

CITY OF GARDEN GROVE, CALIFORNIA

JULY 1, 1997 TO JUNE 30, 1998

COMPREHENSIVE
ANNUAL
FINANCIAL REPORT



COMPREHENSIVE
ANNUAL
FINANCIAL REPORT

CITY OF GARDEN GROVE
FISCAL YEAR ENDED
JUNE 30, 1998

PREPARED BY:
CONTROLLER'S OFFICE

ANTHONY J. ANDRADE
CONTROLLER



**CITY OF GARDEN GROVE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 1998
 Table of Contents**

INTRODUCTORY SECTION

	<u>Schedule</u>	<u>Page</u>
Title Page		i
Table of Contents		i
Letter of Transmittal		iv
Principal Officers		xx
Organizational Chart		xxi
GFOA Certificate of Achievement for Excellence in Financial Reporting		xxii
CSMFO Certificate of Award for Outstanding Financial Reporting		xxiii

FINANCIAL SECTION

		1
Independent Auditors' Report		3
General Purpose Financial Statements:		
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Unit	A-1	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Discretely Presented Component Unit	A-2	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Capital Projects Fund Types	A-3	8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	A-4	10
Combined Statement of Cash Flows - All Proprietary Fund Types	A-5	11
Notes to General Purpose Financial Statements		13
 Combining, Individual Fund and Account Group Statements and Schedules:		
General Fund:		49
Comparative Balance Sheets	B-1	51
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	B-2	52

**CITY OF GARDEN GROVE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 1998**

**Table of Contents
 (Continued)**

	<u>Schedule</u>	<u>Page</u>
Special Revenue Funds:		53
Combining Balance Sheet	C-1	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	C-3	60
Debt Service Funds:		69
Combining Balance Sheet	D-1	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D-2	72
Capital Projects Funds:		73
Combining Balance Sheet	E-1	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-2	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	E-3	77
Enterprise Funds:		81
Combining Balance Sheet	F-1	83
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	F-2	84
Combining Statement of Cash Flows	F-3	85
Water Enterprise Fund - Comparative Balance Sheets	F-4	87
Water Enterprise Fund - Comparative Statements of Revenues, Expenses and Changes in Retained Earnings	F-5	88
Water Enterprise Fund - Comparative Statements of Cash Flows	F-6	89
Mobilehome Parks Enterprise Fund - Comparative Balance Sheets	F-7	91
Mobilehome Parks Enterprise Fund - Comparative Statements of Revenues, Expenses and Changes in Retained Earnings	F-8	92
Mobilehome Parks Enterprise Fund - Comparative Statements of Cash Flows	F-9	93
Sanitary District Enterprise Funds - Combining Balance Sheets	F-10	95
Sanitary District Enterprise Funds Combining Statement of Revenues, Expenses and Changes in Retained Earnings	F-11	96
Sanitary District Enterprise Funds Combining Statement of Cash Flows	F-12	97

**CITY OF GARDEN GROVE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 1998**

**Table of Contents
 (Continued)**

	<u>Schedule</u>	<u>Page</u>
Internal Service Funds:		99
Combining Balance Sheet	G-1	101
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	G-2	102
Combining Statement of Cash Flows	G-3	103
Agency Fund:		105
Comparative Balance Sheet	H-1	107
Statement of Changes in Assets and Liabilities	H-2	108
General Fixed Assets Account Group:		109
Comparative Schedules of General Fixed Assets by Source	I-1	111
Schedule of General Fixed Assets by Program	I-2	112
Schedule of Changes in General Fixed Assets by Program	I-3	112
<u>Exhibit</u>		<u>Page</u>
STATISTICAL SECTION		113
Revenues by Source - All Governmental Fund Types, Last Ten Fiscal Years	A	115
Expenditures by Program - All Governmental Fund Types, Last Ten Fiscal Years	B	116
Property Tax Levies and Collections, Last Ten Fiscal Years	C	118
Assessed and Estimated Actual Values of all City Property Last Ten Fiscal Years	D	119
Principal Taxpayers	E	120
Property Tax Rates - Direct and Overlapping Governments, Last Ten Fiscal Years	F	121
Direct and Overlapping Bonds and Debt	G	122
Computation of Legal Debt Margin	H	123
Schedule of Water Revenue Bond Coverage, Last Ten Fiscal Years	I	124
Property Value, Construction and Bank Deposits, Last Ten Fiscal Years	J	125
Demographic Statistics, Last Ten Fiscal Years	K	126
Insurance in Force	L	127
Miscellaneous Statistical Information	M	128



CITY OF GARDEN GROVE, CALIFORNIA

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

November 25, 1998

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, 1998. 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. 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 and 1990'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 was only one component unit, The City of Garden Grove Library Corporation, which was 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, 1998.

ECONOMIC CONDITION AND OUTLOOK

The economic recovery, which had begun two years ago, continued throughout the 1997-98 fiscal year. Generally, economic conditions improved at a steady pace throughout the year with the rate of expansion increasing gradually as the year progressed. The expansion was broadly based, affecting the majority of operations within the community. General Fund revenues exceeded the budget forecast by more than \$1,080,000 even though the budget estimates assumed that a modest recovery would continue. General Fund revenues exceeded the previous year's actual revenues by more than \$2,500,000.

Many indicators of economic activity illustrate the influence of improving economic conditions. Median family income in the City increased to \$47,703, a new record. This is a healthy increase of 4.42% over the previous year, which was also a new record at that time. Not only was median family income high, also unemployment dropped lower. The unemployment rate declined from 4.4% in the previous year to 3.8% in the 1997-98 fiscal year. This is the lowest it has been since the 1989-90 fiscal year when it was 3.2%. Unemployment rates in the City continues to run significantly below state and national averages. The valuation of new construction increased by 51%. This is the highest rate of increase since the 1982-83 fiscal year when it increased by 58%. The number of building permits increased by only 3.5%, however, the average permit value was considerably higher as the recovery stimulated much larger projects. Property tax collections showed improvement as well. The ratio of total property tax collections to the total property tax levy was 99.6%, the highest it has been since the 1987-88 fiscal year.

Another positive influence on the economy was the continuation of low levels of inflation throughout the year. The change in the Los Angeles/Anaheim/Riverside Consumer Price Index (CPI) during the year was only 1.8 percent. This was only .1 percent higher than the previous year's increase of 1.7 percent. It appears that the pattern of low inflation levels and price stability will continue for at least the next year.

Despite improving economic conditions, the City continued its implementation of stringent financial controls with excellent results. The controls include hiring reviews, replacement of permanent full-time employees with part-time or temporary employees, and non-labor, or materials, supplies, and services expenditure reviews. The effect of these actions was very significant as shown by the following data:

General Fund:	
Budgeted Expenditures	\$49,196,812
Actual Expenditures	<u>43,854,015</u>
Savings	\$ 5,342,797
Percent of Planned Budget Saved =	10.9%

A similar result is apparent if the combined General, Special Revenue, and Capital Projects Funds are examined. Consider the following budget to actual comparisons:

General, Special Revenue, and Capital Project Funds:	
Budgeted Expenditures	\$125,346,538
Actual Expenditures	<u>101,261,640</u>
Savings	\$ 24,084,898
Percent of Planned Budget Saved = 19.2%	

The positive effects of expenditure control measures in the General Fund were enhanced by favorable revenue performance. Actual revenues exceeded the estimate by \$1,089,036. The results were a more favorable, or larger, actual fund balance at year end as compared to the budgeted balance. The following data illustrates the impact:

Year End General Fund - Fund Balance	
Budgeted	\$ 381,740
Actual	<u>6,813,573</u>
Net Improvement	\$ 6,431,833

Even though the actual fund balance in the General Fund was \$6,431,833 higher than budgeted fund balance it was still \$2,287,929 lower than the previous year's ending fund balance of \$9,101,502.

Notwithstanding the excellent results achieved during the fiscal year, an operational deficit still remains in the General Fund which requires additional measures to eliminate. When recurring, or ongoing, General Fund revenues are matched against recurring, or ongoing expenditures, the following deficit still exists:

General Fund Operations:	
Actual Operating Revenues	\$42,901,687
Actual Operating Expenditures	<u>43,854,015</u>
Operating - Deficiency	\$ 952,328
Less: On Going Golf Course	
Operating Transfer to the General Fund	<u>500,000</u>
Net Operational Deficiency	<u>\$ 452,328</u>

The operational deficit was covered by an excess of "one-time" or nonrecurring transfers, over operational expenditures. The City is considering alternative service delivery options, such as the possible use of Joint Powers Authorities providing for inter-city sharing of resources to deliver

services more cost effectively. Privatization of certain services is also being examined if it can be cost effective to do so.

In summary, the City has been able to close the operational gap significantly. The results have been that the year ended with a significant General Fund Balance and a strong financial position.

Prospects for the next several years appear very favorable. Major community development projects are planned which will strengthen the economic base. Overall economic trends point toward modest growth, low inflation, and low unemployment in the community. In the longer term, service delivery should become significantly more efficient due to technological changes and automation capabilities. Population growth will be slow due to the limited supply of land available for development. The City will gradually evolve from a residential bedroom community to a community with a more balanced economy.

MAJOR INITIATIVES

For the Year: There were a number of major activities and projects which were a priority for the City. They range from community promotion/outreach efforts to computer/systems support and public improvement projects. The following is an overview of those items:

1. Renaissance Garden Grove - The City and the private sector formed a partnership to promote the Community's revitalization during the year. To manage and plan the events as well as facilitate fund raising for the activities, the Garden Grove Community Foundation was formed. The schedule called for August and September of 1998 to be the time for holding the events and all time frames were adhered to with the actual performances. Included in the events were a "Shakespeare Under the Stars Theater" with a dinner, a Community Spirit Breakfast, an Antique Car Show on Main Street, a Family Festival and Celebration of Technology and Education with a week of lectures, demonstrations, seminars and learning opportunities. There were also free community concerts at various park sites throughout the period which were very popular with both residents and nonresidents of the community. The activities were funded by private individual and corporate donations and a small amount of City community promotion funds. The Garden Grove Community Foundation decided to remain active and plan new activities in future years due to the popularity of the events and the enthusiasm which was generated.

2. "Year 2000" Issues - The City's database and computer operations run on D3, Pick Systems. Because dates on these systems are not stored in a fixed digit format, but as number of days since January 1, 1960, all processing will be normal at the year 2000. The City does have other specialized computer systems which we have evaluated relative to the impact of the year

2000 problem. The City Hall computerized security system software recognizes the year 2000 through 2099, consequently no problems are anticipated in that area. Computer systems in the Fire administrative area are also year 2000 compliant. The City is currently under a bid process for the development of a new Police Computer Aided Dispatch system which will be operational in 1999 and is year 2000 compliant. The traffic signal computers are currently being brought into compliance with completion scheduled for July of 1999. The City's water pumping equipment is currently being evaluated to determine if there is any year 2000 problem possible. Many major vendors the City does business with, including the banks, are being communicated with and monitored for year 2000 compliance. No major issues are anticipated at this time.

3. Harbor Boulevard Hotel Projects: "Site A" - This site is located on the west side of Harbor Boulevard north of Chapman Avenue and consists of three hotels and a 6,500 square foot free standing restaurant. The project is in support of the expansion of Disneyland and the Anaheim Convention Center, both of which are less than one mile from the site. Specifically, the project includes a 372-room, 14-story Embassy Suites Hotel; a 162-room, 6-story Hilton Garden Inn; and a 165-room, 7-story Hampton Inn & Suites. The project has a total estimated development value of \$54 million and is expected to generate approximately 400 new jobs. Construction should be completed in the year 2000.

4. Harbor Boulevard Hotel Projects: "Site B" - The location of this site is on the southwest corner of Chapman Avenue and Harbor Boulevard approximately one mile from Disneyland and the Anaheim Convention Center. This is a master-planned hotel/restaurant project consisting of three hotels and up to four free standing restaurants. The total restaurant building area is approximately 25,000 square feet. Included in the project is a 371-room, 14-story Renaissance Suites; a 384-room, 9-story Crown Plaza; and a 203-room, 7-story Homewood Suites. The estimated development value for this project is \$90 million and it is expected to generate approximately 550 new jobs. Developers hope to begin construction in December 1998 with completion in the year 2000. These new hotels will greatly increase the City's transient occupancy tax revenue, property tax increment revenues and also stimulate sales tax receipts.

5. Garden Grove Education Center: Phase II - This site is located on the northwest corner of Euclid Street and Garden Grove Boulevard. The project consists of a 47,000 square foot, two-story educational facility to be shared between the University of LaVerne and Concorde Career College. It is planned to be opened for classes in the Fall 1999 Semester. The total square footage for the Education Center with Phase I and II combined is 92,000 square feet with the ability to accommodate almost 3,000 students. The project benefits for the City include attraction of additional sales tax generated by retailers of office products, increased demand for restaurant facilities and a general demand for a variety of support services.

For the Future: The City has prepared a request for proposal to develop a Sewer Master Plan, which will include a financial support element. The plan will be part of an overall management

strategy associated with the City's acquisition of Garden Grove Sanitary District Operations in May 1997. The plan will include an assessment of the condition of the sewage collection system, recommended capital projects with revenue sources and billing methodologies to provide long term financial stability. In addition to Sanitary District responsibilities, economic development and redevelopment activities will remain a top priority. The completion of major multi-year projects initiated and additional projects contemplated will remain a high priority. The economic benefits from the development projects should provide stimulus to ongoing operational revenues to further assist in reducing the operational deficit. This will enable the City to consider ways to enhance the service delivery to its citizens in future years.

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, Capital Projects Funds and the Library Corporation. Total governmental revenues increased by only \$284,000 or .3 percent during the year. The increase is inordinately small due to a large, nonrecurring, increase in revenue from other agencies during the previous fiscal year. If the category of revenue from other agencies is adjusted for the annual prior year increases for capital grants the 1996-97 fiscal year revenue would decline by \$3,452,000. The adjusted total revenue from other agencies in the 1996-97 fiscal year would decline from \$33,191,000 to \$29,739,000. This is still \$417,000 over the 1997-98 fiscal year amount of \$29,322,000. That decrease is explained by a \$795,000 decline in Housing Assistance Grants from HUD, which was partially offset by a \$475,000 increase in Motor Vehicle In Lieu Fees.

If the same adjustment is applied to total revenue for the 1996-97 fiscal year, the adjusted "comparable revenue" total would be decreased from \$89,725,000 to \$86,273,000. If this adjusted revenue is compared to the \$90,007,000 total for the 1997-98 fiscal year, the growth would be \$3,734,000 or approximately 4.3 percent over the previous year. During the same period, the Los Angeles - Anaheim - Riverside all consumers price index increased by 1.8 percent which results in a real increase of 2.5 percent. This measure is probably more indicative of the true real growth in operational revenues for the City during the year.

In a related trend, the revenues for licenses and permits and sale of land exhibited high growth rates of 34.0 and 53.4 percent respectively. This high growth rate is the result of strong community development activities which is expected to continue in the next year. Continued growth in permit sales is expected from the redevelopment projects on Harbor Boulevard and additional land sales are also planned. Favorable property rental activities and a strong cash position combined to produce a 12.9 percent increase in revenue from the use of money and property during the year. This was more than enough to offset the decline in interest rates during the year.

A major source of revenue to the City is taxes. This source of revenue grew by only \$279,000 or .8 percent during the year. Tax revenues consist of two major components, sales tax and property tax. Sales tax revenue grew by \$759,000 or 5.8 percent and General Fund property taxes increased by \$88,000 or 1.2 percent. This was significantly reduced by the \$700,000 or 9.7 percent decline in Garden Grove Agency for Community Development (the Agency) property tax increment revenue. The reasons for the decline in the Agency property tax revenue is Agency land acquisition activities, which removes the property for the tax rolls, and property tax protests which were settled during the year. It is anticipated that growth will resume next year in the Agency's tax increment revenue due to planned land sales of Agency owned land to the private sector and new construction.

The following tabulation shows the City's general governmental revenues for the last two fiscal years and their relationship to total revenues:

REVENUE	1997-98		1996-97		Percent change 97/98 over (under) 96/97
	Amount in (000)	Percent of Total	Amount in (000)	Percent of Total	
Taxes	\$ 35,203	39.1	\$ 34,923	39.1	0.8
Licenses and permits	845	0.9	632	0.7	34.0
Fines, forfeits and penalties	779	0.9	708	0.7	9.0
From use of money & property	4,697	5.2	4,159	4.6	13.0
Charges for current services	10,086	11.2	9,936	11.1	.9
From other agencies	29,322	32.5	33,203	36.9	(11.4)
Sale of land	8,537	9.5	5,566	6.2	53.4
Other	538	0.7	600	0.7	(10.0)
Total Revenues	\$ 90,007	100.0	89,726	100.0	0.4

Expenditures for governmental funds totaled \$105,630,000, which is \$2,717,291 higher than the previous year. The percentage increase in expenditures was 2.7 percent. If the impact of capital outlay expenditures is removed from the base so that a more precise measurement of the growth

of true operating expenditures can be seen, the rate of increase is lower. "Non-Capital" operating expenditures were \$82,419,000 which is 4.0 percent higher than the corresponding total for the previous year. If this increase is adjusted for the 1.8 percent increase in the consumer price index, the net real growth in expenditures was only 2.2 percent. If the cost of land sold was adjusted out of the expenditure base, expenditures would show a decline of more than 2.7 percent as compared to the previous year.

The operating programs were significantly impacted by expenditure control measures, which continued from previous years. The budget control measures which included staff reductions by attrition; delays in filling vacant positions; increased use of temporary and part-time personnel where appropriate and close monitoring of materials, supplies and services expenditures throughout the year. As a result, most programs exhibited declines or small increases. The Municipal Support program was an exception, however, in that it showed a \$641,000 increase which amounts to a percentage increase of 12.5 percent. The reason for this change was the impact of growth in the City's operation of the West Orange County Job Training Partnership Act (JTPA) federal grant program. This program expanded during the year and the City assumed the expansion on behalf of the County of Orange. The City of Garden Grove is now supplying JTPA support services to a wide area in the County outside of the City limits. Additional expansion is planned for the next fiscal year.

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

EXPENDITURES	1997-98		1996-97		Percent Change 97/98 over (under) 96/97
	Amount in (000)	Percent of Total	Amount in (000)	Percent of Total	
Fire	\$ 10,090	9.6	\$ 9,540	9.3	5.3
Police	21,186	20.0	21,533	20.9	(1.7)
Traffic safety	1,605	1.5	1,779	1.7	(9.8)
Public right of way	4,539	4.3	5,049	4.9	(11.1)
Drainage	-	-	36	-	-
Community buildings	1,858	1.7	1,728	1.7	7.7
Community services	1,610	1.5	1,526	1.5	5.8
Parks and greenbelts	1,039	1.0	1,086	1.1	(0.5)
Community planning and development	15,203	14.4	17,271	16.8	(12.0)
Municipal support	5,822	5.5	5,181	5.1	12.5
Cost of land sold	11,286	10.7	6,104	5.9	84.8
Debt service	8,181	7.8	8,440	8.2	(3.1)
Capital outlay	23,211	22.0	23,639	22.9	(1.8)
Total Expenditures	\$ 105,630	100.0	\$ 102,912	100.0	2.6

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, Equipment Rental, Employee Benefits, Warehouse Operations, Telephone System and Risk Management Funds.

The City's largest proprietary operation is the Water Enterprise. Due to record breaking rainfall during the year, water sales declined by 3,594 acre feet, or 11.3 percent, from the previous year's total of 31,850 acre feet. The actual water sales for the 1997-98 fiscal year of 28,256 acre feet were the lowest recorded for many years despite the addition of new accounts each year. With the decline in volume of water sales, there was also a decrease in water revenue. Operating revenues declined by \$691,680 and income before Operating-Transfers declined by \$825,611; from \$2,181,429 in the previous year to \$1,355,818 in the current year. Results for the year were very favorable irrespective of the relative decline in revenue and net income. The water enterprise's operation easily met the requirements of the 1993 water bond indenture for coverage of debt service. The bond indenture requires that net revenue available for debt service be at least 1.25 times the annual debt service amount. The actual coverage ratio was 2.67. The following is an overview of selected financial information for the Water Enterprise Fund:

	<u>1997-98</u>	<u>1996-97</u>
Operating Revenue	\$13,959,632	\$14,651,312
Net Income	605,818	2,181,429
Resources Available for Debt Service	3,768,621	4,472,550
Annual Debt Service	1,364,760	1,369,390
 Coverage (resources available for debt service divided by annual debt service)	 2.76	 3.27

The Sanitary District enterprise funds completed their first year of operation under the City's control in the 1997-98 fiscal year after City annexation of the Garden Grove Sanitary District in May 1997.

