N/A	0.02500	0.00890	-	0.00070	-	1.00010	1.03470
1995	N/A	0.02500	0.00890	-	0.00040	-	1.00010	1.03440
1996	N/A	0.02500	0.00890	0.00012	-	-	1.00000	1.03402
1997	N/A	0.02500	0.00890	-	-	-	1.00000	1.03390
1998	N/A	0.02500	0.00890	-	-	-	1.00000	1.03390
1999	N/A	0.02500	0.00890	-	-	-	1.00000	1.03390
2000	N/A	0.02500	0.00890	-	-	-	1.00000	1.03390
2001	N/A	0.02500	0.00890	-	-	-	1.00000	1.03390

*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 to 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  
DIRECT AND OVERLAPPING BONDS AND DEBT  
JUNE 30, 2001**

Exhibit G

2000-01 Assessed Valuation:	\$6,894,187,909
Redevelopment Incremental Valuation:	<u>1,122,069,787</u>
Adjusted Assessed Valuation:	\$5,772,118,122

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/01</u>
Orange County Teeter Plan Obligations	2.804%	\$3,511,309
Metropolitan Water District	0.587	3,096,308
Magnolia School District	0.206	9,991
City of Garden Grove 1915 Act Bonds	100.	<u>450,000</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$7,067,608</b>

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/01</u>
Orange County General Fund Obligations	2.804%	\$29,362,479
Orange County Pension Obligations	2.804	3,781,544
Orange County Transit Authority	2.804	283,204
Orange County Water District Certificates of Participation	4.768	10,545,386
Municipal Water District of Orange County Water Facilities Corporation	4.195	2,482,811
Coast Community College District Certificates of Participation	6.032	967,533
Orange Unified School District Certificates of Participation	1.245	141,806
Anaheim Union High School District Certificates of Participation	0.076	20,520
Huntington Beach Union High School District Certificates of Participation	1.382	2,626
City of Garden Grove Certificates of Participation	100.	16,135,845
Orange County Sanitation District No. 2 Certificates of Participation	5.823	3,693,167
Orange County Sanitation District No. 3 Certificates of Participation	10.358	<u>5,583,938</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$73,000,859</b>
Less: Orange County Transit Authority (80% self-supporting)		226,563
Orange County Water District Certificates of Participation (100% self-supporting)		10,545,386
MWDOC Water Facilities Corporation (100% self-supporting)		<u>2,482,811</u>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$59,746,099</b>

<b>GROSS COMBINED TOTAL DEBT</b>	<b>\$80,068,467 (1)</b>
<b>NET COMBINED TOTAL DEBT</b>	<b>\$66,813,707</b>

(1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

<u>Ratios to 2000-01 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt .....	0.10%

<u>Ratios to Adjusted Assessed Valuation:</u>	
Combined Direct Debt (\$16,135,845) .....	0.28%
Gross Combined Total Debt .....	1.39%
Net Combined Total Debt .....	1.16%

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



CITY OF GARDEN  
COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2001

Exhibit H

Assessed Valuation		\$ 5,772,118,122
Debt Limit: 3.75% os Assessed Value		\$ 216,454,429
Amount of debt applicable to debt limit:		
Total bonded debt	\$	-
Other Debt	\$	-
		<hr/>
Less: Net assets in		
Debt Service Fund	\$	-
		<hr/>
Total amount of debt applicable to debt limit		\$ <hr/>
LEGAL DEBT MARGIN		<u>\$ 216,454,429</u>

Source: City Controller's Office

CITY OF GARDEN GROVE  
 SCHEDULE OF WATER REVENUE BOND COVERAGE  
 LAST TEN FISCAL YEARS

Exhibit I

Fiscal Year	Gross Revenue	Expenses(1)	Resources Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
1992	\$ 10,689,526	\$ 7,840,945	\$ 2,848,581	\$ 205,000	\$ 73,797	\$ 278,797	10.22%
1993	11,524,104	9,351,662	2,172,442	205,000	64,032	269,032	8.08
1994	13,139,429	9,955,801	3,183,628	75,000	516,336	591,336	5.38
1995	14,959,267	10,988,077	3,971,190	335,000	1,033,722	1,368,722	2.90
1996	15,670,573	10,907,207	4,763,366	355,000	1,012,633	1,367,633	3.48
1997	15,908,822	11,436,272	4,472,550	370,000	999,390	1,369,390	3.27
1998	14,719,830	10,951,209	3,768,621	380,000	984,760	1,364,760	2.76
1999	16,308,273	12,038,484	4,269,789	395,000	968,865	1,363,865	3.13
2000	16,179,483	10,841,624	5,337,859	415,000	951,751	1,366,751	3.90
2001	15,562,254	12,946,455	2,615,799	430,000	1,038,377	1,468,377	1.78

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

Source: City Controller's Office

CITY OF GARDEN GROVE  
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN FISCAL YEARS