As required under the terms of the annexation agreement with the Local Agency Formation Commission (LAFCO), no changes were made to any fees or charges during the year. The district finished the year with a net loss of \$287,703, composed of a loss of \$60,867 in sewage collection and a \$226,836 loss in solid waste disposal operations. During the next year, a master plan is going to be developed for the Sanitary District which will address any long-term issues in

the operation, capital improvements and financing to allow for a transition in the business plan. It is anticipated that implementation of the new business plan will take a number of years.

The City's mobile home park operations improved during the year as expected due to a stronger rental market. Operating income increased from \$695,191 in the prior year to \$883,999 in the current year, an increase of \$188,808 or 27.2 percent. The deficit in retained earnings declined from \$350,573 in the previous year to \$94,151 in the current year. It is expected that the improved financial performance will continue during the next fiscal year and the deficit will be reduced further, or eliminated entirely. This was the City's fourth year of operation of the mobile home parks and numerous improvements have been made to park infrastructure which are having a positive effect on maintenance costs and operating results.

The internal service funds reported a net income of \$1,055,345 during the year which was considerably lower than the previous year's net income of \$2,875,726. The major change was an increase in liability claim accruals due to the completion of an actuarial study during the year. In addition, the previous year's income was higher than normal due to an unanticipated decrease in the Public Employee Retirement System rates, as well as refunds of asset balances. If the effect of unusual distortions were adjusted out of both years, the net income was very comparable.

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 5.7 percent on its portfolio investments which resulted in an interest income of \$4,054,061. Interest revenue declined by \$1,108,321 from the previous year due to a reduction in interest rates and a decline on the amount of cash available for investment. At year end, cash, deposits and investments included the following proportions of aggregate cash invested: United States Government Securities, 74 percent; Local Agency Investment Fund of the State of California, 21 percent; commercial paper, 5 percent. Cash management investments continue to be managed by providing for the required amount of security and liquidity while providing for the highest level of yield available within the City's investment 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. An actuarial study was completed during the year and the losses, including IBNR, were funded at the 90% confidence level. Claims are administered by a third party administrator.

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" Legislature determines the methodology for computation of allowable changes in population, and this determination was made when the Legislature adopted Senate Bill 88 (SB-88).

Under the provisions of SCA-I, 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 1997-98 fiscal year, the Gann Limit was \$59,121,600, and the actual expenditures subject to the limit were \$29,618,800 resulting in a substantial "gap" of \$29,502,800 which expenditures 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, 1998.

<u>Description</u>	<u>Amount Outstanding</u>
Revenue Bonds:	
Library Corporation	\$ 37,000
Water	19,090,000
Public Financing Authority	3,135,000
Tax Allocation Bonds	58,170,000
Certificates of Participation	17,160,000
Other Debts:	
Loan Payable	433,322
Equipment Leases	974,705
Agreements Payable	25,867,859

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, 1998 the general fixed assets of the City amounted to \$49,877,111. This amount represents the original cost of the assets. Depreciation of general fixed assets is not recognized in the City's accounting system.

OTHER INFORMATION

Independent Audit:

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, 1997. 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, 1997.

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

(This page left blank intentionally)

CITY OF GARDEN GROVE

CITY COUNCIL

Robert F. Dinsen
Councilman

Ho Chung
Councilman

Bruce Broadwater
Mayor

Mark Leyes
Mayor Pro Tem

Ken Maddox
Councilman

CITY OFFICIALS

George L. Tindall
City Manager

Catherine Standiford
Deputy City Manager

John R. Shaw
City Attorney

Warren Hartley
Fire Chief

Cal Rietzel
Community Services Director

Matthew J. Fertal
Community Development Director

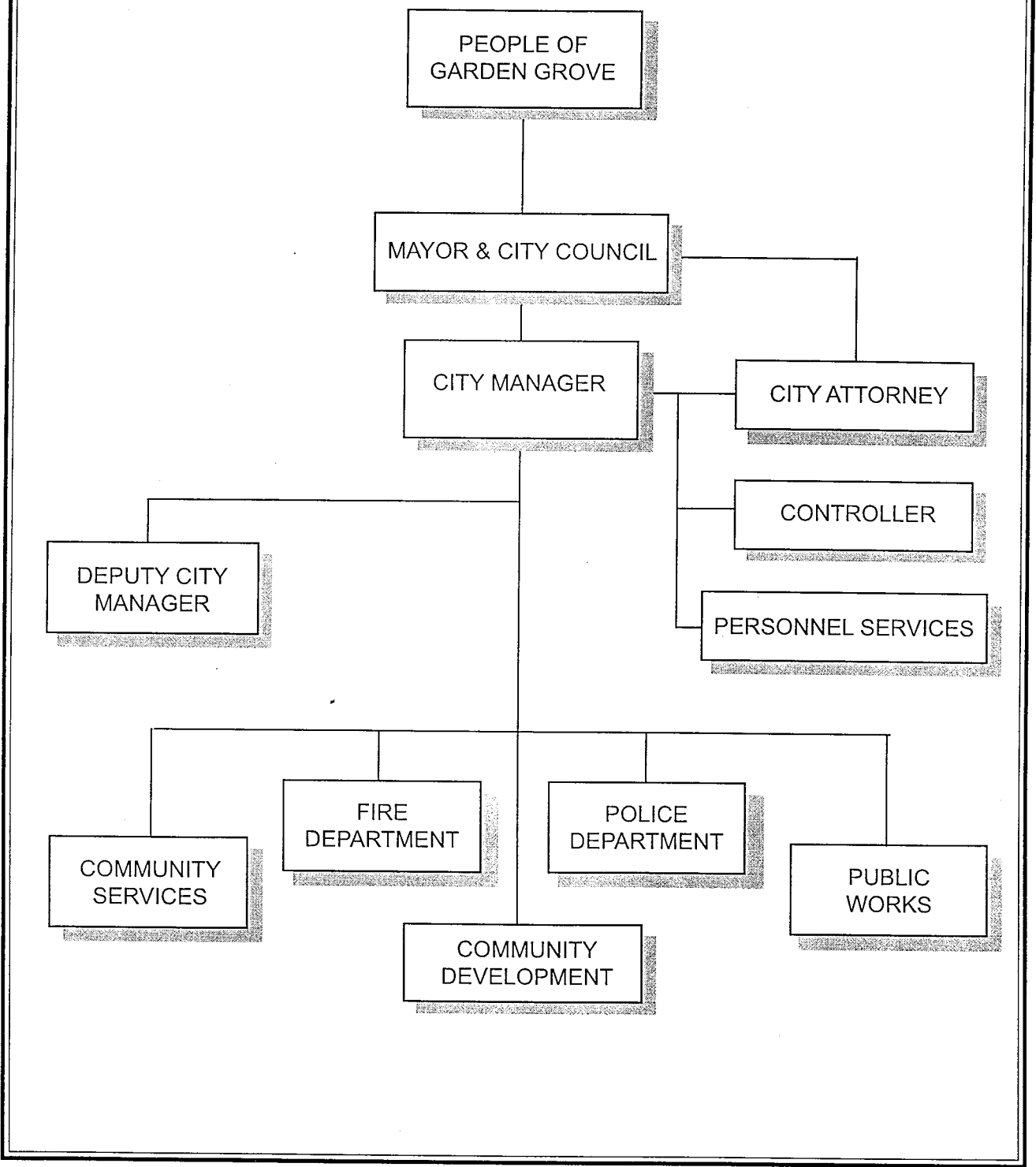
Anthony J. Andrade
Controller

Joseph Polisar
Police Chief

Steven A. Larson
Personnel Services Director

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, 1997

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.



Linda K. Savitsky
President

Jeffrey L. Essler
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, 1997.

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 1996-97

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 23, 1998



Deel Hummer
Chair, Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management

(This page left blank intentionally)

FINANCIAL SECTION

(This page left blank intentionally)



DIEHL, EVANS & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

2121 ALTON PARKWAY, SUITE 100
IRVINE, CALIFORNIA 92606-4906
(949) 399-0600 • FAX (949) 399-0610

* RODNEY K. McDANIEL, CPA
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

October 14, 1998

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, California as of and for the year ended June 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 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, 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As described in Note 1d to the general purpose financial statements, the City of Garden Grove adopted Governmental Accounting Standards Board Statement No. 31, which changed its method of accounting for investments.

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 financial 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 statements 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. We did not audit or apply limited procedures to the statistical information listed in the table of contents, and we do not express any assurance on such information.

Diehl, Evans and Company, LLP

-3-

OTHER OFFICES AT:

2965 ROOSEVELT STREET
CARLSBAD, CALIFORNIA 92008-2389
(760) 729-2343 • FAX (760) 729-2234

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 - ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 1998

	Governmental Funds			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Cash and investments (Note 2)	\$ 6,980,569	\$ 16,594,032	\$ 127,582	\$ 6,568,690
Cash and investments with fiscal agents(Notes 2 and 8)	2,538,447	-	4,387,057	-
Taxes receivable (Note 1o)	2,431,840	509,755	54,131	13,533
Accounts receivable	546,566	2,434,903	-	4,699,593
Accrued interest receivable	166,373	234,221	-	169,036
Inter city loans receivable (Note 3)	-	-	-	-
Notes receivable (Note 5)	-	2,241,014	-	9,410,187
Due from other funds (Note 13)	-	-	-	61,259
Inventory (Note 1e)	-	-	-	25,352,991
Deposits (Note 4)	32,500	798,392	-	-
Restricted cash and investments (Note 1h, 2 and 10)	-	-	-	-
Fixed assets (Note 6)	-	-	-	-
Deferred issuance costs	-	-	-	-
Amount available in debt service funds	-	-	-	-
Amount to be provided - future years	-	-	-	-
	<u>\$ 12,696,295</u>	<u>\$ 22,812,317</u>	<u>\$ 4,568,770</u>	<u>\$ 46,275,289</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 2,225,442	\$ 716,413	\$ 181,675	\$ 73,585
Accrued compensated absences (Note 1k)	-	-	-	-
Accrued interest payable	-	-	-	-
Other accrued liabilities	942,575	2,051,438	-	11,541
Claims payable (Note 14)	-	-	-	-
Refundable deposits	763,835	242,758	-	-
Due to other funds (Note 13)	-	1,488,111	38	61,221
Deferred compensation (Note 8)	-	-	-	-
Deferred revenue (Notes 5 and 9)	149,436	2,524,872	-	8,451,866
Inter city loans payable (Note 3)	1,801,434	-	-	-
Loan payable (Note10)	-	-	-	-
Tax allocation bonds payable (Note 10)	-	-	-	-
Revenue bonds payable (Note10)	-	-	-	-
Lease-purchase agreements (Note 10)	-	-	-	-
Certificates of participation (Note 10)	-	-	-	-
Agreements payable (Note 10)	-	-	-	-
	<u>5,882,722</u>	<u>7,023,592</u>	<u>181,713</u>	<u>8,598,213</u>
Equity and other credits:				
Investment in general fixed assets (Note 6)	-	-	-	-
Contributed capital (Note 7)	-	-	-	-
Retained earnings:				
Reserved for COP retirement (Note 11f)	-	-	-	-
Reserved for bond retirement (Note 10)	-	-	-	-
Reserved for continuing projects (Note 11c)	-	-	-	-
Unreserved	-	-	-	-
Fund balances:				
Reserved:				
Reserved for encumbrances (Note 11a)	371,691	1,788,064	-	413,762
Reserved for notes receivable (Note11b)	-	-	-	958,320
Reserved for continuing projects (Note 11c)	1,694,490	5,218,486	-	847,934
Reserved for land held for resale (Note 11d)	-	-	-	25,352,991
Reserved for debt service (Note 10)	-	-	4,387,057	-
Reserved for contractual commitments (Note 11e)	-	-	-	10,104,069
Unreserved:				
Designated for subsequent years' expenditures (Note 12)	4,747,392	8,647,067	-	-
Undesignated	-	135,108	-	-
	<u>6,813,573</u>	<u>15,788,725</u>	<u>4,387,057</u>	<u>37,677,076</u>
	<u>\$ 12,696,295</u>	<u>\$ 22,812,317</u>	<u>\$ 4,568,770</u>	<u>\$ 46,275,289</u>

See accompanying notes to general purpose financial statements.

Proprietary Funds		Fiduciary Fund	Account Groups		Totals Primary Government (Memorandum Only)	Component Unit Library Corporation	Totals Reporting Entity (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Debt			
\$ 12,141,711	\$ 30,122,864	\$ -	\$ -	\$ -	\$ 72,535,448	\$ -	\$ 72,535,448
3,464,754	-	20,303,656	-	-	30,693,914	4,243	30,698,157
79,967	-	-	-	-	3,089,226	-	3,089,226
1,512,226	659,951	-	-	-	9,853,239	8,412	9,861,651
190,106	290,186	-	-	-	1,049,922	-	1,049,922
1,098,288	742,289	-	-	-	1,840,577	-	1,840,577
121,868	-	-	-	-	11,773,069	-	11,773,069
-	1,956,360	-	-	-	2,017,619	-	2,017,619
-	257,305	-	-	-	25,610,296	-	25,610,296
15,000	127,222	-	-	-	973,114	-	973,114
1,244,253	-	-	-	-	1,244,253	-	1,244,253
64,689,997	5,840,328	-	49,877,111	-	120,407,436	-	120,407,436
1,030,110	-	-	-	-	1,030,110	-	1,030,110
-	-	-	-	4,387,057	4,387,057	4,243	4,391,300
-	-	-	-	83,760,507	83,760,507	32,757	83,793,264
<u>\$ 85,588,280</u>	<u>\$ 39,996,505</u>	<u>\$ 20,303,656</u>	<u>\$ 49,877,111</u>	<u>\$ 88,147,564</u>	<u>\$ 370,265,787</u>	<u>\$ 49,655</u>	<u>\$ 370,315,442</u>
\$ 2,598,414	\$ 1,520,547	\$ -	\$ -	\$ -	\$ 7,316,076	\$ -	\$ 7,316,076
-	3,672,820	-	-	-	3,672,820	-	3,672,820
445,643	-	-	-	-	445,643	-	445,643
118,112	148,116	-	-	-	3,271,782	-	3,271,782
-	14,238,635	-	-	-	14,238,635	-	14,238,635
329,578	-	-	-	-	1,336,171	-	1,336,171
468,249	-	-	-	-	2,017,619	-	2,017,619
-	-	20,303,656	-	-	20,303,656	-	20,303,656
702,835	-	-	-	-	11,829,009	-	11,829,009
39,143	-	-	-	-	1,840,577	-	1,840,577
433,322	-	-	-	-	433,322	-	433,322
-	-	-	-	58,170,000	58,170,000	-	58,170,000
18,958,630	-	-	-	3,135,000	22,093,630	37,000	22,130,630
-	-	-	-	974,705	974,705	-	974,705
17,088,168	-	-	-	-	17,088,168	-	17,088,168
-	-	-	-	25,867,859	25,867,859	-	25,867,859
<u>41,182,094</u>	<u>19,580,118</u>	<u>20,303,656</u>	<u>-</u>	<u>88,147,564</u>	<u>190,899,672</u>	<u>37,000</u>	<u>190,936,672</u>
-	-	-	49,877,111	-	49,877,111	-	49,877,111
17,372,680	3,398,847	-	-	-	20,771,527	-	20,771,527
188,883	-	-	-	-	188,883	-	188,883
52,529	-	-	-	-	52,529	-	52,529
1,926,514	-	-	-	-	1,926,514	-	1,926,514
24,865,580	17,017,540	-	-	-	41,883,120	-	41,883,120
-	-	-	-	-	2,573,517	-	2,573,517
-	-	-	-	-	958,320	-	958,320
-	-	-	-	-	7,760,910	-	7,760,910
-	-	-	-	-	25,352,991	-	25,352,991
-	-	-	-	-	4,387,057	12,655	4,399,712
-	-	-	-	-	10,104,069	-	10,104,069
-	-	-	-	-	13,394,459	-	13,394,459
-	-	-	-	-	135,108	-	135,108
<u>44,406,186</u>	<u>20,416,387</u>	<u>-</u>	<u>49,877,111</u>	<u>-</u>	<u>179,366,115</u>	<u>12,655</u>	<u>179,378,770</u>
<u>\$ 85,588,280</u>	<u>\$ 39,996,505</u>	<u>\$ 20,303,656</u>	<u>\$ 49,877,111</u>	<u>\$ 88,147,564</u>	<u>\$ 370,265,787</u>	<u>\$ 49,655</u>	<u>\$ 370,315,442</u>

CITY OF GARDEN GROVE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNIT
YEAR ENDED JUNE 30, 1998

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Revenues:			
Taxes	\$ 26,241,094	\$ 414,632	\$ 6,837,497
Licenses and permits	811,737	33,498	-
Fines, forfeits and penalties	682,313	96,272	-
From use of money and property	1,645,559	1,018,587	31,826
Charges for current services	6,167,030	3,919,092	-
From other agencies	7,191,424	22,083,966	37,623
Sale of land	-	-	-
Other	162,530	200,674	-
	<u>42,901,687</u>	<u>27,766,721</u>	<u>6,906,946</u>
Total revenues			
Expenditures:			
Current:			
Fire	10,075,492	14,782	-
Police	20,680,233	506,085	-
Traffic safety	382,816	1,222,395	-
Public right of way	2,595,751	1,943,673	-
Community buildings	1,792,046	65,959	-
Community services	635,025	974,694	-
Parks and greenbelts	323,065	716,207	-
Community planning and development	2,025,502	13,177,513	-
Municipal support	3,934,407	1,887,416	-
Capital outlay:			
Police	672,196	-	-
Traffic safety	-	560,223	-
Public right of way	30,444	1,746,419	-
Drainage	938	597,761	-
Community buildings	109,911	310,252	-
Community services	-	-	-
Parks and greenbelts	-	193,666	-
Community planning and development	-	4,565,911	-
Municipal support	-	-	-
Cost of land sold	-	-	-
Debt service:			
Principal retirement	379,968	541,867	1,015,000
Interest and fiscal charges	216,221	713,149	3,353,104
	<u>43,854,015</u>	<u>29,737,972</u>	<u>4,368,104</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(952,328)</u>	<u>(1,971,251)</u>	<u>2,538,842</u>
Other financing sources (uses):			
Operating transfers in	1,670,000	-	-
Operating transfers out	(3,005,601)	(500,000)	(2,741,889)
Proceeds of long term debt	-	-	-
	<u>(1,335,601)</u>	<u>(500,000)</u>	<u>(2,741,889)</u>
Total other financing sources (uses)			
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,287,929)</u>	<u>(2,471,251)</u>	<u>(203,047)</u>
Fund balances, July 1	<u>9,101,502</u>	<u>18,259,976</u>	<u>4,590,104</u>
Fund balances, June 30	<u>\$ 6,813,573</u>	<u>\$ 15,788,725</u>	<u>\$ 4,387,057</u>

See accompanying notes to general purpose financial statements

Capital Projects	Totals		Component Unit Library Corporation	Totals	
	Primary Government (Memorandum Only)			Reporting Entity (Memorandum Only)	
\$ 1,709,374	\$ 35,202,597		\$ -	\$ 35,202,597	
-	845,235		-	845,235	
-	778,585		-	778,585	
2,000,881	4,696,853	40,891	-	4,737,744	
-	10,086,122	-	-	10,086,122	
9,405	29,322,418	-	-	29,322,418	
8,537,581	8,537,581	-	-	8,537,581	
174,968	538,172	-	-	538,172	
<u>12,432,209</u>	<u>90,007,563</u>	<u>40,891</u>	<u>90,048,454</u>		
-	10,090,274	-	10,090,274		
-	21,186,318	-	21,186,318		
-	1,605,211	-	1,605,211		
-	4,539,424	-	4,539,424		
-	1,858,005	-	1,858,005		
-	1,609,719	-	1,609,719		
-	1,039,272	-	1,039,272		
-	15,203,015	-	15,203,015		
-	5,821,823	-	5,821,823		
139,288	811,484	-	811,484		
10,232	570,455	-	570,455		
767,268	2,544,131	-	2,544,131		
64,319	663,018	-	663,018		
1,618	421,781	-	421,781		
6,000	6,000	-	6,000		
-	193,666	-	193,666		
13,129,420	17,695,331	-	17,695,331		
302,874	302,874	-	302,874		
11,286,527	11,286,527	-	11,286,527		
1,850,000	3,786,835	35,000	3,821,835		
112,107	4,394,581	5,556	4,400,137		
<u>27,669,653</u>	<u>105,629,744</u>	<u>40,556</u>	<u>105,670,300</u>		
<u>(15,237,444)</u>	<u>(15,622,181)</u>	<u>335</u>	<u>(15,621,846)</u>		
6,497,490	8,167,490	-	8,167,490		
(275,669)	(6,523,159)	-	(6,523,159)		
<u>2,417,859</u>	<u>2,417,859</u>	<u>-</u>	<u>2,417,859</u>		
<u>8,639,680</u>	<u>4,062,190</u>	<u>-</u>	<u>4,062,190</u>		
(6,597,764)	(11,559,991)	-	(11,559,991)		
<u>44,274,840</u>	<u>76,226,422</u>	<u>12,320</u>	<u>76,238,742</u>		
<u>\$ 37,677,076</u>	<u>\$ 64,666,431</u>	<u>\$ 12,655</u>	<u>\$ 64,679,086</u>		

CITY OF GARDEN GROVE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL, SPECIAL REVENUE AND CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 1998

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ 26,386,360	\$ 26,241,094	\$ (145,266)	\$ 400,000	\$ 414,632	\$ 14,632
Licenses and permits	711,000	811,737	100,737	30,000	33,498	3,498
Fines, forfeits, and penalties	631,000	682,313	51,313	187,245	96,272	(90,973)
From use of money and property	987,760	1,645,559	657,799	125,368	1,018,588	893,220
Charges for current services	6,006,651	6,167,030	160,379	3,545,807	3,919,092	373,285
From other agencies	6,755,380	7,191,424	436,044	31,124,098	22,083,966	(9,040,132)
Sale of land	-	-	-	-	-	-
Other	334,500	162,530	(171,970)	5,600	200,674	195,074
Total revenues	41,812,651	42,901,687	1,089,036	35,418,118	27,766,721	(7,651,397)
Expenditures:						
Current:						
Fire	10,734,481	10,075,492	658,989	24,104	14,782	9,322
Police	21,776,886	20,680,233	1,096,653	1,404,377	506,085	898,292
Traffic safety	489,658	382,816	106,842	1,397,729	1,222,395	175,334
Public right of way	2,407,937	2,595,751	(187,814)	2,148,625	1,943,673	204,952
Community buildings	2,214,637	1,792,046	422,591	454,755	65,959	388,796
Community services	771,771	635,025	136,746	1,062,230	974,694	87,536
Parks and greenbelts	408,132	323,065	85,067	760,634	716,207	44,427
Community planning and development	2,151,550	2,025,502	126,048	16,388,757	13,177,513	3,211,244
Municipal support	5,539,130	3,934,407	1,604,723	2,241,595	1,887,416	354,179
Capital outlay:						
Police	1,724,538	672,196	1,052,342	3,251,683	-	3,251,683
Traffic safety	-	-	-	2,508,403	560,223	1,948,180
Public right of way	160,309	30,444	129,865	6,925,830	1,746,419	5,179,411
Drainage	42,394	938	41,456	2,560,710	597,761	1,962,949
Community buildings	179,200	109,911	69,289	531,990	310,252	221,738
Community services	-	-	-	-	-	-
Parks and greenbelts	-	-	-	637,462	193,666	443,796
Community planning and development	-	-	-	5,794,644	4,565,911	1,228,733
Municipal support	-	-	-	-	-	-
Cost of land sold	-	-	-	-	-	-
Debt service:						
Principal retirement	379,968	379,968	-	541,867	541,867	-
Interest and fiscal charges	216,221	216,221	-	713,149	713,149	-
Total expenditures	49,196,812	43,854,015	5,342,797	49,348,544	29,737,972	19,610,572
Excess (deficiency) of revenues over (under) expenditures	(7,384,161)	(952,328)	6,431,833	(13,930,426)	(1,971,251)	11,959,175
Other financing sources (uses):						
Operating transfers in	1,670,000	1,670,000	-	-	-	-
Operating transfers out	(3,005,601)	(3,005,601)	-	(500,000)	(500,000)	-
Proceeds from long term debt	-	-	-	-	-	-
Total other financing sources (uses)	(1,335,601)	(1,335,601)	-	(500,000)	(500,000)	-
Excess(deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(8,719,762)	(2,287,929)	6,431,833	(14,430,426)	(2,471,251)	11,959,175
Fund balances, July 1	9,101,502	9,101,502	-	18,259,976	18,259,976	-
Fund balances, June 30	\$ 381,740	\$ 6,813,573	\$ 6,431,833	\$ 3,829,550	\$ 15,788,725	\$ 11,927,406

See accompanying notes to general purpose financial statements.

Capital Projects Funds			(Memorandum Only)		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
\$ 2,018,000	\$ 1,709,374	\$ (308,626)	\$ 28,804,360	\$ 28,365,100	\$ (439,260)
-	-	-	741,000	845,235	104,235
-	-	-	818,245	778,585	(39,660)
1,355,000	2,000,881	645,881	2,468,128	4,665,028	2,196,900
-	-	-	9,552,458	10,086,122	533,664
10,000	9,405	(595)	37,889,478	29,284,795	(8,604,683)
-	8,537,581	8,537,581	334,500	8,700,111	8,537,581
250,000	174,968	(75,032)	590,100	538,172	(51,928)
<u>3,633,000</u>	<u>12,432,209</u>	<u>8,799,209</u>	<u>80,863,769</u>	<u>83,100,617</u>	<u>2,236,848</u>
-	-	-	10,758,585	10,090,274	668,311
-	-	-	23,181,263	21,186,318	1,994,945
-	-	-	1,887,387	1,605,211	282,176
-	-	-	4,556,562	4,539,424	17,138
-	-	-	2,669,392	1,858,005	811,387
-	-	-	1,834,001	1,609,719	224,282
-	-	-	1,168,766	1,039,272	129,494
-	-	-	18,540,307	15,203,015	3,337,292
-	-	-	7,780,725	5,821,823	1,958,902
173,740	139,288	34,452	5,149,961	811,484	4,338,477
10,232	10,232	-	2,518,635	570,455	1,948,180
754,372	767,268	(12,896)	7,840,511	2,544,131	5,296,380
156,128	64,319	91,809	2,759,232	663,018	2,096,214
10,053	1,618	8,435	721,243	421,781	299,462
6,000	6,000	-	6,000	6,000	-
-	-	-	637,462	193,666	443,796
23,415,995	13,129,420	10,286,575	29,210,639	17,695,331	11,515,308
312,555	302,874	9,681	312,555	302,874	9,681
-	11,286,527	(11,286,527)	-	11,286,527	(11,286,527)
1,850,000	1,850,000	-	2,771,835	2,771,835	-
112,107	112,107	-	1,041,477	1,041,477	-
<u>26,801,182</u>	<u>27,669,653</u>	<u>(868,471)</u>	<u>125,346,538</u>	<u>101,261,640</u>	<u>24,084,898</u>
(23,168,182)	(15,237,444)	7,930,738	(44,482,769)	(18,161,023)	26,321,746
2,741,889	6,497,490	3,755,601	4,411,889	8,167,490	3,755,601
(275,669)	(275,669)	-	(3,781,270)	(3,781,270)	-
-	2,417,859	2,417,859	-	2,417,859	2,417,859
<u>2,466,220</u>	<u>8,639,680</u>	<u>6,173,460</u>	<u>630,619</u>	<u>6,804,079</u>	<u>6,173,460</u>
(20,701,962)	(6,597,764)	14,104,198	6,659,516	20,763,714	14,104,198
<u>44,274,840</u>	<u>44,274,840</u>	<u>-</u>	<u>71,636,318</u>	<u>71,636,318</u>	<u>-</u>
<u>\$ 23,572,878</u>	<u>\$ 37,677,076</u>	<u>\$ 14,104,198</u>	<u>\$ 27,784,168</u>	<u>\$ 60,279,374</u>	<u>\$ 32,463,437</u>

CITY OF GARDEN GROVE Schedule A-4
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1997

	Enterprise	Internal Service	Totals (Memorandum Only)	
			1998	1997
Operating revenues:				
Charges for services	\$ -	\$ 17,581,324	\$ 17,581,324	\$ 18,470,870
Water sales	13,889,699	-	13,889,699	14,651,312
Mobilehome parks operation	1,454,841	-	1,454,841	1,304,803
Solid waste disposal fees	5,471,536	-	5,471,536	515,308
Property assessments	1,480,018	-	1,480,018	26,585
Equipment lease	882,483	-	882,483	-
Other	228,116	-	228,116	73,975
Total operating revenues	23,406,693	17,581,324	40,988,017	35,042,853
Operating expenses:				
Salaries and wages	2,726,075	11,456,197	14,182,272	14,230,649
Contractual services	10,709,024	1,937,522	12,646,546	5,220,292
Liability claims	-	2,957,773	2,957,773	1,556,381
Materials and supplies	379,201	1,084,984	1,464,185	1,339,523
Water production expenses	4,531,684	-	4,531,684	5,545,009
Mobilehome parks on-site operations	461,981	-	461,981	502,572
Depreciation	2,246,834	719,788	2,966,622	2,094,132
Amortization	48,732	-	48,732	48,732
Total operating expenses	21,103,531	18,156,264	39,259,795	30,537,290
Operating income(loss)	2,303,162	(574,940)	1,728,222	4,505,563
Nonoperating revenues (expenses):				
Interest income	738,885	1,095,087	1,833,972	2,179,321
Rent	50,152	-	50,152	3,076
Loss on sale of assets	(7,568)	-	(7,568)	(1,316,280)
Gain on sale of assets	99,896	70,835	170,731	275,149
Gain on acquisition of property	-	-	-	1,331,050
Other non-operating revenues	-	1,610,068	1,610,068	396,296
Interest expense	(2,039,005)	(45,705)	(2,084,710)	(1,966,705)
Fiscal charges	(6,654)	-	(6,654)	(7,119)
Total nonoperating revenues (expenses)	(1,164,294)	2,730,285	1,565,991	894,788
Income before operating transfers	1,138,868	2,155,345	3,294,213	5,400,351
Operating transfers:				
Operating transfers in	275,669	-	275,669	494,080
Operating transfers out	(820,000)	(1,100,000)	(1,920,000)	(506,632)
Total operating transfers	(544,331)	(1,100,000)	(1,644,331)	(12,552)
Net Income	594,537	1,055,345	1,649,882	5,387,799
Retained earnings, July 1	26,438,969	15,962,195	42,401,164	37,013,365
Retained earnings, June 30	\$ 27,033,506	\$ 17,017,540	\$ 44,051,046	\$ 42,401,164

See accompanying notes to general purpose financial statements.

**CITY OF GARDEN GROVE
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 1998**

Schedule A-5

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1997

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)	
			1998	1997
Cash flows from operating activities:				
Cash received from users	\$ 24,194,495	\$ 17,161,129	\$ 41,355,624	\$ 35,626,429
Cash received from quasi-external transactions	386,394	8,122,511	8,508,905	11,942
Cash used by quasi-external transactions	-	(1,956,360)	(1,956,360)	(6,890,333)
Cash paid to suppliers	(17,098,989)	(11,018,667)	(28,117,656)	(20,606,851)
Cash paid to employees	(2,726,075)	(5,484,299)	(8,210,374)	(8,198,376)
Net cash provided by operating activities	4,755,825	6,824,314	11,580,139	(57,189)
Cash flows from noncapital financing activities:				
Other revenue	-	1,227,655	1,227,655	494,080
Operating transfers in	275,669	-	275,669	-
Operating transfers out	(70,000)	(1,100,000)	(1,170,000)	(506,632)
Net cash provided (used) by noncapital financing activities	205,669	127,655	333,324	(12,552)
Cash flows from investing activities:				
Interest on investments	738,885	1,095,087	1,833,972	2,142,490
Net cash provided by investing activities	738,885	1,095,087	1,833,972	2,142,490
Cash flows from capital and related financing activities:				
Loan principal payments	(200,004)	-	(200,004)	(16,667)
Certificates of participation principal payments	(920,000)	-	(920,000)	(255,000)
Bond principal and lease payments	(370,000)	(64,180)	(434,180)	(414,631)
Rent	50,152	-	50,152	3,076
Purchase of fixed assets	(4,158,442)	(1,145,434)	(5,303,876)	(7,969,054)
Proceeds from sale of fixed assets	99,896	70,835	170,731	304,252
Cash capital contributions	48,315	521,269	569,584	393,007
Notes receivable payments	26,641	-	26,641	6,556
Interest paid	(2,039,005)	(45,705)	(2,084,710)	(1,920,946)
Fiscal charges	(6,654)	-	(6,654)	(7,119)
Net cash (used) by capital and related financing activities	(7,469,101)	(663,215)	(8,132,316)	(9,876,526)
Net increase (decrease) in cash and cash equivalents (Note 1p)	(1,768,722)	7,383,841	5,615,119	(7,803,777)
Cash and cash equivalents, July 1,	18,619,440	22,739,023	41,358,463	49,162,240
Cash and cash equivalents, June 30,	\$ 16,850,718	\$ 30,122,864	\$ 46,973,582	\$ 41,358,463

(Continued)

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

Schedule A-5
Continued

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)	
			1998	1997
Operating income (loss)	\$ 2,303,162	\$ (574,940)	\$ 1,728,222	\$ 4,505,563
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	2,246,834	719,788	2,966,622	2,094,132
Amortization expense	48,732	-	48,732	48,732
Changes in assets and liabilities:				
(Increase) in taxes receivable	(13,626)	-	-	(48,793)
Decrease (increase) in accounts receivable	770,012	(38,118)	731,894	(413,482)
Decrease (increase) in accrued interest receivable	36,423	(50,838)	(14,415)	(157,341)
(Increase) in inter city loans receivable	-	(368,900)	(368,900)	-
Decrease (increase) in due from other funds	13,609	6,166,151	6,179,760	(6,524,990)
Decrease in inventory	-	32,859	32,859	11,624
Decrease (increase) in deposits	8,022	(1,682)	6,340	2,874
Increase (decrease) in accounts payable	(911,855)	417,477	(494,378)	319,685
Increase in accrued compensated absences	-	33,957	33,957	113,638
(Decrease) in accrued interest payable	(22,702)	-	(22,702)	(4,768)
Increase in inter city loan payable	39,143	-	39,143	-
Increase in other accrued liabilities	17,939	9,999	27,938	25,747
Increase in refundable deposits	12,786	-	12,786	25,724
Increase (decrease) in claims payable	-	478,561	478,561	(415,879)
Increase (decrease) in due to other funds	290,699	-	290,699	(353,401)
(Decrease) increase in deferred revenue	(83,353)	-	(83,353)	713,746
Total adjustments	2,452,663	7,399,254	9,851,917	(4,562,752)
Net cash provided (used) by operating activities	\$ 4,755,825	\$ 6,824,314	\$ 11,580,139	\$ (57,189)

Non-cash Investing, Capital, and Financing Activities:

Net book value of equipment transferred to the Equipment Rental (Internal Service) Fund from the General Fixed Asset Account Group was \$440,735

\$750,000 Intercity loan between the Water Utility (Enterprise) Fund and Community Project (Capital Projects) Fund was removed from the balance sheet due to a change in terms of the loan (See Note 21)

See accompanying notes to general purpose financial statements.

CITY OF GARDEN GROVE

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Year Ended June 30, 1998

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 generally accepted accounting principles 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.

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.

FIDUCIARY FUND

Agency Fund

The Agency Fund accounts for assets held by the City as an agent for individuals.

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*

Generally accepted accounting principles 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.

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 as if it were part of the primary government because the City Council, although acting in a different capacity, is the controlling authority. 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 if it were part of the primary government because the City Council, although acting in a different capacity, is the controlling authority. 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 Cable Corporation is reported as if it were part of the primary government because the City Council, although acting in a different capacity, is the controlling authority. 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.
4. The Garden Grove Sanitary District (the "Sanitary District") began operation in 1924 as a special district operating under 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 Garden Grove, Fountain Valley, Westminster and County of Orange unincorporated areas with sewage collection services, maintenance and cleaning of sewage collection lines, inspection of sewage lines built within the district by developers and the provision for trash and solid waste collection and disposal for residents and commercial establishments. The district became a subsidiary district and component unit of the city of Garden Grove on May 30, 1997. The Sanitary District is reported as if it were part of the primary government because the City Council, although acting in a different capacity, is the controlling authority. Council members approve the Sanitary District budget, and staffing is provided by the City.

Discretely Presented Component Unit:

1. The City of Garden Grove Library Corporation (the "Library Corporation") is a non-profit corporation established on September 21, 1967 for the purpose of financing and constructing a library building for lease to the City at no cost. The Library Corporation is governed by a Board of Directors appointed by the City Council

The Component Unit column in the Combined Financial Statements include the financial data of this component unit. It is reported in a separate column of the General Purpose Financial Statements to emphasize that it is legally separate from the City.

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.

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. Investments in the Deferred Compensation (Agency) Fund are stated at market value.

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 Equipment Rental (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	\$28,371,108
Less: Allowance for decline in value	<u>(3,018,117)</u>
Net Value	<u>\$25,352,991</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 \$1,000 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 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 generally accepted accounting principles 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 \$1,447,065. 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 constitute expenditures or liabilities. All unexpended appropriations at year-end lapse, unless they are specifically designated by City Council Resolution (See Note 11).

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, 1998, proceeds of taxes did not exceed allowable appropriations:

Gann Limit	\$59,121,600
Expenditures Subject to Gann Limit	\$29,618,800
Proceeds of Taxes Subject to Gann Limit	\$30,241,900

j. *Excess of Expenditures Over Appropriations*

For the current fiscal year, expenditures exceeded appropriations in the Main Library (Special Revenue) Fund by \$5,072. This overexpenditure was funded by available fund balance.

k. *Accrued Compensated Absences*

The City accounts for compensated absences (unpaid vacation and sick leave) in an Internal Service (Employee Benefits) Fund. Vacation accrues at 10 hours a month after 1 year, 12 hours a month after 9 years, and 14 hours a month after 14 years. The maximum an employee may accumulate is 336 hours. Accumulated vacation benefits, payable in future years when used by City employees, totaled \$2,063,118 at June 30, 1998.

The City has adopted a policy for payment of unused sick leave benefits. Sick leave is accumulated on the basis of 8 hours for each month of service. At retirement, a miscellaneous employee can be paid up to 850 hours at 35% of salary, fire employees can be paid up to 1200 hours at 25% of salary, and police employees can be paid up to 1000 hours at 25% of salary. A public safety employee who is eligible for disability retirement may use all of his accumulated sick leave before going on disability retirement.

The City's liability for sick leave, if all accumulated benefits at June 30, 1998 were payable in future years, would be \$6,438,809. However, studies have indicated that only 25 percent of accumulated sick leave is actually taken; therefore, the sick leave liability is estimated at 25 percent of the total accumulated benefit, or \$1,609,702.

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. Sanitary refuse collection accounts are billed quarterly, with the last quarterly billing completed in June for June, July and August. Because they are immaterial to total assets, retained earnings and revenues, City policy is not to record unbilled service receivables.

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.

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 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	5%
December 13	20%
December 20	20%
January 24	Balance of first installment
March 27	5%
April 19	30%
May 23	Balance of second installment
July 19	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 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 from those estimates.

2. **CASH, DEPOSITS & INVESTMENTS**

The Governmental Accounting Standards Board (GASB) 3 Statement 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-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 special fund of the California State Treasury through which local governments may pool investments. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. At June 30, 1998, the total market value of LAIF was \$31,932,227,970. The City's proportionate share of that value is \$17,326,734. Included in LAIF's investment portfolio are certain derivative securities or similar products such as structured notes totaling \$977,100,000 and asset-backed securities totaling \$388,537,000. LAIF's and the City's exposure to credit, market or legal risk is not currently available.