Exhibit J

Fiscal Year	Property Value (Secured)	Construction				Bank Deposits (in thousands)
		Number of Building Permits Issued	Percent Change	Estimated Valuation	Percent Change	
1992	\$ 4,384,673,033	2,696	5.0%	\$ 29,250,438	(28.0)	N/A
1993	4,635,566,466	2,817	4.0	27,533,020	(6.0)	1,359,674
1994	4,647,032,626	2,860	2.0	32,715,644	19.0	1,461,622
1995	4,650,058,496	2,495	(13.0)	23,466,959	(28.0)	1,406,779
1996	4,596,713,371	3,753	50.0	33,475,078	41.0	1,482,368
1997	4,569,482,092	2,311	(38.0)	31,400,077	(6.0)	1,295,235
1998	4,626,552,656	2,391	3.0	47,388,975	51.0	1,304,042
1999	4,784,032,451	2,411	0.4	94,475,067	99.4	1,323,390
2000	5,066,585,221	2,374	(2.0)	186,860,874	97.8	1,353,756
2001	5,485,695,051	2,674	12.6	117,084,284	(37.3)	N/A

Sources: Orange County Assessor's Office  
City Development Services Department  
Market Profile Analysis, Donnelley Marketing Information Services

**CITY OF GARDEN GROVE  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

Exhibit K

<b>Fiscal Year</b>	<b>Population</b>	<b>Median Age of Population</b>	<b>Median Family Income</b>	<b>Unemployment Rate</b>	<b>School Enrollment</b>
1992	148,065	30.5	\$ 45,077	6.7%	41,162
1993	149,700	30.5	43,504	6.6	41,664
1994	151,800	30.5	43,530	5.9	42,423
1995	153,824	30.5	44,406	5.5	43,413
1996	151,376	30.5	44,406	4.9	44,661
1997	152,041	30.5	45,685	4.4	45,776
1998	154,398	30.5	47,703	3.8	46,916
1999	156,534	30.5	50,782	3.7	48,031
2000	158,332	30.5	52,733	2.9	48,742
2001	169,212	32.3	56,960	3.9	49,411

*Sources: City Controller's Office  
U.S. Census Bureau  
State Employment Development Department  
Garden Grove Unified School District*

CITY OF GARDEN GROVE  
INSURANCE IN FORCE  
JUNE 30, 2001

Exhibit L

TYPE COVERAGE	INSURANCE COMPANY	POLICY TERM	ANNUAL PREMIUM	POLICY LIMITS
Property	Public Entity Property Insurance Program (PEPIP) Various Companies	5/15/01-5/15/02	\$146,450	\$1,000,000,000 per occurrence \$13,500,000 per occurrence and annual aggregate as respects to earthquake and flood  Deductibles: 10% Earthquake Class "C" Bldgs 5% All Other Bldgs \$100,000 minimum \$5,000 AOP \$25,000 Flood
Boiler and Machinery	Public Entity Boiler and Machinery Program (PEPIP) CNA Insurance Company BM1077609612	5/15/01-5/15/02	\$6,099	\$50,000,000 Various deductibles
California Municipal Excess Workers Compensation Program (CAMEX)	Reliance National Indemnity Company NXCO15533400	5/1/00-7/1/01	\$43,592	Statutory Workers Compensation \$5,000,000 Employers Liability \$350,000 SIR per occurrence
Employee Dishonesty Bond including Faithful Performance and Computer Fraud	Hartford Insurance Company 72BPEAK4998 (Deductible buy-down)  National Union Fire Insurance Company 8727090 (\$1,000,000 blanket)  Great American Insurance Company GVT357-05-15 (Excess of \$1,000,000)	4/1/01-4/1/02	\$5,373	\$5,000,000 \$2,500 deductible
Calif Municipal Excess Liability (CAMEL) Program	Speciality National Insurance Company 3X212077100	7/1/00-7/1/01	\$ 71,876	\$10,000,000 per occurrence \$2,000,000 SIR per occurrence

Source: City Controller's Office

**CITY OF GARDEN GROVE  
MISCELLANEOUS STATISTICAL INFORMATION**

**Exhibit M**

<b>Incorporation</b>	.....	<b>June 18, 1956</b>
<b>Population</b>	.....	<b>169,212</b>
<b>Land Area</b>	.....	<b>17.9 square miles</b>
<b>Type of City</b>	.....	<b>General Law</b>
<b>Form of Government</b>	.....	<b>Council-Manager</b>
<b>Streets</b>	.....	<b>288 miles</b>
<b>Parks</b>	.....	<b>185 acres: over 22 sites</b>
<b>Water Systems</b>	.....	<b>10.3 billion gallons used per year</b>

**Garden Grove is the 19th largest city in California and the 4th largest city in Orange County**

Source: City Controller's office