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, 1998

	Category			Bank Balances	Fair (Carrying) Value
	1	2	3		
Deposits:					
Banks:					
Demand accounts	\$ 535,178	\$ 3,024,097	\$ -	\$ 3,559,275	\$ 2,698,453
Total Deposits	\$ 535,178	\$ 3,024,097	\$ -	\$ 3,559,275	\$ 2,698,453
	Category			Not Categorized	
	1	2	3		
Investments:					
Federal Obligations:					
Federal Home Loan Bank	\$ 39,330,576	\$ -	\$ -	\$ -	\$ 39,330,576
Fiscal agent investments:					
U.S. Treasury Notes			4,572,767	-	4,572,767
Federal Home Loan Bank			2,858,710	-	2,858,710
Mutual Funds			3,144,377	-	3,144,377
Federal National Mortgage Association	10,106,172				10,106,172
Government National Mortgage Association	286,413				286,413
Commercial Paper	3,850,000				3,850,000
California Local Agency Investment Fund				17,326,734	17,326,734
Deferred Compensation				20,303,656	20,303,656
Total Investments	\$ 53,573,161	\$ -	\$ 10,575,854	\$ 37,630,390	101,779,405
Total Fair (Carrying) Value					\$ 104,477,858

Cash and Investments as reported in the accompanying combined balance sheet

Cash and investments - unrestricted	\$ 72,535,448
Cash and Investments with fiscal agent	30,698,157
Restricted cash	1,244,253
	<u>\$ 104,477,858</u>

The restricted cash of \$1,244,253 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 General Fund*

The General Fund has obtained a loan from the Water Enterprise Fund in the amount of \$1,098,288 to help finance the establishment of the Insurance (Internal Service) Fund.

b. *Loans to General Fund*

The General Fund has obtained loans from the Equipment Rental (Internal Service) Fund for the total amount of \$1,023,551 for the purpose of financing the following:

\$373,389	to finance the shared cost in the North Net Fire Training Computer Aided Dispatch Replacement Project. The current balance of this loan is \$191,789.
\$288,000	to finance the purchase of a new Fire Engine. The current balance of this loan is \$253,689.
\$248,218	to finance the replacement of 7 generators in the city's fire stations. The current balance of this loan is \$143,674.
\$113,944	to finance the installation of an energy management system in the municipal buildings located in the civic center. The current balance of this loan is \$113,944.

c. *Loan to Sanitary District Sewage Collection Fund*

The Sanitary District Sewage Collection Enterprise Fund has obtained a loan from the Equipment Rental (Internal Service) Fund in the amount of \$39,143 to help finance the purchase of a new sewer truck.

4. **DEPOSITS**

The deposit in the Other Federal, State, County Grants (Special Revenue) Fund in the amount of \$798,392 is a deposit with the State Treasurer Condemnation Fund. This deposit relates to an eminent domain case involving a redevelopment project in the City.

5. **NOTES RECEIVABLE**

- a. On June 29, 1989 in connection with an Affordable Housing Agreement, the Agency for Community Development Housing Set-Aside (Capital Projects) Fund has advanced \$250,000 to assist a developer in the rehabilitation of a multifamily residential building located within the City's Buena Clinton focus neighborhood for the purpose of providing low income housing opportunities for city residents. The note is secured by a deed of trust. In 1998 terms of repayment were renegotiated with a first amendment to this agreement being signed setting a fixed, fully amortized annual payment schedule. Repayment, including 7% interest, will be made annually, beginning December 1, 1998 and extending until December 1, 2012. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the Housing Set-Aside (Capital Projects) Fund. Deferred revenue will be recognized when received.

- b. On February 25, 1992 the Agency for Community Development entered into an Affordable Housing Agreement with a developer with respect to the rehabilitation of a 144 unit multifamily rental housing development know as the "Tudor Grove Project" located within the City. The Agency for Community Development Housing Set-Aside (Capital Projects) Fund loaned the developer \$912,138. On December 10, 1996 this agreement was amended to permit a forgiveness on an annual basis of \$30,404.60 covering the 30 year term of the loan. This forgiveness clause was made possible because the developer had entered into a 15 year U.S. Department of Housing and Urban Development Section 8 Housing Assistance Payments Program Project Based Assistance. This contract and its provisions ensured compliance with the terms and covenants of the Affordable Housing Agreement. Since the note reductions are not available for current expenditures, this note receivable is offset by deferred revenue in the Housing Set-Aside (Capital Projects) Fund. Deferred revenue will be recognized when received. The balance at June 30, 1998 is \$729,710.
- c. In December 1993, the Garden Grove Agency for Community Development entered into a sales/property tax guarantee agreement with Costco Wholesale Corp. for the sum of \$3.8 million. The Agreement calls for a credit against the agreement amount for the net sales tax from the new site for the first three years, the gross sales tax from years four through ten, and the net tax increment from the new site for ten years. Any balance remaining on the guarantee at the end of the ten year period will be forgiven. The balance at June 30, 1998 is \$2,731,949. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the Community Project (Capital Projects) Fund. Deferred revenue will be recognized when received.
- d. On August 23, 1995 in connection with an Affordable Housing Agreement dated May 9, 1995 and amended on July 25, 1995, the Agency for Community Development Housing Set-Aside (Capital Projects) Fund loaned a developer \$480,000 towards the purchase of an apartment complex. The loan is evidenced by an interest-free note which has no set term for repayment. The note is secured by a deed of trust which is subordinate only to two loans from a private lending source obtained by the developer for the acquisition and development of an apartment complex. Repayment of the note is dependent upon the developer's net profits (defined as gross income less operating expenses and deposits to the loan reserves required by private lender) from operations of the apartment complex and the developer's ability to use net profits to repay the private lender loans, reimburse themselves for eligible rehabilitation costs and retain a percentage of profit for themselves. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the Housing Set-Aside (Capital Projects) Fund. Deferred revenue will be recognized when received.

In connection with this same Affordable Housing Agreement, The Housing Set-Aside (Capital Projects) Fund has agreed to be the guarantor on one of the developer's private lender loans. The Agency has pledged as security for the guaranty \$275,000 per annum for a twelve year period. Any payments made by the agency on the guaranty will be added to the note receivable from the developer. As of June 30, 1998, the Agency had made two payments on the guaranty for a total of \$550,000.

Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the Housing Set-Aside (Capital Projects) Fund. Deferred revenue will be recognized when received.

- e. On February 23, 1996, the Agency for Community Development received a \$958,320 promissory note in connection with the sale of agency land. The note bears interest at 6.5% and interest starts to accrue on October 4, 1998. Principal and interest payments are due in seven annual installments of \$86,974 commencing October 4, 1998 and one final payment of \$796,568 on October 4, 2005. Since the note repayments are not available as a resource to meet current expenditures, fund balance in The Community Project (Capital Projects) Fund has been reserved for the amount of the note.

- f. In connection with a disposition and development agreement, the Agency for Community Development sold land to the Coast Community College District for \$1,750,000 on March 15, 1996. The agency received an "Application of Payments" document from the District which authorizes the Agency to apply all tax increment revenue due to the District, pursuant to the Agency's pass through agreement with the District (See note 21), to the payment of the purchase price of the land. The application of all future tax increment revenue due to the District constitutes payment in full of the purchase price, regardless of whether such revenues are more or less than the purchase price. The purchase price of the land was determined by calculating the net present value of the estimated tax increment revenue of approximately \$9,200,000 to be passed through to the District in accordance with the related pass through agreement. Since the related tax increment revenue is not available as a resource to meet current expenditures, fund balance in The Community Project (Capital Projects) Fund has been reserved for the outstanding balance of the note. At June 30, 1998, the outstanding balance on this note receivable was \$1,702,422.

- g. The Agency for Community Development holds several notes related to property rehabilitation loans. The terms of each note vary by circumstance, however, all notes are secured by a second trust deed on the related property. At June 30, 1998, the note receivable balances totaled \$205,524. 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. Deferred revenue will be recognized when received.

- h. A mortgage assistance program has been established for residents displaced as a result of the Trask Avenue Widening Program. The 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 residences. The terms of each note vary by circumstance. At June 30, 1998, the note receivable balances totaled \$114,133. 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. Deferred revenue will be recognized when received.

- i. In connection with an Affordable Housing Agreement, dated July 11, 1995, the Housing Set-Aside (Capital Projects) Fund has agreed to, in a note dated February 1, 1996, to provide financial assistance to a developer by pledging an amount not to exceed \$700,000 per annum to guaranty the repayment of bonds issued to finance the acquisition and rehabilitation costs associated with the Stuart Drive/Rose Garden Apartment Project. The bonds are scheduled to be fully amortized in 2025. This note is secured by a deed of trust with assignment of leases and rents, security agreement, financing statement, and fixture filing. The note amount is to be repaid quarterly, with a zero interest rate, until the note amount has been repaid in full by an amount equal to fifty percent (50%) of the net profits from each of the properties or fifty percent (50%) of the net sales proceeds from the sale or transfer of the property. The balance of this note receivable at June 30, 1998 totaled \$888,773. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the Housing Set-Aside (Capital Projects) Fund. Deferred revenue will be recognized when received.

An amendment to this affordable housing agreement was added in 1998 for the purpose of providing financing for the demolition of garages and construction of carports on several of the apartment buildings. The garages were not being used for parking, with various types of illegal activity taking place. It was determined that transition to carport structures would help alleviate undesirable activities as well as provide greater opportunities for police presence and enforcement. The Agency for Community Development has entered into this agreement for an additional amount of \$225,561. The balance of this note receivable at June 30, 1998 totaled \$2,695. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the Community Project (Capital Projects) Fund. Deferred revenue will be recognized when received.

- j. In connection with an Affordable Housing Agreement dated July 25, 1996, the Housing Set-Aside (Capital Projects) Fund has advanced the amount of \$87,000 to assist an owner to purchase and rehabilitate property located in the City. This loan is evidenced by a promissory note secured by a second trust deed to be repaid over a 15 year repayment schedule with interest at five percent (5%), deferred for two years. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the Housing Set-Aside (Capital Projects) Fund. Deferred revenue will be recognized when received.
- k. The Agency for Community Development has entered into a Commercial Rehabilitation Agreement in the amount of \$410,479 for the rehabilitation of a commercial shopping center located in the City. The loan is a zero interest loan payable at the end of five years. The loan will be credited with the equivalent amount of net new sales and property taxes generated from the site. Any balance remaining on the loan at the end of the five years will be due and payable immediately upon notice by the Agency. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the Community Project (Capital Projects) Fund. Deferred revenue will be recognized when received.

Notes to General Purpose Financial Statements (continued)

- l. \$99,000 has been advanced by the Agency for Community Development to a developer who has entered into a Participation Agreement for the development of a 100,000 square foot industrial park project located in the City. The full amount of the note including accrued interest at the rate of 6% will be due and payable two years from the date of the execution of the promissory note. Since the note repayment is not available for current expenditures, this note receivable is offset by deferred revenue in the Community Project (Capital Projects) Fund. Deferred revenue will be recognized when received.
- m. The Housing Set-Aside (Capital Projects) Fund has entered into an Affordable Housing Agreement dated April 23, 1996 and has advanced the amount of \$205,800 to assist a developer with project start up costs. The note is comprised of a 30 year, fixed rate loan with a compound interest rate of 4.5 percent beginning November 1, 1996. The note contains a provision that if the net operating income is insufficient to pay the full amount of the monthly payment, that the remaining unpaid portion will be added to the principal balance without bearing interest. The balance of this note receivable at June 30, 1998 totaled \$200,182. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the Housing Set-Aside (Capital Projects) Fund. Deferred revenue will be recognized when received.
- n. In connection with the same rehabilitation agreement the city's HOME funds, reflected in Other Federal, State and County Grant (Special Revenue) Funds, have advanced the amount of \$573,704 to a developer for the acquisition and rehabilitation of four eight-plex apartment buildings, totaling 32 units on Stuart Dr. This loan is evidenced by a non-interest bearing promissory note dated April 23, 1996. The loan is to be repaid out of the residual receipts generated by the project's cash flow. The City will receive 50% of the net profits until the loan is repaid. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the HOME (Special Revenue) Fund. Deferred revenue will be recognized when received. At June 30, 1998, the outstanding balance on this note receivable was \$571,464.
- o. An amendment to this Housing Rehabilitation Agreement was executed on April 22, 1998 and the developer was advanced an additional \$120,00 for additional rehabilitation requirements. The note bears no interest during the first five (5) years of the term. Sixty thousand Dollars (\$60,000) of the note amount is due and payable on the (5th) anniversary of the date of this note only if the owner is considered to be in default otherwise this amount will be forgiven. The remaining balance will be payable in monthly installments of \$660.40 during the 6th through 15th years of the term of this note until paid in full. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the HOME (Special Revenue) Fund. Deferred revenue will be recognized when received. At June 30, 1998, the outstanding balance on this note receivable was \$120,000 .
- p. An Affordable Housing Agreement has been entered into between the City, utilizing HOME funds which is reflected in Other Federal, State and County Grants (Special Revenue) Funds, with a developer to acquire, rehabilitate, and

operate twelve eight (8) unit apartment buildings in one of the focus neighborhoods within the City that has suffered from serious structural deterioration, overcrowding and high crime. The objective of the City's participation is to impose property maintenance standards, reduce occupancy levels through long term covenants on the property, facilitate rehabilitation to the units and maintain the supply of affordable housing units. The City has agreed to provide financial assistance to the developer in the total amount of \$1,302,000. The loan is a non-interest bearing junior lien which will be repaid from residual receipts generated from the project's monthly cash flow. The City will receive seventy-five (75%) of the net income until the loan is repaid. For the first two years or until the rehabilitation loan is funded, the City will hold its seventy-five (75%) portion for emergency repair costs. The balance of this note at June 30, 1998 is \$1,187,200. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the HOME (Special Revenue) Fund. Deferred revenue will be recognized when received.

- q. On July 12, 1994 a HOME Investment Partnership Agreement in the amount of \$195,750 was entered into between the City, utilizing HOME funds which is reflected in Other Federal, State and County Grants (Special Revenue) Funds, with a developer for the acquisition and rehabilitation of buildings in the City for the purpose of providing low income housing to City residents. No payments are required to be made upon the loan prior to the 15th anniversary and at that time if all the covenants, conditions and restrictions have been met, the loan will be forgiven. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the HOME (Special Revenue) Fund. Deferred revenue will be recognized when received.
- r. A Housing Rehabilitation Agreement has been entered into between the City, utilizing HOME funds which is reflected in Other Federal, State and County Grant (Special Revenue) Funds in the amount of \$166,600. This loan will be used for the purpose of rehabilitating three parcels containing a total of 24 apartment units, located within the City. One-half of the original note amount will be forgiven on the fifth (5th) anniversary of the date of this note if the owner is not in default of the agreement. The balance of the note that has not been forgiven shall be amortized and payable in monthly installments during the sixth (6th) through fifteenth (15th) year at an interest rate of 5.12 percent per annum, compounded annually during the term of the note. This note is secured by a deed of trust. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the HOME (Special Revenue) Fund. Deferred revenue will be recognized when received.
- s. As part of the implementation process of the solid waste recycling program, solid waste disposal barrels were purchased by The Garden Grove Sanitary District. 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%. The first executed on March 1, 1991 in the amount of \$98,632 is being repaid in 120 monthly installments in the amount of \$1,176 principal and interest. The second was executed on May 1, 1991 in the amount of \$28,274. It is being repaid in 120 monthly installments of \$337 principal and interest. The third was executed on November 1, 1991 in the amount of \$55,556 and is being repaid in 120 monthly

installments of \$662. The fourth was executed on April 14, 1992 in the amount of \$13,790. It is being repaid in 120 monthly installments of \$164 commencing May 1, 1992. The fifth was executed on February 26, 1993 in the amount of \$53,556 and is being repaid in 120 monthly installments of \$639. The sixth was executed on September 1, 1993 in the amount of \$25,141. It is being repaid in 120 monthly installments of \$300 principal and interest. The balance on all six notes at June 30, 1998 is \$121,868

6. FIXED ASSETS

The following presents a summary of the changes in general fixed assets for the year ended June 30, 1998:

	July 1 1997	Additions	Retirements	Transfer To Other Funds	June 30 1998
Land	\$ 13,851,511	\$ 4,501,638	\$ -	\$ -	\$ 18,353,149
Buildings	16,594,803	442,990	-	-	17,037,793
Other					
Improvements	7,090,343	97,383	-	-	7,187,726
Furniture and Equipment	6,180,879	1,252,005	-	(440,735)	6,992,149
Fire Training Authority Building	306,294	-	-	-	306,294
Total	<u>\$ 44,023,830</u>	<u>\$ 6,294,016</u>	<u>\$ -</u>	<u>\$ (440,735)</u>	<u>\$ 49,877,111</u>

A summary of proprietary funds fixed assets at June 30, 1998 follows:

	Enterprise	Internal Service
Land	\$ 12,203,423	\$ -
Buildings	690,186	-
Water utility plant	64,741,458	-
Sewer subsurface lines	7,111,403	-
Sewer pump stations	160,500	-
Improvements	561,316	-
Furniture and Equipment	595,755	2,509,623
Solid waste trucks and barrels	5,813,307	-
Automotive Equipment	-	8,747,048
Total	<u>91,877,348</u>	<u>11,256,671</u>
Less: Accumulated Depreciation	<u>(27,187,351)</u>	<u>(5,416,343)</u>
Net Fixed Assets	<u>\$ 64,689,997</u>	<u>\$ 5,840,328</u>

7. 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, 1997	\$ 2,853,543	\$ 104,569	\$ 2,958,112
Additions:			
Equipment (From General Fixed Assets Account Group)	440,735	-	440,735
Balance, June 30, 1998	<u>\$ 3,294,278</u>	<u>\$ 104,569</u>	<u>\$ 3,398,847</u>

WATER ENTERPRISE FUNDS

Balance, July 1, 1997	\$ 12,702,698
Cash contributions from developers	48,315
Balance, June 30, 1998	<u>\$ 12,751,013</u>

8. DEFERRED COMPENSATION PLANS

- a. On June 12, 1979, the City established the City of Garden Grove Deferred Compensation Plan, a plan whereby all full-time City employees have the option of deferring a portion of their earnings until retirement. Cash is transferred to a trustee who invests the money in various investment plans in accordance with employees' request. The market value of this plan at June 30, 1998 totaled \$19,569,608.
- b. On June 18, 1991, the City of Garden Grove Medical Premium Retirement Benefit Plan was established to provide a method whereby all full time City employees have the option of deferring a portion of their earnings until retirement to be used for the payment of health care premiums. The market value of this plan at June 30, 1998 totaled \$413,706.
- c. On January 1, 1992, the City of Garden Grove PTS Deferred Compensation Plan, a Group Fixed Annuity, was established to provide a retirement plan for all part-time seasonal and temporary employees not otherwise included in a local retirement system or included under Social Security. The establishment of this plan satisfied all requirements of Section 11332 of the Social Security Act which mandated retirement

benefits for all public sector employees. Contributions are made by the individual employees with the City being responsible only for the cost of administering the Plan. Upon termination/retirement, contributed funds plus accumulated interest are available for refunding to the employee either in a lump sum payment or a retirement annuity. The market value of this plan at June 30, 1998 totaled \$320,342.

Internal Revenue Code Section 457 requires that the assets in these plans remain the property of the employer until paid or made available to the participants, subject only to the claims of the City's general creditors. It is the opinion of the City's legal counsel that the City has no liability for losses under these plans but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The deferred compensation plans are accounted for in an Agency Fund.

9. OTHER DEFERRED REVENUE

Certain federal and state grants have advanced funds for project expenditures. These funds will not be taken into revenue until the corresponding expenditures are made. Such amounts are accounted for in the Special Revenue Funds and are classified as deferred revenue.

The deferred revenue in the Enterprise (Mobilehome Parks) Fund reflects prepaid storage fees of \$1,103.

10. CHANGES IN LONG TERM DEBT

a. Following is a summary of long term debt transactions for the City for the year ended June 30, 1998 (in thousands of dollars):

	General Long-Term Debt				Proprietary Funds				Component Unit	TOTAL
	Tax Allocation Bonds	Revenue Bonds	Agreements Payable	Lease Purchase Agreements	Revenue Bonds	Certificates Of Participation	Lease Purchase Agreements	Loan Payable	Revenue Bonds	
Balance July 1	\$ 59,185	\$ 3,410	\$ 25,630	\$ 1,454	\$ 19,323	\$ 18,005	\$ 64	\$ 634	\$ 72	\$ 127,777
New Debt Incurred	-	-	2,506	-	-	-	-	-	-	2,506
Discount amortization	-	-	-	-	5	3	-	-	-	8
Debt Retired	(1,015)	(275)	(2,268)	(479)	(370)	(920)	(64)	(201)	(35)	(5,627)
Balance June 30	\$ 58,170	\$ 3,135	\$ 25,868	\$ 975	\$ 18,958	\$ 17,088	\$ -	\$ 433	\$ 37	\$ 124,664

- b. General long-term debt at June 30, 1998 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 \$970,000 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.

<i>Total Tax Allocation Refunding Bonds Payable</i>	<u>\$58,170,000</u>
--	----------------------------

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 \$275,000 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%.

	<u>3,135,000</u>
--	------------------

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.

	9,000,000
--	-----------

\$3,200,000 Agency for Community Development Real Property Purchase Agreement payable in future equal annual installments of \$400,000 through 2001, bearing interest at

the actual average interest rate, not to exceed 12%, earned by the seller in the prior fiscal year for its investments.. 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. 13,250,000

\$788,800 Agency for Community Development Real Property Purchase Agreement bearing interest at the simple rate of 6.5% per annum, payable in 8 semi-annual installments of \$113,557 including interest beginning 1/17/98. 700,878

\$659,000 Agency for Community Development Real Property Purchase Agreement bearing interest at the rate of 7% per annum, payable in 2 payments as follows, plus interest: \$593,100 due 9/30/98 and \$65,900 due 12/30/98. 659,000

\$406,667 Agency for Community Development Real Property Purchase Agreement bearing interest at the simple rate of 7% per annum, payable in 2 payments as follows, plus interest: \$203,333 due 1/14/99 and \$203,334 due 1/14/00. 406,667

At June 30, 1998 the Agency for Community Development was involved in litigation to determine amounts due for real property acquired through eminent domain. The final judgement of the case in September 1998 determined that the Agency would be required to pay an additional amount of \$437,980 plus interest from September 1998 over amounts previously paid. 437,980

\$213,334 Agency for Community Development Real Property Purchase Agreement bearing interest at the simple rate of 7.5% per annum, payable in 2 payments as follows: \$118,811 due 3/5/99 and \$118,881 due 3/5/00. 213,334

Total Agreements Payable **25,867,859**

Lease-Purchase Agreements:

\$565,192 lease purchase of computer equipment and modular furniture for the new city hall payable in future monthly installments of \$11,160 including interest at 6.9% starting January, 1996 through December, 2000. 306,770

\$1,522,500 lease purchase of new telephone system and other equipment for the new city hall payable in future semi annual payments of \$180,768 including interest at 6.5% through June, 2000.

667,935

Total Lease Purchase Agreements

974,705

TOTAL GENERAL LONG TERM DEBT

88,147,564

- c. **Proprietary Funds Long-Term Debt at June 30, 1998 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%.

19,090,000

Less: Unamortized bond discount fees

-131,370

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	\$13,959,632
Non-operating revenues	<u>760,198</u>
Gross Revenues	14,719,830
Less: Operating expenses (excluding depreciation and fiscal charges)	<u>-12,361,599</u>
Net Revenues	<u>\$ 2,358,231</u>
Debt Service requirement for next bond year \$1,364,760 X 125%	<u>\$ 1,705,950</u>

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

Bond Defeasance:

In December 1993 the Water Enterprise set aside \$3.4 million (\$3 million in U.S. Government securities and \$0.4 million in cash) to defease \$1.3 million in 1967 Bonds Series A, B, and C. The Water Enterprise Fund is acting as its own escrow agent and has restricted both the securities and the cash. As a result, the 1967 Water Revenue Series bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group. As of June 30, 1997, \$95,000 of the defeased 1967 Water Revenue Series Bonds remains outstanding.

Total Revenue Bonds Payable

18,958,630

Certificates of Participation:

Mobilehome 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 mobilehome parks within the City (excluding the mobilehomes in such parks): Bahia Village Mobilehome Park located at 13096 Blackbird Street and Emerald Isle Mobilehome 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 \$255,000 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%.

14,880,000

Less: Unamortized COP discount fee

-71,832

Sanitary District Enterprise Fund:

Certificates of Participation, dated March 1, 1990 in the face amount of \$6,010,000 were issued by the Garden Grove Sanitary District Public Improvement Corporation to finance the purchase of recycling equipment. Interest is due semi-annually commencing at rates varying from 7.5-7.7 percent. Principal is due annually in amounts ranging from \$425,000 to \$815,000.

The equipment has been sold to the District under an Installment Sales Agreement and the Corporation has

assigned its right to receive payments under the Agreement to a trustee. The District has executed an Operating Agreement with Taormina Industries, Inc. to operate, maintain and acquire insurance on the equipment. Under terms of the Operating Agreement, Taormina Industries, Inc. is to pay as rent to the District one-twelfth (1/12) of the total annual installment payment due each month. The District, under the Installment Sales Agreement is to remit quarterly one-half (1/2) of the semi-annual interest payment and one-fourth (1/4) of the annual principal payment. Although the installment payments are not secured by the equipment of the sanitation system of the District, the operator must maintain an irrevocable stand-by letter of credit with a bank or other financial institution in an amount equal to the maximum annual installment payments required under the Installment Sales Agreement for the term of the Operating Agreement.

2,280,000

Total Certificates of Participation

17,088,168

Loan Payable-Sanitary District Enterprise Fund:

In connection with a fiscal year 1995 loss sustained on money invested in the Orange County Investment Pool, an unsecured loan was obtained from the Bank of America in the amount of \$1,000,000 on July 29, 1995. The note is repayable monthly in a fixed amount of principal of \$16,667 and interest on the unpaid balance at a variable rate which is currently 5.775% per annum.

Total Loan Payable

433,322

TOTAL PROPRIETARY FUNDS

LONG-TERM DEBT

36,480,120

- d. **Component Unit Long-Term Debt at June 30, 1998, consisted of the following individual item:**

Revenue Bonds Payable:

The City utilizes a method of financing certain fixed assets, primarily land and buildings, whereby a nonprofit corporation was established to issue revenue bonds, construct or acquire the fixed assets, then lease the assets to the City, using the lease payments to liquidate the revenue bonds. The lease is noncancellable, and ownership of the fixed assets reverts to the City upon expiration of the lease. The cost of leased assets represents the original cost of the leased facilities. There is no coverage requirements for these bonds.

Revenue consists of funds appropriated by the departments using the facilities.

\$555,000 Library Bonds due in future semi-annual installments of principal and interest ranging from \$18,940 to \$19,532 through May 1, 1999. The interest rate is 5.6%.

37,000

TOTAL LONG TERM DEBT

\$124,664,684

- e. The scheduled annual requirements to amortize all debt outstanding as of June 30, 1998, including interest payments of \$95,389 are as follows (in thousands of dollars):

Year Ending June 30	Tax Allocation Refunding Bonds	Revenue Bonds	Certificates Of Participation	Agreements Payable	Lease Purchase Agreements	Loan Payable	Total
1999	4,362	1,846	1,952	4,164	495	220	13,039
2000	4,360	1,804	1,943	3,205	496	208	12,016
2001	4,357	1,810	1,945	3,030	67	33	11,242
2002	4,356	1,806	1,099	2,326	-	-	9,587
2003	4,350	1,806	1,093	2,219	-	-	9,468
2004	4,350	1,803	1,095	2,220	-	-	9,468
2005	4,344	1,802	1,096	2,215	-	-	9,457
2006	4,343	1,799	1,095	2,219	-	-	9,456
2007	4,340	1,802	1,093	2,219	-	-	9,454
2008-24	73,196	22,957	18,450	12,264	-	-	126,867
	<u>\$ 112,358</u>	<u>\$ 39,235</u>	<u>\$ 30,861</u>	<u>\$ 36,081</u>	<u>\$ 1,058</u>	<u>\$ 461</u>	<u>\$ 220,054</u>

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

11. RESERVES OF FUND EQUITY

- a. Amounts reserved for encumbrances are commitments for materials and services on purchase orders.
- b. Amounts reserved for notes receivable indicate that note 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 1997-98 funds for specific projects which will not commence until Fiscal Year 1998-99.

- d. The reserve for land held for resale in the Community 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 Capital Projects Funds represent commitments for future year expenditures against the current balance available.
- f. Amount reserved for COP retirement in Sanitary District Enterprise Fund represents amount reserved for payment on Certificates of Participation.

12. FUND BALANCE - UNRESERVED

Amounts designated for subsequent years' expenditures are, by resolution, set-aside to finance a portion of the Fiscal Year 1998-99 budget.

13. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 1998 are:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Special Revenue Funds:		
Housing Authority Fund	\$ -	\$ 65,405
Air Quality Improvement Fund	-	40,637
Other Federal, State, County Grant Funds	-	1,382,069
Debt Service Funds:		
Buena-Clinton Project Fund	-	38
Community Projects Funds:		
Community Project Fund	61,221	-
Buena-Clinton Project Fund	38	-
Housing Set-Aside Fund	-	61,221
Enterprise Funds:		
Mobilehome Parks Fund	-	68,246
Sanitary District Fund	-	400,003
Internal Service Funds:		
Worker's Compensation Fund	1,956,360	-
Total	<u>\$ 2,017,619</u>	<u>\$ 2,017,619</u>

14. 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 \$4,977,217 for claims outstanding including claims incurred but not reported on June 30, 1998, which has been included under other accrued liabilities in the Workers Compensation Fund. The City has set aside \$350,000 as a catastrophic loss contingency, to be used in the event of an exorbitant judgment against the City. 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, 1998, in the amount of \$9,261,418 which has been included under other accrued liabilities in the Insurance Fund. The City has set aside \$3,375,000 as a catastrophic loss contingency, in the event of an exorbitant judgment against the City.

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, 1998. Changes in the aggregate liability for claims for fiscal year ended June 30, 1997 and June 30, 1998 are as follows:

	1998	1997
	<u>Worker's Compensation</u>	
Liability, July 1	\$ 6,029,912	\$ 6,048,495
Changes in estimate	(1,052,694)	(18,583)
Claim payments	-	-
Liability, June 30	<u>\$ 4,977,218</u>	<u>\$ 6,029,912</u>
	<u>General Liability</u>	
Liability, July 1	\$ 7,730,162	\$ 8,127,458
Changes in estimates	1,870,650	(106,602)
Claim payments	(339,394)	(290,694)
Liability, June 30	<u>\$ 9,261,418</u>	<u>\$ 7,730,162</u>

15. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

a. Plan Description

The City of Garden Grove's defined benefit pension plans, the Miscellaneous Plan of the City of Garden Grove and the Safety Plan of the City of Garden Grove, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan of the City of Garden Grove and the Safety Plan of the City of Garden Grove are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), 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, 1998 was \$8.792 for miscellaneous employees and \$10.740 for public safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

c. Annual Pension Cost

For the fiscal year ended June 30, 1998 the City of Garden Grove's annual pension cost of \$5,501,515 for PERS was equal to the City's required and actual contributions. The required contribution for fiscal year ended June 30, 1998 was determined as part of the June 30, 1995 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.5% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 4.5% to 14.95% for miscellaneous members and from 5.02% to 12.34% for safety members, and (c) 2% cost of living adjustment. Both (a) and (b) include an inflation component of 4.5%.

The actuarial value of the City of Garden Grove's assets was determined using a technique

that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The City of Garden Grove's unfunded actuarial accrued liability(or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at 6/30/98 is 18 years. Listed below is a schedule of funding trend information for the last three years.

Fiscal Year Ended	Annual Pension Cost	Percent of Annual Pension Cost Contributed	Net Pension Obligation
6/30/96	\$5,019,755	100%	0
6/30/97	5,502,058	100%	0
6/30/98	5,501,515	100%	0

FUNDED STATUS OF PLANS

Valuation Date	Entry Age Normal Accrued Liability	Actual Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability % of Payroll
Miscellaneous Plan						
6/30/94	\$ 54,521,849	\$ 53,165,266	\$ 1,356,583	97.5%	\$ 13,937,997	9.733%
6/30/95	57,769,936	57,930,038	(160,102)	100.3%	14,981,761	(1.069%)
6/30/96	65,807,050	65,536,166	270,884	99.6%	13,121,046	2.065%
Safety Plan						
6/30/94	\$ 92,850,745	\$ 93,577,195	\$ (726,450)	100.8%	\$ 13,148,602	(5.525%)
6/30/95	98,517,688	100,251,974	(1,734,286)	101.8%	14,061,215	(12.334%)
6/30/96	114,021,112	111,882,244	2,138,867	98.1%	15,016,845	14.243%

16. POSTEMPLOYMENT BENEFITS

In addition to the pension benefit described in Note 15, 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 156 have selected this option. The total yearly cost to the City for this benefit was \$29,568, which represents only 5.9 percent of the total yearly premium cost of \$497,350. The difference of \$467,782 was paid by the participating retirees.

17. 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.

18. 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, 1998, the City had not made any payments on this limited guarantee.

19. 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 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.

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 Mobilehome Parks Fund accounts for the operation of two mobilehome 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 and disposal and sewage services to all citizens.

	Water Utility	Mobilehome Parks	Sanitary District	Total
Operating revenues	\$ 13,959,632	\$ 1,454,841	\$ 7,992,220	\$ 23,406,693
Depreciation	1,389,777	80,742	776,315	2,246,834
Operating income(loss)	1,598,033	883,999	(178,870)	2,303,162
Operating transfer in	-	275,669	-	275,669
Operating transfer out	(750,000)	(70,000)	-	(820,000)
Net income (loss)	605,818	276,422	(287,703)	594,537
Fixed asset additions	4,142,650	11,289	4,503	4,158,442
Net working capital	11,252,625	1,251,885	(238,292)	12,266,218
Total assets	60,922,904	15,130,804	9,534,572	85,588,280
Revenue bonds payable, net	18,958,630	-	-	18,958,630
Certificates of participation payable, net	18,958,630	-	-	18,958,630
Total equity(deficit)	26,800,497	(94,151)	327,160	27,033,506

Sanitary District Retained Earnings(loss) detail:

Sewage Collection	796,727
Solid Waste Disposal	(469,567)
Total Sanitary District Fund Equity	<u>\$ 327,160</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 disallowances, if any, would be immaterial.

Intercity loans in the amount of \$3,005,601 and \$750,000 between the Agency for Community Development and the City's General Fund and Water Enterprise Fund were removed from the balance sheets as a payable in the Community Project (Capital Projects) Fund, and receivables in the General Fund, and Water Utility (Enterprise) Fund, respectively, because the terms were changed from payable on demand to payable only when funds were available in the Community Project (Capital Projects) Fund. There is no set repayment schedule.

22. 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, 1998 - \$530,000

23. 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's proportionate share in the authority is 26.67 percent. The City Council of each city appoints one representative to the three-member Board of Directors. Because the City is not financially accountable, the Authority is not considered part of the City's reporting entity. The City's share of the Authority's operating costs is included in the accompanying general purpose financial statements as expenditures of the General Fund. Revenue and expenditures are recognized on the modified accrual basis of accounting as described in Note 1c.

The amount of the City's equity interest in the Authority as of June 30, 1998 is \$306,294 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.

24. 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, 1998.

25. CONTINGENT ASSET

The City of Garden Grove has received a \$13.580 million dollar loan from the U.S. Department of Housing and Urban Development to acquire property for a Harbor Corridor Redevelopment Project. The Agency has pledged future tax increment funds to satisfy the City's obligations under the loan agreement with HUD.

(This page left blank intentionally)

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.

(This page left blank intentionally)

CITY OF GARDEN GROVE
GENERAL FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 1998 AND 1997

Schedule B-1

	1998	1997
ASSETS		
Cash and investments	\$ 6,980,569	\$ 4,703,571
Cash with fiscal agent	2,538,447	3,050,394
Taxes receivable	2,431,840	2,223,043
Accounts receivable	546,566	544,635
Accrued interest receivable	166,373	72,255
Reimbursement agreement receivable	-	2,938,075
Deposits	32,500	42,063
Total assets	\$ 12,696,295	\$ 13,574,036
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 2,225,442	\$ 1,419,545
Other accrued liabilities	942,575	733,445
Refundable deposits	763,835	726,996
Deferred revenue	149,436	120,871
Inter-city loans payable	1,801,434	1,471,677
Total liabilities	5,882,722	4,472,534
Fund Balance:		
Reserved:		
Reserved for encumbrances	371,691	345,255
Reserved for reimbursement agreement receivable	-	2,938,075
Reserved for continuing projects	1,694,490	2,366,162
Unreserved:		
Designated for subsequent years' expenditures	4,747,392	3,452,010
Total fund balance	6,813,573	9,101,502
Total liabilities and fund balance	\$ 12,696,295	\$ 13,574,036

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, 1998
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1997

	1998		Variance- Favorable (Unfavorable)	1997
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 26,386,360	\$ 26,241,094	\$ (145,266)	\$ 25,206,696
Licenses and permits	711,000	811,737	100,737	608,940
Fines, forfeits and penalties	631,000	682,313	51,313	585,873
From use of money and property	987,760	1,645,559	657,799	1,130,669
Charges for current services	6,006,651	6,167,030	160,379	5,975,665
From other agencies	6,755,380	7,191,424	436,044	6,592,194
Sale of land	-	-	-	259,116
Other	334,500	162,530	(171,970)	-
Total revenues	41,812,651	42,901,667	1,089,036	40,359,153
Expenditures:				
Current:				
Fire	10,734,481	10,075,492	658,989	9,491,770
Police	21,776,886	20,680,233	1,096,653	20,791,780
Traffic safety	489,658	382,816	106,842	404,294
Public right of way	2,407,937	2,595,751	(187,814)	2,674,617
Drainage	-	-	-	35,963
Community buildings	2,214,637	1,792,046	422,591	1,651,007
Community services	771,771	635,025	136,746	614,907
Parks and greenbelts	408,132	323,065	85,067	329,493
Community planning and development	2,151,550	2,025,502	126,048	1,710,950
Municipal support	5,539,130	3,934,407	1,604,723	3,778,955
Capital Outlay:				
Police	1,724,538	672,196	1,052,342	483,243
Public right of way	160,309	30,444	129,865	213,833
Drainage	42,394	938	41,456	-
Community buildings	179,200	109,911	69,289	-
Debt service:				
Principal retirement	379,968	379,968	-	285,808
Interest and fiscal charges	216,221	216,221	-	152,107
Total expenditures	49,196,812	43,854,015	5,342,797	42,618,727
Excess (deficiency) of revenues over (under) expenditures	(7,384,161)	(952,328)	6,431,833	(2,259,574)
Other financing sources(uses):				
Operating transfers in:				
Golf course fund	500,000	500,000	-	500,000
Mobilehome parks fund	70,000	70,000	-	70,000
Employee benefits fund	1,000,000	1,000,000	-	436,632
Equipment rental fund	100,000	100,000	-	-
Proceeds of long term debt	-	-	-	3,410,000
Operating transfers out:				
Community projects fund	(3,005,601)	(3,005,601)	-	-
Total other financing sources(uses)	(1,335,601)	(1,335,601)	-	4,416,632
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(8,719,762)	(2,287,929)	6,431,833	2,157,058
Fund balance, July 1	9,101,502	9,101,502	-	6,944,444
Fund balance, June 30	\$ 381,740	\$ 6,813,573	\$ 6,431,833	\$ 9,101,502

SPECIAL REVENUE FUNDS

Public Safety Fund

Funds received from the City's share of drug forfeit and seizure money and funds received from the state under SB172 are accounted for in this fund and are used to support police, fire, and emergency medical services.

State Gas Tax Fund

State gasoline taxes received by the City are accounted for in this fund. Moneys received are 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 Gold Course and for debt service payments applicable to the purchase of the course.

Self-Supporting Revenue Fund

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

Park Fees Fund

The City's revenues from park development fees are accounted for in this fund. The proceeds from these fees are restricted for use in park development.

Traffic Mitigation Fees Fund

Traffic Mitigation fees collected on new developments within the City are recorded in this fund and used to alleviate any traffic problems that may be created by the new development.

Cultural Arts Fees Fund

This fund was established to account for fees paid by developers to be used for cultural arts projects and programs within the City.

Drainage Fees Fund

Drainage fees collected on new developments within the City are recorded in this fund. This fund was created to alleviate drainage problems within the City.

Kaiser Capital Fund

This fund was established to finance certain off-site street work necessitated by the proposed construction of a hospital complex at the intersection of Euclid St. and Chapman Ave. The developer has deposited funds with the City to pay the costs.

**SPECIAL REVENUE FUNDS
(Continued)**

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 federal housing grants are accounted for in this fund. A Housing Authority Board appointed by the City Council oversees the operation.

Garden Grove Cable Fund

This fund represents a grant from a private cable corporation of 2% of its revenues. 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 park maintenance on City parks. Revenues for this fund are received from property taxes collected by the County of Orange.

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 for money 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.

(This page left blank intentionally)

CITY OF GARDEN GROVE
SPECIAL REVENUE FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR JUNE 30, 1997

	Public Safety	State Gas Tax	Golf Course	Self Supporting Revenue	Park Fees	Traffic Mitigation Fees	Cultural Arts Fees	Drainage Fees	Kaiser Capital
ASSETS									
Cash and investments	\$ 2,726,796	\$ 3,087,309	\$ 344,494	\$ 50,003	\$ 217,476	\$ 1,181,722	\$ 28,035	\$ 516,350	\$ 179,945
Cash with fiscal agent	-	-	-	-	-	-	-	-	-
Taxes receivable	30,905	214,741	-	-	-	-	-	-	-
Accounts receivable	-	6,245	1,637	5,255	-	-	-	-	-
Accrued interest receivable	35,150	39,418	-	-	3,348	12,972	251	4,938	-
Notes receivable	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-
Total assets	\$ 2,792,851	\$ 3,347,713	\$ 346,131	\$ 55,258	\$ 220,824	\$ 1,194,694	\$ 28,286	\$ 521,288	\$ 179,945
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ 83,972	\$ -	\$ 25,481	\$ 30,994	\$ 18,590	\$ -	\$ 645	\$ -
Other accrued liabilities	198	42,362	-	19,604	990	889	-	1,150	-
Refundable deposits	20,263	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	5,043	-	-	-	-	-	-
Total liabilities	20,461	126,334	5,043	45,085	31,984	19,479	-	1,795	-
Fund balances:									
Reserved:									
Reserved for encumbrances	103,396	149,009	-	488	41,319	28,467	-	-	-
Reserved for continuing projects	2,269,266	1,922,855	-	-	-	341,328	-	194,485	-
Unreserved:									
Designated for subsequent years' expenditures	399,728	1,149,515	341,088	9,685	147,521	805,420	28,286	325,008	179,945
Undesignated	-	-	-	-	-	-	-	-	-
Total fund balances	2,772,390	3,221,379	341,088	10,173	188,840	1,175,215	28,286	519,493	179,945
Total liabilities and fund balances	\$ 2,792,851	\$ 3,347,713	\$ 346,131	\$ 55,258	\$ 220,824	\$ 1,194,694	\$ 28,286	\$ 521,288	\$ 179,945

Main Library	Housing Authority	Garden Grove Cable	Street Lighting	Park Maintenance	Main Street Vehicle Parking District	Air Quality Improvement	Other Federal State, County Grants	Totals	
								1998	1997
\$ 110,617	\$ 1,305,763	\$ 95,879	\$ 1,020,211	\$ 21,099	\$ 211,785	\$ -	\$ 5,496,548	\$ 16,594,032	\$ 14,516,099
-	-	-	-	-	-	-	-	-	13,579,950
-	-	-	29,115	9,615	20	-	225,359	509,755	551,585
7,085	857,546	55,917	1,329	-	-	44,136	1,455,753	2,434,903	3,100,389
-	-	1,506	-	-	2,762	-	133,876	234,221	77,854
-	-	-	-	-	-	-	2,241,014	2,241,014	1,933,722
-	-	-	-	-	-	-	798,392	798,392	5,300,030
<u>\$ 117,702</u>	<u>\$ 2,163,309</u>	<u>\$ 153,302</u>	<u>\$ 1,050,655</u>	<u>\$ 30,714</u>	<u>\$ 214,567</u>	<u>\$ 44,136</u>	<u>\$ 10,350,942</u>	<u>\$ 22,812,317</u>	<u>\$ 39,059,629</u>
\$ -	\$ 9,674	\$ 1,930	\$ 153,734	\$ 9,391	\$ 722	\$ 1,302	\$ 379,978	\$ 716,413	\$ 10,396,843
-	1,927,633	4,248	2,698	21,323	-	253	30,090	2,051,438	239,799
-	160,597	-	-	-	-	-	61,898	242,758	156,672
-	65,405	-	-	-	-	40,637	1,382,069	1,488,111	7,958,570
-	-	-	-	-	-	-	2,519,829	2,524,872	2,047,769
-	2,163,309	6,178	156,432	30,714	722	42,192	4,373,864	7,023,592	20,799,653
-	-	3,076	28,977	-	-	-	1,433,332	1,788,064	6,253,668
-	-	10,884	479,668	-	-	-	-	5,218,486	4,570,603
117,702	-	-	385,578	-	213,845	-	4,543,746	8,647,067	7,242,470
-	-	133,164	-	-	-	1,944	-	135,108	193,235
117,702	-	147,124	894,223	-	213,845	1,944	5,977,078	15,788,725	18,259,976
<u>\$ 117,702</u>	<u>\$ 2,163,309</u>	<u>\$ 153,302</u>	<u>\$ 1,050,655</u>	<u>\$ 30,714</u>	<u>\$ 214,567</u>	<u>\$ 44,136</u>	<u>\$ 10,350,942</u>	<u>\$ 22,812,317</u>	<u>\$ 39,059,629</u>

CITY OF GARDEN GROVE
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1997

	Public Safety	State Gas Tax	Golf Course	Self Supporting Revenue	Park Fees	Traffic Mitigation Fees	Cultural Arts Fees	Drainage Fees	Kaiser Capital
Revenues:									
Taxes	\$ 414,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	31,398	-	-
Fines, forfeits and penalties	96,272	-	-	-	-	-	-	-	-
From use of money and property	148,487	185,265	-	-	13,725	65,714	662	22,249	-
Charges for current services	-	-	616,479	553,281	137,364	336,525	11,000	46,112	-
From other agencies	-	2,761,128	-	-	-	-	-	-	-
Other	-	-	40	239	-	-	-	-	-
Total revenues	659,391	2,946,393	616,519	553,520	151,089	402,239	43,060	68,361	-
Expenditures:									
Current:									
Fire	-	-	-	-	-	-	-	-	-
Police	168,268	-	-	-	-	-	-	-	-
Traffic safety	-	163,038	-	-	-	-	-	-	-
Public right of way	-	1,815,358	-	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-	-	-	-
Community services	-	-	-	560,202	-	-	-	-	-
Parks and greenbelts	-	-	37,361	-	-	-	23,000	-	-
Community planning and development	-	-	-	-	-	-	-	-	-
Municipal support	65,000	-	-	-	-	-	-	-	-
Capital outlay:									
Traffic safety	-	-	-	-	-	287,112	-	-	-
Public right of way	-	267,405	-	-	-	82,382	-	-	-
Drainage	-	532,717	-	-	-	-	-	60,427	-
Community buildings	11,352	-	-	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	93,561	-	-	-	-
Community planning and development	-	-	-	-	-	504	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	244,620	2,778,518	37,361	560,202	93,561	369,998	23,000	60,427	-
Excess (deficiency) of revenues over (under) expenditures	414,771	167,875	579,158	(6,682)	57,528	32,241	20,060	7,934	-
Other financing sources (uses):									
Operating transfers out - General fund	-	-	(500,000)	-	-	-	-	-	-
Proceeds from long term debt	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(500,000)	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	414,771	167,875	79,158	(6,682)	57,528	32,241	20,060	7,934	-
Fund balances, July 1	2,357,619	3,053,504	261,930	16,855	131,312	1,142,974	8,226	511,559	179,945
Fund balances, June 30	\$ 2,772,390	\$ 3,221,379	\$ 341,088	\$ 10,173	\$ 188,840	\$ 1,175,215	\$ 28,286	\$ 519,493	\$ 179,945

Main Library	Housing Authority	Garden Grove Cable	Street Lighting	Park Maintenance	Main Street Vehicle Parking District	Air Quality Improvement	Other Federal State, County Grants	Totals	
								1998	1997
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,632	\$ 354,813
-	-	-	-	-	-	-	2,100	33,498	22,664
-	-	-	-	-	-	-	-	96,272	122,476
-	109,650	7,920	3,000	-	12,851	108	448,956	1,018,587	827,017
-	-	210,192	1,324,582	655,846	27,711	-	-	3,919,092	3,960,016
-	11,883,826	-	-	-	-	165,765	7,273,247	22,083,966	26,563,093
-	21,798	4,400	-	-	-	-	174,197	200,674	208,096
-	12,015,274	222,512	1,327,582	655,846	40,562	165,873	7,898,500	27,766,721	32,058,175
-	-	-	-	-	-	-	14,782	14,782	48,119
-	-	-	-	-	-	-	337,817	506,085	741,171
-	-	-	1,059,357	-	-	-	-	1,222,395	1,375,104
-	-	-	10,294	-	38,832	2,397	76,792	1,943,673	2,374,331
5,072	-	-	-	-	-	-	60,887	65,959	76,742
-	-	268,623	-	-	-	-	145,869	974,694	911,205
-	-	-	-	655,846	-	-	-	716,207	756,275
-	11,997,802	-	-	-	-	-	1,179,711	13,177,513	15,559,819
-	17,472	-	38,543	-	-	195,384	1,571,017	1,887,416	1,401,788
-	-	-	89,908	-	-	51,253	131,950	560,223	860,269
-	-	-	107,219	-	-	-	1,289,413	1,746,419	3,074,232
-	-	-	-	-	-	-	4,617	597,761	519,630
-	-	-	-	-	-	-	298,900	310,252	3,860
-	-	-	-	-	-	-	100,105	193,666	22,009
-	-	-	-	-	-	-	4,565,407	4,565,911	10,017,744
-	-	-	-	-	-	-	541,867	541,867	-
-	-	-	-	-	-	-	713,149	713,149	-
5,072	12,015,274	268,623	1,305,321	655,846	38,832	249,034	11,032,283	29,737,972	37,742,298
(5,072)	-	(46,111)	22,261	-	1,730	(83,161)	(3,133,783)	(1,971,251)	(5,684,123)
-	-	-	-	-	-	-	-	(500,000)	(500,000)
-	-	-	-	-	-	-	-	-	13,580,000
-	-	-	-	-	-	-	-	(500,000)	13,080,000
(5,072)	-	(46,111)	22,261	-	1,730	(83,161)	(3,133,783)	(2,471,251)	7,395,877
122,774	-	193,235	871,962	-	212,115	85,105	9,110,861	18,259,976	10,864,099
\$ 117,702	\$ -	\$ 147,124	\$ 894,223	\$ -	\$ 213,845	\$ 1,944	\$ 5,977,078	\$ 15,788,725	\$ 18,259,976

CITY OF GARDEN GROVE
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 1998

	Public Safety			State Gas Tax		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ 400,000	\$ 414,632	\$ 14,632	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	187,245	96,272	(90,973)	-	-	-
From use of money and property	12,755	148,487	135,732	62,000	185,265	123,265
Charges for current services	-	-	-	-	-	-
From other agencies	-	-	-	2,788,000	2,761,128	(26,872)
Other	-	-	-	-	-	-
Total revenues	600,000	659,391	59,391	2,850,000	2,946,393	96,393
Expenditures:						
Current:						
Fire	-	-	-	-	-	-
Police	923,457	168,268	755,189	-	-	-
Traffic safety	-	-	-	175,532	163,038	12,494
Public right of way	-	-	-	1,864,468	1,815,358	49,110
Community buildings	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
Municipal support	65,000	65,000	-	-	-	-
Capital outlay:						
Police	1,573,028	-	1,573,028	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	933,690	267,405	666,285
Drainage	-	-	-	2,126,698	532,717	1,593,981
Community buildings	150,000	11,352	138,648	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	2,711,485	244,620	2,466,865	5,100,388	2,778,518	2,321,870
Excess (deficiency) of revenues over (under) expenditures	(2,111,485)	414,771	2,526,256	(2,250,388)	167,875	2,418,263
Other financing (uses):						
Operating transfer out:						
General fund	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(2,111,485)	414,771	2,526,256	(2,250,388)	167,875	2,418,263
Fund balances, July 1	2,357,619	2,357,619	-	3,053,504	3,053,504	-
Fund balances, June 30	\$ 246,134	\$ 2,772,390	\$ 2,526,256	\$ 803,116	\$ 3,221,379	\$ 2,418,263

(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, 1998

Schedule C-3
Continued

	Golf Course			Self Supporting Revenue		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	-	-	-	-	-	-
Charges for current services	575,000	616,479	41,479	513,616	553,281	39,665
From other agencies	-	-	-	-	-	-
Other	-	40	40	4,000	239	(3,761)
Total revenues	<u>575,000</u>	<u>616,519</u>	<u>41,519</u>	<u>517,616</u>	<u>553,520</u>	<u>35,904</u>
Expenditures:						
Current:						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Community services	-	-	-	605,956	560,202	45,754
Parks and greenbelts	55,030	37,361	17,669	-	-	-
Community planning and development	-	-	-	-	-	-
Municipal support	-	-	-	-	-	-
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	-	-	-	-	-	-
Total expenditures	<u>55,030</u>	<u>37,361</u>	<u>17,669</u>	<u>605,956</u>	<u>560,202</u>	<u>45,754</u>
Excess (deficiency) of revenues over (under) expenditures	<u>519,970</u>	<u>579,158</u>	<u>59,188</u>	<u>(88,340)</u>	<u>(6,682)</u>	<u>81,658</u>
Other financing (uses):						
Operating transfer out:						
General fund	(500,000)	(500,000)	-	-	-	-
Total other financing uses	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	19,970	79,158	59,188	(88,340)	(6,682)	81,658
Fund balances, July 1	<u>261,930</u>	<u>261,930</u>	<u>-</u>	<u>16,855</u>	<u>16,855</u>	<u>-</u>
Fund balances, June 30	<u>\$ 281,900</u>	<u>\$ 341,088</u>	<u>\$ 59,188</u>	<u>\$ (71,485)</u>	<u>\$ 10,173</u>	<u>\$ 81,658</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, 1998

Schedule C-3
Continued

	Park Fees			Traffic Mitigation Fees		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	2,500	13,725	11,225	-	65,714	65,714
Charges for current services	47,500	137,364	89,864	180,000	336,525	156,525
From other agencies	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>50,000</u>	<u>151,089</u>	<u>101,089</u>	<u>180,000</u>	<u>402,239</u>	<u>222,239</u>
Expenditures:						
Current:						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
Municipal support	-	-	-	-	-	-
Capital outlay:						
Police	-	-	-	-	-	-
Traffic safety	-	-	-	565,315	287,112	278,203
Public right of way	-	-	-	180,065	82,382	97,683
Drainage	-	-	-	34,620	-	34,620
Community buildings	-	-	-	-	-	-
Parks and greenbelts	144,790	93,561	51,229	-	-	-
Community planning and development	-	-	-	504	504	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>144,790</u>	<u>93,561</u>	<u>51,229</u>	<u>780,504</u>	<u>369,998</u>	<u>410,506</u>
Excess (deficiency) of revenues over (under) expenditures	(94,790)	57,528	152,318	(600,504)	32,241	632,745
Other financing (uses):						
Operating transfer out:						
General fund	-	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(94,790)	57,528	152,318	(600,504)	32,241	632,745
Fund balances, July 1	<u>131,312</u>	<u>131,312</u>	<u>-</u>	<u>1,142,974</u>	<u>1,142,974</u>	<u>-</u>
Fund balances, June 30	<u>\$ 36,522</u>	<u>\$ 188,840</u>	<u>\$ 152,318</u>	<u>\$ 542,470</u>	<u>\$ 1,175,215</u>	<u>\$ 632,745</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, 1998

Schedule C-3
Continued

	Cultural Arts Fees			Drainage Fees		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	30,000	31,398	1,398	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	4,000	662	(3,338)	19,200	22,249	3,049
Charges for current services	16,000	11,000	(5,000)	29,200	46,112	16,912
From other agencies	-	-	-	-	-	-
Other	-	-	-	1,600	-	(1,600)
Total revenues	50,000	43,060	(6,940)	50,000	68,361	18,361
Expenditures:						
Current:						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Parks and greenbelts	29,000	23,000	6,000	-	-	-
Community planning and development	-	-	-	-	-	-
Municipal support	-	-	-	-	-	-
Capital outlay:						
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Drainage	-	-	-	254,912	60,427	194,485
Community buildings	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	157,104	-	157,104
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	29,000	23,000	6,000	412,016	60,427	351,589
Excess (deficiency) of revenues over (under) expenditures	21,000	20,060	(940)	(362,016)	7,934	369,950
Other financing (uses):						
Operating transfer out:						
General fund	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	21,000	20,060	(940)	(362,016)	7,934	369,950
Fund balances, July 1	8,226	8,226	-	511,559	511,559	-
Fund balances, June 30	\$ 29,226	\$ 28,286	\$ (940)	\$ 149,543	\$ 519,493	\$ 369,950

(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, 1998

Schedule C-3
Continued

	Kaiser Capital			Main Library		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	-	-	-	-	-	-
Charges for current services	-	-	-	-	-	-
From other agencies	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
Expenditures:						
Current:						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Community buildings	-	-	-	-	5,072	(5,072)
Community services	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
Municipal support	-	-	-	-	-	-
Capital outlay:						
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Drainage	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	179,945	-	179,945	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	179,945	-	179,945	-	5,072	(5,072)
Excess (deficiency) of revenues over (under) expenditures	(179,945)	-	179,945	-	(5,072)	(5,072)
Other financing (uses):						
Operating transfer out:						
General fund	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(179,945)	-	179,945	-	(5,072)	(5,072)
Fund balances, July 1	179,945	179,945	-	122,774	122,774	-
Fund balances, June 30	\$ -	\$ 179,945	\$ 179,945	\$ 122,774	\$ 117,702	\$ (5,072)

(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, 1998

Schedule C-3
Continued

	Housing Authority			Garden Grove Cable		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	-	109,650	109,650	10,813	7,920	(2,893)
Charges for current services	-	-	-	190,187	210,192	20,005
From other agencies	13,851,766	11,883,826	(1,967,940)	-	-	-
Other	-	21,798	21,798	-	4,400	4,400
Total revenues	13,851,766	12,015,274	(1,836,492)	201,000	222,512	21,512
Expenditures:						
Current:						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Community buildings	-	-	-	5,000	-	5,000
Community services	-	-	-	275,597	268,623	6,974
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	13,832,078	11,997,802	1,834,276	-	-	-
Municipal support	19,688	17,472	2,216	-	-	-
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	-	-	-	-	-	-
Total expenditures	13,851,766	12,015,274	1,836,492	280,597	268,623	11,974
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(79,597)	(46,111)	33,486
Other financing (uses):						
Operating transfer out:						
General fund	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	-	-	-	(79,597)	(46,111)	33,486
Fund balances, July 1	-	-	-	193,235	193,235	-
Fund balances, June 30	\$ -	\$ -	\$ -	\$ 113,638	\$ 147,124	\$ 33,486

(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, 1998

Schedule C-3
Continued

	Street Lighting			Park Maintenance		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	-	3,000	3,000	-	-	-
Charges for current services	1,289,200	1,324,582	35,382	676,604	655,846	(20,758)
From other agencies	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>1,289,200</u>	<u>1,327,582</u>	<u>38,382</u>	<u>676,604</u>	<u>655,846</u>	<u>(20,758)</u>
Expenditures:						
Current:						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	1,222,197	1,059,357	162,840	-	-	-
Public right of way	10,170	10,294	(124)	-	-	-
Community buildings	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Parks and greenbelts	-	-	-	676,604	655,846	20,758
Community planning and development	-	-	-	-	-	-
Municipal support	38,355	38,543	(188)	-	-	-
Capital outlay:						
Police	-	-	-	-	-	-
Traffic safety	578,066	89,908	488,158	-	-	-
Public right of way	111,888	107,219	4,669	-	-	-
Drainage	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>1,960,676</u>	<u>1,305,321</u>	<u>655,355</u>	<u>676,604</u>	<u>655,846</u>	<u>20,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(671,476)</u>	<u>22,261</u>	<u>693,737</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing (uses):						
Operating transfer out						
General fund	-	-	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	<u>(671,476)</u>	<u>22,261</u>	<u>693,737</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, July 1	<u>871,962</u>	<u>871,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, June 30	<u>\$ 200,486</u>	<u>\$ 894,223</u>	<u>\$ 693,737</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, 1998

Schedule C-3
Continued

	Main Street/Vehicle Parking District			Air Quality Improvement		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	7,500	12,851	5,351	6,600	108	(6,492)
Charges for current services	28,500	27,711	(789)	-	-	-
From other agencies	-	-	-	160,000	165,765	5,765
Other	-	-	-	-	-	-
Total revenues	36,000	40,562	4,562	166,600	165,873	(727)
Expenditures:						
Current:						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	53,000	38,832	14,168	2,397	2,397	-
Community buildings	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
Municipal support	-	-	-	182,450	195,384	(12,934)
Capital outlay:						
Police	-	-	-	-	-	-
Traffic safety	-	-	-	77,953	51,253	26,700
Public right of way	-	-	-	-	-	-
Drainage	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	53,000	38,832	14,168	262,800	249,034	13,766
Excess (deficiency) of revenues over (under) expenditures	(17,000)	1,730	18,730	(96,200)	(83,161)	13,039
Other financing (uses):						
Operating transfer out:						
General fund	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(17,000)	1,730	18,730	(96,200)	(83,161)	13,039
Fund balances, July 1	212,115	212,115	-	85,105	85,105	-
Fund balances, June 30	\$ 195,115	\$ 213,845	\$ 18,730	\$ (11,095)	\$ 1,944	\$ 13,039

(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, 1998

Schedule C-3
Continued

	Other Federal, State, County Grants			Totals		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 400,000	\$ 414,632	\$ 14,632
Licenses and permits	-	2,100	2,100	30,000	33,498	3,498
Fines, forfeits and penalties	-	-	-	187,245	96,272	(90,973)
From use of money and property	-	448,956	448,956	125,368	1,018,588	893,220
Charges for current services	-	-	-	3,545,807	3,919,092	373,285
From other agencies	14,324,332	7,273,247	(7,051,085)	31,124,098	22,083,966	(9,040,132)
Other	-	174,197	174,197	5,600	200,674	195,074
Total revenues	14,324,332	7,898,500	(6,425,832)	35,418,118	27,766,721	(7,651,397)
Expenditures:						
Current:						
Fire	24,104	14,782	9,322	24,104	14,782	9,322
Police	480,920	337,817	143,103	1,404,377	506,085	898,292
Traffic safety	-	-	-	1,397,729	1,222,395	175,334
Public right of way	218,590	76,792	141,798	2,148,625	1,943,673	204,952
Community buildings	449,755	60,887	388,868	454,755	65,959	388,796
Community services	180,677	145,869	34,808	1,062,230	974,694	87,536
Parks and greenbelts	-	-	-	760,634	716,207	44,427
Community planning and development	2,556,679	1,179,711	1,376,968	16,388,757	13,177,513	3,211,244
Municipal support	1,936,102	1,571,017	365,085	2,241,595	1,887,416	354,179
Capital outlay:						
Police	1,678,655	-	1,678,655	3,251,683	-	3,251,683
Traffic safety	1,287,069	131,950	1,155,119	2,508,403	560,223	1,948,180
Public right of way	5,700,187	1,289,413	4,410,774	6,925,830	1,746,419	5,179,411
Drainage	144,480	4,617	139,863	2,560,710	597,761	1,962,949
Community buildings	381,990	298,900	83,090	531,990	310,252	221,738
Parks and greenbelts	492,672	100,105	392,567	637,462	193,666	443,796
Community planning and development	-	-	-	-	-	-
Community planning and development	5,457,091	4,565,407	891,684	5,794,644	4,565,911	1,228,733
Debt service:						
Principal retirement	541,867	541,867	-	541,867	541,867	-
Interest and fiscal charges	713,149	713,149	-	713,149	713,149	-
Total expenditures	22,243,987	11,032,283	11,211,704	49,348,544	29,737,972	19,610,572
Excess (deficiency) of revenues over (under) expenditures	(7,919,655)	(3,133,783)	4,785,872	(13,930,426)	(1,971,251)	11,959,175
Other financing (uses):						
Operating transfer out:						
General fund	-	-	-	(500,000)	(500,000)	-
Total other financing uses	-	-	-	(500,000)	(500,000)	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(7,919,655)	(3,133,783)	4,785,872	(14,430,426)	(2,471,251)	11,959,175
Fund balances, July 1	9,110,861	9,110,861	-	18,259,976	18,259,976	-
Fund balances, June 30	\$ 1,191,206	\$ 5,977,078	\$ 4,785,872	3,829,550	\$ 15,788,725	\$ 11,927,406

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.

(This page left blank intentionally)

CITY OF GARDEN GROVE
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR JUNE 30, 1997

Schedule D-1

	Community	Buena-Clinton	Totals	
	Project	Project	1998	1997
ASSETS				
Cash and investments	\$ 127,582	\$ -	\$ 127,582	\$ 373,570
Cash and investments with fiscal agents	4,387,057	-	4,387,057	4,590,104
Taxes receivable	54,093	38	54,131	64,127
Total assets	\$ 4,568,732	\$ 38	\$ 4,568,770	\$ 5,027,801
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 181,675	\$ -	\$ 181,675	\$ 436,613
Due to capital projects fund	-	38	38	1,084
Total liabilities	181,675	38	181,713	437,697
Fund balances:				
Reserved for debt service	4,387,057	-	4,387,057	4,590,104
Total liabilities and fund balances	\$ 4,568,732	\$ 38	\$ 4,568,770	\$ 5,027,801

CITY OF GARDEN GROVE
DEBT SERVICE FUNDS

Schedule D-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1997

	Community Project	Buena-Clinton Project	Totals	
			1998	1997
Revenues:				
Taxes	\$ 6,703,106	\$ 134,391	\$ 6,837,497	\$ 7,491,875
From use of money and property	31,826	-	31,826	193,740
From other agencies	37,623	-	37,623	37,784
Total revenues	<u>6,772,555</u>	<u>134,391</u>	<u>6,906,946</u>	<u>7,723,399</u>
Expenditures:				
Principal retirement	1,015,000	-	1,015,000	970,000
Interest and fiscal charges	3,353,104	-	3,353,104	3,399,550
Total expenditures	<u>4,368,104</u>	<u>-</u>	<u>4,368,104</u>	<u>4,369,550</u>
Excess of revenues over expenditures	<u>2,404,451</u>	<u>134,391</u>	<u>2,538,842</u>	<u>3,353,849</u>
Other Financing (Uses):				
Operating transfer out: Capital projects funds	<u>(2,607,498)</u>	<u>(134,391)</u>	<u>(2,741,889)</u>	<u>(3,410,770)</u>
Excess of revenues over expenditures and other financing uses	<u>(203,047)</u>	<u>-</u>	<u>(203,047)</u>	<u>(56,921)</u>
Fund balances, July 1	<u>4,590,104</u>	<u>-</u>	<u>4,590,104</u>	<u>4,647,025</u>
Fund balances, June 30	<u>\$ 4,387,057</u>	<u>\$ -</u>	<u>\$ 4,387,057</u>	<u>\$ 4,590,104</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.

(This page left blank intentionally)

CITY OF GARDEN GROVE
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR JUNE 30, 1997

Schedule E-1

	Community Project	Buena-Clinton Project	Housing Set-Aside	Totals	
				1998	1997
ASSETS					
Cash and investments	\$ 5,947,899	\$ 5,522	\$ 615,269	\$ 6,568,690	\$ 19,399,843
Taxes receivable	-	-	13,533	13,533	16,032
Accounts receivable	4,699,347	-	246	4,699,593	438,772
Accrued interest receivable	147,708	2,929	18,399	169,036	282,765
Notes receivable	6,206,706	-	3,203,481	9,410,187	4,399,456
Due from debt service fund	38	-	-	38	-
Due from capital projects fund	61,221	-	-	61,221	2,308,471
Land held for resale	27,189,467	-	1,181,641	28,371,108	28,638,615
Allowance for decline in value of land held for resale	(3,018,117)	-	-	(3,018,117)	(4,738,666)
Deposits	-	-	-	-	1,815,910
Total assets	\$ 41,234,269	\$ 8,451	\$ 5,032,569	\$ 46,275,289	\$ 52,561,198
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 73,585	\$ 73,585	\$ 513,751
Other accrued liabilities	-	-	11,541	11,541	6,929
Refundable deposits	-	-	-	-	72,723
Due to capital project fund	-	-	61,221	61,221	2,307,386
Deferred revenue	5,248,385	-	3,203,481	8,451,866	1,697,494
Loan payable	-	-	-	-	750,000
Reimbursement agreement payable	-	-	-	-	2,938,075
Total liabilities	5,248,385	-	3,349,828	8,598,213	8,286,358
Fund balances:					
Reserved:					
Reserved for encumbrances	413,762	-	-	413,762	2,019,123
Reserved for notes receivable	958,320	-	-	958,320	2,795,693
Reserved for continuing projects	847,934	-	-	847,934	11,165,385
Reserved for land held for resale	24,171,350	-	1,181,641	25,352,991	23,899,949
Reserved for contractual commitments	9,594,518	8,451	501,100	10,104,069	4,394,690
Total fund balances	35,985,884	8,451	1,682,741	37,677,076	44,274,840
Total liabilities and fund balances	\$ 41,234,269	\$ 8,451	\$ 5,032,569	\$ 46,275,289	\$ 52,561,198

CITY OF GARDEN GROVE

Schedule E-2

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 1998

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1997

	Community	Buena-Clinton	Housing	Totals	
	Project	Project	Set-Aside	1998	1997
Revenues:					
Taxes	\$ -	\$ -	\$ 1,709,374	\$ 1,709,374	\$ 1,869,458
From use of money and property	1,932,978	12,541	55,362	2,000,881	2,007,113
From other agencies	-	-	9,405	9,405	9,446
Sale of land	6,161,355	-	2,376,226	8,537,581	5,306,742
Other	-	-	174,968	174,968	392,336
Total revenues	8,094,333	12,541	4,325,335	12,432,209	9,585,095
Expenditures:					
Capital outlay:					
Police	-	139,288	-	139,288	131,868
Traffic safety	10,232	-	-	10,232	67,526
Public right of way	767,268	-	-	767,268	190,173
Drainage	64,319	-	-	64,319	53,126
Community buildings	1,618	-	-	1,618	189,861
Community services	6,000	-	-	6,000	-
Parks and greenbelts	-	-	-	-	110,000
Community planning and development	11,471,691	566	1,657,163	13,129,420	7,419,423
Municipal support	236,656	-	66,218	302,874	282,709
Cost of land sold	7,708,425	-	3,576,102	11,286,527	6,104,029
Debt service:					
Principal retirement	1,400,000	-	450,000	1,850,000	3,050,000
Interest and fiscal charges	94,502	-	17,605	112,107	583,163
Total expenditures	21,760,711	139,854	5,769,088	27,669,653	18,181,878
Excess (deficiency) of revenues over (under) expenditures	(13,666,378)	(127,313)	(1,443,753)	(15,237,444)	(8,596,783)
Other financing sources (uses):					
Operating transfer in:					
Debt service funds	2,607,498	134,391	-	2,741,889	3,410,770
General fund	3,005,601	-	-	3,005,601	-
Water enterprise fund	750,000	-	-	750,000	-
Operating transfer out:					
Mobilehome parks fund	-	-	(275,669)	(275,669)	(494,080)
Proceeds from long term debt	2,417,859	-	-	2,417,859	600,000
Total other financing sources (uses)	8,780,958	134,391	(275,669)	8,639,680	3,516,690
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(4,885,420)	7,078	(1,719,422)	(6,597,764)	(5,080,093)
Fund balances, July 1	40,871,304	1,373	3,402,163	44,274,840	49,354,933
Fund balances, June 30	\$ 35,985,884	\$ 8,451	\$ 1,682,741	\$ 37,677,076	\$ 44,274,840

CITY OF GARDEN GROVE
 CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 1998

Schedule E-3
 Continued

	Community Project		Variance- Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ -	\$ -	\$ -
From use of money and property	1,250,000	1,932,978	682,978
From other agencies	-	-	-
Sale of land	-	6,161,355	6,161,355
Other	-	-	-
Total revenues	1,250,000	8,094,333	6,844,333
Expenditures:			
Capital outlay:			
Police	-	-	-
Traffic safety	10,232	10,232	-
Public right of way	754,372	767,268	(12,896)
Drainage	156,128	64,319	91,809
Community buildings	10,053	1,618	8,435
Community services	6,000	6,000	-
Community planning and development	20,652,607	11,471,691	9,180,916
Municipal support	247,555	236,656	10,899
Cost of land sold	-	7,708,425	(7,708,425)
Debt service:			
Principal retirement	1,400,000	1,400,000	-
Interest and fiscal charges	94,502	94,502	-
Total expenditures	23,331,449	21,760,711	1,570,738
Excess (deficiency) of revenues over (under) expenditures	(22,081,449)	(13,666,378)	8,415,071
Other financing sources (uses):			
Operating transfer in:			
Debt service funds	2,607,498	2,607,498	-
General fund	-	3,005,601	3,005,601
Water enterprise fund	-	750,000	750,000
Operating transfer out:			
Mobilehome parks fund	-	-	-
Proceeds from long term debt	-	2,417,859	2,417,859
Total other financing sources (uses)	2,607,498	8,780,958	6,173,460
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(19,473,951)	(4,885,420)	14,588,531
Fund balances, July 1	40,871,304	40,871,304	-
Fund balances, June 30	\$ 21,397,353	\$ 35,985,884	\$ 14,588,531

(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, 1998

Schedule E-3
 Continued

	Buena-Clinton Project			Housing Set-Aside		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 2,018,000	\$ 1,709,374	\$ (308,626)
From use of money and property	5,000	12,541	7,541	100,000	55,362	(44,638)
From other agencies	-	-	-	10,000	9,405	(595)
Sale of land	-	-	-	-	2,376,226	2,376,226
Other	-	-	-	250,000	174,968	(75,032)
Total revenues	5,000	12,541	7,541	2,378,000	4,325,335	1,947,335
Expenditures:						
Capital outlay:						
Police	173,740	139,288	34,452	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Drainage	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Community planning and development	41,260	566	40,694	2,722,128	1,657,163	1,064,965
Municipal support	-	-	-	65,000	66,218	(1,218)
Cost of land sold	-	-	-	-	3,578,102	(3,578,102)
Debt service:						
Principal retirement	-	-	-	450,000	450,000	-
Interest and fiscal charges	-	-	-	17,605	17,605	-
Total expenditures	215,000	139,854	75,146	3,254,733	5,769,088	(2,514,355)
Excess (deficiency) of revenues over (under) expenditures	(210,000)	(127,313)	82,687	(876,733)	(1,443,753)	(567,020)
Other financing sources (uses):						
Operating transfer in:						
Debt service funds	134,391	134,391	-	-	-	-
General fund	-	-	-	-	-	-
Water enterprise fund	-	-	-	-	-	-
Operating transfer out:						
Mobilehome parks fund	-	-	-	(275,669)	(275,669)	-
Proceeds from long term debt	-	-	-	-	-	-
Total other financing sources (uses)	134,391	134,391	-	(275,669)	(275,669)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(75,609)	7,078	82,687	(1,152,402)	(1,719,422)	(567,020)
Fund balances, July 1	1,373	1,373	-	3,402,163	3,402,163	-
Fund balances, June 30	\$ (74,236)	\$ 8,451	\$ 82,687	\$ 2,249,761	\$ 1,682,741	\$ (567,020)

(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, 1998

Schedule E-3
 Continued

	Totals		
	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:			
Taxes	\$ 2,018,000	\$ 1,709,374	\$ (308,626)
From use of money and property	1,355,000	2,000,881	645,881
From other agencies	10,000	9,405	(595)
Sale of land	-	8,537,581	8,537,581
Other	250,000	174,968	(75,032)
Total revenues	3,633,000	12,432,209	8,799,209
Expenditures:			
Capital outlay:			
Police	173,740	139,288	34,452
Traffic safety	10,232	10,232	-
Public right of way	754,372	767,268	(12,896)
Drainage	156,128	64,319	91,809
Community buildings	10,053	1,618	8,435
Community services	6,000	6,000	-
Community planning and development	23,415,995	13,129,420	10,286,575
Municipal support	312,555	302,874	9,681
Cost of land sold	-	11,286,527	(11,286,527)
Debt service:			
Principal retirement	1,850,000	1,850,000	-
Interest and fiscal charges	112,107	112,107	-
Total expenditures	26,801,182	27,669,653	(868,471)
Excess (deficiency) of revenues over (under) expenditures	(23,168,182)	(15,237,444)	7,930,738
Other financing sources (uses):			
Operating transfer in:			
Debt service funds	2,741,889	2,741,889	-
General fund	-	3,005,601	3,005,601
Water enterprise fund	-	750,000	750,000
Operating transfer out:			
Mobilehome parks fund	(275,669)	(275,669)	-
Proceeds from long term debt	-	2,417,859	2,417,859
Total other financing sources (uses)	2,466,220	8,639,680	6,173,460
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(20,701,962)	(6,597,764)	14,104,198
Fund balances, July 1	44,274,840	44,274,840	-
Fund balances, June 30	\$ 23,572,878	\$ 37,677,076	\$ 14,104,198

(This page left blank intentionally)

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 revenues of the water utility.

Mobilehome Parks Fund

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

(This page left blank intentionally)

**CITY OF GARDEN GROVE
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998**

Schedule F-1

WITH COMPARATIVE TOTALS FOR JUNE 30, 1997

	Water Utility	Mobilehome Parks	Sanitary District	Totals	
				1998	1997
ASSETS					
Current assets:					
Cash and investments	\$ 10,513,983	\$ 344,945	\$ 1,282,783	\$ 12,141,711	\$ 13,696,190
Cash with fiscal agent	1,308,840	1,549,870	606,044	3,464,754	3,003,427
Taxes receivable	-	-	79,967	79,967	66,341
Accounts receivable	954,267	19,036	538,923	1,512,226	2,282,238
Accrued interest receivable	155,011	34,821	274	190,106	226,530
Intercity loans receivable -					
Capital projects funds	-	-	-	-	750,000
General fund	1,098,288	-	-	1,098,288	1,098,288
Notes receivable, current portion	-	-	31,144	31,144	26,641
Due from other funds	-	-	-	-	13,609
Deposits	15,000	-	-	15,000	23,022
Total current assets	14,045,389	1,948,672	2,539,135	18,533,196	21,186,286
Restricted cash	1,235,070	-	9,183	1,244,253	1,919,823
Notes receivable, less current portion	-	-	90,724	90,724	121,868
Fixed assets:					
Land	499,103	11,695,000	9,320	12,203,423	12,203,423
Buildings	76,186	614,000	-	690,186	690,186
Water utility plant	64,741,458	-	-	64,741,458	60,634,328
Sewer subsurface lines	-	-	7,111,403	7,111,403	7,111,403
Sewer pump stations	-	-	160,500	160,500	160,500
Improvements	-	561,316	-	561,316	550,026
Solid waste trucks and barrels	-	-	5,813,307	5,813,307	5,768,971
Furniture and equipment	475,026	-	120,729	595,755	591,648
Less: accumulated depreciation	(20,543,598)	(324,024)	(6,319,729)	(27,187,351)	(24,924,529)
Total fixed assets	45,248,175	12,546,292	6,895,530	64,689,997	62,785,956
Deferred issuance costs	394,270	635,840	-	1,030,110	1,070,836
Total assets	\$ 60,922,904	\$ 15,130,804	\$ 9,534,572	\$ 85,588,280	\$ 87,084,769
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts payable	\$ 1,943,875	\$ 2,130	\$ 652,409	\$ 2,598,414	\$ 3,510,269
Accrued interest payable	41,347	345,147	59,149	445,643	468,345
Inter city loan payable	-	-	39,143	39,143	-
Other accrued liabilities	106,508	-	11,604	118,112	100,173
Refundable deposits	321,034	161	8,383	329,578	316,792
Due to other funds	-	68,246	400,003	468,249	177,550
Deferred revenue	-	1,103	701,732	702,835	786,188
Loan payable, current portion	-	-	200,004	200,004	200,004
Revenue bonds payable, current portion	380,000	-	-	380,000	370,000
Certificates of participation, current portion	-	280,000	705,000	985,000	920,000
Total current liabilities	2,792,764	696,787	2,777,427	6,266,978	6,849,321
Long-term liabilities:					
Loan payable, less current portion	-	-	233,318	233,318	433,322
Certificates of participation payable, less current portion	-	14,528,168	1,575,000	16,103,168	17,085,314
Revenue bonds payable, less current portion	18,578,630	-	-	18,578,630	18,953,478
Total long-term liabilities	18,578,630	14,528,168	1,808,318	34,915,116	36,472,114
Total liabilities	21,371,394	15,224,955	4,585,745	41,182,094	43,321,435
Fund equity (deficit):					
Contributed capital	12,751,013	-	4,621,667	17,372,680	17,324,365
Retained earnings (deficit):					
Reserved for COP retirement	-	-	188,883	188,883	188,883
Reserved for capital improvements	-	-	-	-	-
Reserved for bond retirement	52,529	-	-	52,529	52,529
Reserved for continuing projects	1,926,514	-	-	1,926,514	1,833,306
Unreserved	24,821,454	(94,151)	138,277	24,865,580	24,364,251
Total retained earnings (deficit)	26,800,497	(94,151)	327,160	27,033,506	26,438,969
Total fund equity (deficit)	39,551,510	(94,151)	4,948,827	44,406,186	43,763,334
Total liabilities and fund equity	\$ 60,922,904	\$ 15,130,804	\$ 9,534,572	\$ 85,588,280	\$ 87,084,769

CITY OF GARDEN GROVE
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1997

Schedule F-2

	Water Utility	Mobilehome Parks	Sanitary District	Totals	
				1998	1997
Operating revenues:					
Water sales	\$ 13,889,699	\$ -	\$ -	\$ 13,889,699	\$ 14,651,312
Mobilehome parks operation	-	1,454,841	-	1,454,841	1,304,803
Solid waste disposal fees	-	-	5,471,536	5,471,536	515,308
Property assessments	-	-	1,480,018	1,480,018	26,585
Equipment lease	-	-	882,483	882,483	-
Other	69,933	-	158,183	228,116	73,975
Total operating revenues	13,959,632	1,454,841	7,992,220	23,406,693	16,571,983
Operating expenses:					
Salaries and wages	2,279,374	-	446,701	2,726,075	2,783,179
Contractual services	3,803,273	-	6,905,751	10,709,024	2,937,666
Materials and supplies	336,878	-	42,323	379,201	738,856
Water production expenses	4,531,684	-	-	4,531,684	5,545,009
Mobilehome parks on-site operation	-	461,981	-	461,981	502,572
Depreciation	1,389,777	80,742	776,315	2,246,834	1,394,275
Amortization	20,613	28,119	-	48,732	48,732
Total operating expenses	12,361,599	570,842	8,171,090	21,103,531	13,950,289
Operating income(loss)	1,598,033	883,999	(178,870)	2,303,162	2,621,694
Nonoperating revenues (expenses):					
Interest income	660,302	19,101	59,482	738,885	1,098,491
Rent	-	-	50,152	50,152	3,076
Loss on sale of assets	-	-	(7,568)	(7,568)	(1,310,447)
Gain on sale of assets	99,896	-	-	99,896	-
Gain on acquisition of property	-	-	-	-	1,585,596
Interest expense	(998,804)	(829,302)	(210,899)	(2,039,005)	(1,903,298)
Fiscal charges	(3,609)	(3,045)	-	(6,654)	(7,119)
Total nonoperating revenues (expenses)	(242,215)	(813,246)	(108,833)	(1,164,294)	(533,701)
Income (loss) before operating transfers	1,355,818	70,753	(287,703)	1,138,868	2,087,993
Operating transfers:					
Transfer from other funds:					
Housing set aside fund	-	275,669	-	275,669	494,080
Transfer to other funds:					
Community projects fund	(750,000)	-	-	(750,000)	-
General fund	-	(70,000)	-	(70,000)	(70,000)
Total operating transfers	(750,000)	205,669	-	(544,331)	424,080
Net Income (loss)	605,818	276,422	(287,703)	594,537	2,512,073
Retained earnings (deficit), July 1	26,194,679	(370,573)	614,863	26,438,969	23,926,896
Retained earnings (deficit), June 30	\$ 26,800,497	\$ (94,151)	\$ 327,160	\$ 27,033,506	\$ 26,438,969

CITY OF GARDEN GROVE
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1997

Schedule F-3

	Water	Mobilehome	Sanitary	Totals	
	Utility	Parks	District	1998	1997
Cash flows from operating activities:					
Cash received from users	\$ 14,165,610	\$ 1,448,416	\$ 8,580,469	\$ 24,194,495	\$ 17,245,751
Cash received from quasi-external transactions	-	-	386,394	386,394	11,942
Cash used by quasi-external transactions	-	-	-	-	(378,952)
Cash paid to suppliers	(9,269,155)	(561,867)	(7,267,967)	(17,098,989)	(9,886,441)
Cash paid to employees	(2,279,374)	-	(446,701)	(2,726,075)	(2,773,984)
Net cash provided by operating activities	2,617,081	886,549	1,252,195	4,755,825	4,218,316
Cash flows from noncapital financing activities:					
Operating transfers in - Housing set aside fund	-	275,669	-	275,669	494,080
Operating transfers out - General fund	-	(70,000)	-	(70,000)	(70,000)
Net cash provided by noncapital financing activities	-	205,669	-	205,669	424,080
Cash flows from investing activities:					
Interest on investments	660,302	19,101	59,482	738,885	1,061,660
Cash flows from capital and related financing activities:					
Loan principal payments	-	-	(200,004)	(200,004)	(16,667)
Certificates of participation principal payments	-	(265,000)	(655,000)	(920,000)	(255,000)
Bond principal payments	(370,000)	-	-	(370,000)	(355,000)
Rent	-	-	50,152	50,152	3,076
Purchase of fixed assets	(4,142,650)	(11,289)	(4,503)	(4,158,442)	(7,531,927)
Proceeds from sale of assets	99,896	-	-	99,896	283,649
Cash capital contributions	48,315	-	-	48,315	(3,289)
Notes receivable payments	-	-	26,641	26,641	6,556
Interest paid	(998,804)	(829,302)	(210,899)	(2,039,005)	(1,857,539)
Fiscal charges	(3,609)	(3,045)	-	(6,654)	(7,119)
Net cash (used) by capital and related financing activities	(5,366,852)	(1,108,636)	(993,613)	(7,469,101)	(9,733,260)
Net increase (decrease) in cash and cash equivalents	(2,089,469)	2,683	318,064	(1,768,722)	(4,029,204)
Cash and cash equivalents, July 1,	15,147,362	1,892,132	1,579,946	18,619,440	22,648,644
Cash and cash equivalents, June 30,	\$ 13,057,893	\$ 1,894,815	\$ 1,898,010	\$ 16,850,718	\$ 18,619,440

(Continued)

RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED
BY OPERATING ACTIVITIES

Schedule F-3
Continued

	Water Utility	Mobilehome Parks	Sanitary District	Totals	
				1998	1997
Operating Income (loss)	\$ 1,598,033	\$ 883,999	\$ (178,870)	\$ 2,303,162	\$ 2,621,694
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	1,389,777	80,742	776,315	2,246,834	1,394,275
Amortization expense	20,613	28,119	-	48,732	48,732
Changes in assets and liabilities:					
(Increase) in taxes receivable	-	-	(13,626)	(13,626)	(48,793)
Decrease (increase) in accounts receivable	183,126	(5,346)	592,232	770,012	(425,475)
Decrease (increase) in accrued interest receivable	22,850	(1,080)	14,653	36,423	(48,975)
Decrease (increase) in due from other funds	-	-	13,609	13,609	(13,609)
Decrease (increase) in deposits	-	-	8,022	8,022	(3,307)
(Decrease) increase in accounts payable	(626,271)	558	(286,142)	(911,855)	212,464
(Decrease) in accrued interest payable	(585)	(4,748)	(17,369)	(22,702)	(4,768)
Increase in inter city loan payable	-	-	39,143	39,143	-
Increase in other accrued liabilities	16,752	-	1,187	17,939	28,670
Increase in refundable deposits	12,786	-	-	12,786	25,724
(Decrease) increase in due to other funds	-	(95,695)	386,394	290,699	(353,401)
(Decrease) increase in deferred revenue	-	-	(63,353)	(83,353)	785,085
Total adjustments	1,019,048	2,550	1,431,065	2,452,663	1,596,622
Net cash provided by operating activities	\$ 2,617,081	\$ 886,549	\$ 1,252,195	\$ 4,755,825	\$ 4,218,316

Non-cash investing, capital, and financing activities:

\$750,000 Intercity loan between the Water Utility (Enterprise) Fund and Community Project (Capital Projects) Fund was removed from the balance sheet due to a change in terms of the loan (See Note 21)

**CITY OF GARDEN GROVE
WATER ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 1998 AND 1997**

Schedule F-4

	1998	1997
ASSETS		
Current assets:		
Cash and investments	\$ 10,513,983	\$ 12,425,765
Cash with fiscal agent	1,308,840	1,403,248
Accounts receivable	954,267	1,137,393
Accrued interest receivable	155,011	177,861
Inter city loans receivable -		
Capital projects funds	-	750,000
General fund	1,098,288	1,098,288
Deposits	15,000	15,000
Total current assets	14,045,389	17,007,555
Restricted cash	1,235,070	1,318,349
Water plant in service:		
Land	499,103	499,103
Buildings	76,186	76,186
Utility plant	64,741,458	60,634,328
Furniture and equipment	475,026	441,681
Less: accumulated depreciation	(20,543,598)	(19,155,996)
Total water plant in service	45,248,175	42,495,302
Deferred issuance costs	394,270	409,731
Total assets	\$ 60,922,904	\$ 61,230,937
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,943,875	\$ 2,570,146
Accrued interest payable	41,347	41,932
Other accrued liabilities	106,508	89,756
Refundable deposits	321,034	308,248
Revenue bonds payable - current portion	380,000	370,000
Total current liabilities	2,792,764	3,380,082
Long-term liabilities:		
Revenue bonds payable - less current portion	18,578,630	18,953,478
Total liabilities	21,371,394	22,333,560
Fund equity:		
Contributed capital	12,751,013	12,702,698
Retained earnings:		
Reserved for bond retirement	52,529	52,529
Reserved for continuing projects	1,926,514	1,833,306
Unreserved	24,821,454	24,308,844
Total retained earnings	26,800,497	26,194,679
Total fund equity	39,551,510	38,897,377
Total liabilities and fund equity	\$ 60,922,904	\$ 61,230,937

**CITY OF GARDEN GROVE
WATER ENTERPRISE FUND**

Schedule F-5

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEARS ENDED JUNE 30, 1998 AND 1997**

	1998	1997
Operating revenues:		
Water sales	\$ 13,889,699	\$ 14,651,312
Other	69,933	-
Total operating revenues	13,959,632	14,651,312
Operating expenses:		
Salaries and wages	2,279,374	2,750,890
Contractual services	3,803,273	2,402,144
Materials and supplies	336,878	738,229
Water production expenses	4,531,684	5,545,009
Depreciation	1,389,777	1,254,359
Amortization	20,613	20,613
Total operating expenses	12,361,599	12,711,244
Operating income	1,598,033	1,940,068
Nonoperating revenues (expenses):		
Interest income	660,302	982,361
Gain on disposal of assets	99,896	275,149
Interest expense	(998,804)	(1,012,115)
Fiscal charges	(3,609)	(4,034)
Total nonoperating revenues, (expenses)	(242,215)	241,361
Income before operating transfer	1,355,818	2,181,429
Operating transfers:		
Transfer to capital projects fund	(750,000)	-
Total operating transfers	(750,000)	-
Net income	605,818	2,181,429
Retained earnings, July 1	26,194,679	24,013,250
Retained earnings, June 30	\$ 26,800,497	\$ 26,194,679

CITY OF GARDEN GROVE
WATER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 1998 AND 1997

Schedule F-6

	1998	1997
Cash flows from operating activities:		
Cash received from users	\$ 14,165,610	\$ 14,693,830
Cash paid to suppliers	(9,269,155)	(8,821,697)
Cash paid to employees	(2,279,374)	(2,750,889)
Net cash provided by operating activities	2,617,081	3,121,244
Cash flows from investing activities:		
Interest on Investments	660,302	982,361
Cash flows from capital and related financing activities:		
Bond principal payments	(370,000)	(355,000)
Purchase of fixed assets	(4,142,650)	(7,499,122)
Proceeds from sale of assets	99,896	275,149
Cash capital contributions	48,315	26,395
Interest paid	(998,804)	(1,012,115)
Fiscal charges	(3,609)	(4,034)
Net cash (used) by capital and related financing activities	(5,366,852)	(8,568,727)
Net (decrease) in cash and cash equivalents	(2,089,469)	(4,465,122)
Cash and cash equivalents, July 1,	15,147,362	19,612,484
Cash and cash equivalents, June 30,	\$ 13,057,893	\$ 15,147,362

(Continued)

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

Schedule F-6
Continued

	1998	1997
Operating income	\$ 1,598,033	\$ 1,940,068
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,389,777	1,254,359
Amortization expense	20,613	20,613
Changes in assets and liabilities:		
Decrease in accounts receivable	183,126	95,827
Decrease (increase) in accrued interest receivable	22,850	(53,309)
(Decrease) in accounts payable	(626,271)	(181,525)
(Decrease) in accrued interest payable	(585)	(518)
Increase in other accrued liabilities	16,752	19,296
Increase in refundable deposits	12,786	26,433
Total adjustments	1,019,048	1,181,176
Net cash provided by operating activities	\$ 2,617,081	\$ 3,121,244

Non-cash financing activity:

\$750,000 inter city loan between the Water Utility and Community Project (Capital Projects) Fund was removed from the balance sheet due to a change in terms of the loan (See Note 21)

CITY OF GARDEN GROVE
MOBILEHOME PARKS ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 1998 AND 1997

Schedule F-7

	1998	1997
ASSETS		
Current assets:		
Cash and investments	\$ 344,945	\$ 291,953
Cash with fiscal agent	1,549,870	1,600,179
Accounts receivable	19,036	13,690
Accrued interest receivable	34,821	33,742
Total current assets	1,948,672	1,939,564
Mobilehome parks		
Land	11,695,000	11,695,000
Buildings	614,000	614,000
Improvements	561,316	550,026
Less: accumulated depreciation	(324,024)	(243,282)
Total mobilehome parks	12,546,292	12,615,744
Deferred issuance costs	635,840	661,105
Total assets	\$ 15,130,804	\$ 15,216,413
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable	\$ 2,130	\$ 1,572
Accrued interest payable	345,147	349,895
Refundable deposits	161	161
Due to other funds	68,246	163,941
Deferred revenue	1,103	1,103
Certificates of participation payable - current portion	280,000	265,000
Total current liabilities	696,787	781,672
Long-term liabilities:		
Certificates of participation payable - less current portion	14,528,168	14,805,314
Total liabilities	15,224,955	15,586,986
Fund equity (deficit):		
Retained earnings (deficit):		
Unreserved	(94,151)	(370,573)
Total liabilities and fund equity	\$ 15,130,804	\$ 15,216,413

CITY OF GARDEN GROVE
MOBILEHOME PARKS ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEARS ENDED JUNE 30, 1998 AND 1997

Schedule F-8

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Mobilehome parks operation	<u>\$ 1,454,841</u>	<u>\$ 1,304,803</u>
Operating expenses:		
On-site operation	461,981	502,572
Depreciation	80,742	78,921
Amortization	<u>28,119</u>	<u>28,119</u>
Total operating expenses	<u>570,842</u>	<u>609,612</u>
Operating income	<u>883,999</u>	<u>695,191</u>
Nonoperating revenues (expenses):		
Interest income	19,101	76,564
Interest expense	(829,302)	(840,597)
Fiscal charges	<u>(3,045)</u>	<u>(3,085)</u>
Total nonoperating revenue (expenses)	<u>(813,246)</u>	<u>(767,118)</u>
Income (loss) before operating transfers	70,753	(71,927)
Operating transfers:		
Transfer from housing set aside fund	275,669	494,080
Transfer to general fund	<u>(70,000)</u>	<u>(70,000)</u>
Total operating transfers	<u>205,669</u>	<u>424,080</u>
Net income	276,422	352,153
Deficit, July 1	<u>(370,573)</u>	<u>(722,726)</u>
Deficit, June 30	<u>\$ (94,151)</u>	<u>\$ (370,573)</u>

**CITY OF GARDEN GROVE
MOBILEHOME PARKS ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 1998 AND 1997**

Schedule F-9

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Cash received from users	\$ 1,448,416	\$ 1,517,505
Cash used by quasi-external transactions	-	(367,010)
Cash paid to suppliers	(561,867)	(505,960)
	<u>886,549</u>	<u>644,535</u>
Cash flows from noncapital financing activities:		
Operating transfer in - housing set aside fund	275,669	494,080
Operating transfer out - general fund	(70,000)	(70,000)
	<u>205,669</u>	<u>424,080</u>
Cash flows from investing activities:		
Interest on investments	19,101	76,564
Cash flows from capital and related financing activities:		
Principal payment - Certificates of participation	(265,000)	(255,000)
Purchase of fixed assets	(11,289)	(32,805)
Sale of fixed assets	-	8,500
Interest paid	(829,302)	(840,597)
Fiscal charges	(3,045)	(3,085)
	<u>(1,108,636)</u>	<u>(1,122,987)</u>
Net increase in cash and cash equivalents	2,683	22,192
Cash and cash equivalents, July 1,	<u>1,892,132</u>	<u>1,869,940</u>
Cash and cash equivalents, June 30,	<u>\$ 1,894,815</u>	<u>\$ 1,892,132</u>

(Continued)

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

Schedule F-9
Continued

	1998	1997
Operating income	\$ 883,999	\$ 695,191
 Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	80,742	78,921
Amortization expense	28,119	28,119
 Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(5,346)	208,367
(Increase) decrease in accrued interest receivable	(1,080)	4,334
Increase in accounts payable	558	1,572
(Decrease) in accrued interest payable	(4,748)	(4,250)
(Decrease) in refundable deposits	-	(709)
(Decrease) in due to other funds	(95,695)	(367,010)
	2,550	(50,656)
Total adjustments		
Net cash provided by operating activities	\$ 886,549	\$ 644,535

CITY OF GARDEN GROVE
 SANITARY DISTRICT ENTERPRISE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1998
 WITH COMPARATIVE TOTALS FOR JUNE 30, 1997

Schedule F-10

	Sewage Collection	Solid Waste Disposal	Totals	
			1998	1997
ASSETS				
Current assets:				
Cash and investments	\$ 434,771	\$ 848,012	\$ 1,282,783	\$ 978,472
Cash with fiscal agent	-	606,044	606,044	592,158
Taxes receivable	32,327	47,640	79,967	66,341
Accounts receivable	-	538,923	538,923	1,131,155
Accrued interest receivable	274	-	274	14,927
Notes receivable, current portion	-	31,144	31,144	26,641
Due from other funds	-	-	-	13,609
Deposits	-	-	-	8,022
Total current assets	467,372	2,071,763	2,539,135	2,831,325
Restricted cash	9,183	-	9,183	9,316
Notes receivable, less current portion	-	90,724	90,724	121,868
Plant and Equipment:				
Land	9,320	-	9,320	9,320
Sewer subsurface lines	7,111,403	-	7,111,403	7,111,403
Pump stations	160,500	-	160,500	160,500
Trucks and barrels	-	5,813,307	5,813,307	5,768,971
Furniture and equipment	79,963	40,766	120,729	149,967
Less: accumulated depreciation	(2,091,660)	(4,228,069)	(6,319,729)	(5,525,251)
Net plant and equipment	5,269,526	1,626,004	6,895,530	7,674,910
Total assets	\$ 5,746,081	\$ 3,788,491	\$ 9,534,572	\$ 10,637,419
LIABILITIES AND FUND EQUITY				
Current liabilities:				
Accounts payable	\$ 190,344	\$ 462,065	\$ 652,409	\$ 938,551
Accrued interest payable	-	59,149	59,149	76,518
Inter city loan payable	39,143	-	39,143	-
Other accrued liabilities	7,896	3,708	11,604	10,417
Refundable deposits	8,383	-	8,383	8,383
Due to other funds	81,921	318,082	400,003	13,609
Deferred revenue	-	701,732	701,732	785,085
Loan payable, current portion	-	200,004	200,004	200,004
Certificates of participation, current portion	-	705,000	705,000	655,000
Total current liabilities	327,687	2,449,740	2,777,427	2,687,567
Long-term liabilities:				
Loan payable, less current portion	-	233,318	233,318	433,322
Certificates of participation, less current portion	-	1,575,000	1,575,000	2,280,000
Total long-term liabilities	-	1,808,318	1,808,318	2,713,322
Total liabilities	327,687	4,258,058	4,585,745	5,400,889
Fund equity(deficit):				
Contributed capital	4,621,667	-	4,621,667	4,621,667
Retained earnings(deficit):				
Reserved for COP retirement	-	188,883	188,883	188,883
Unreserved	796,727	(658,450)	138,277	425,980
Total retained earnings (deficit)	796,727	(469,567)	327,160	614,863
Total fund equity (deficit)	5,418,394	(469,567)	4,948,827	5,236,530
Total liabilities and fund equity	\$ 5,746,081	\$ 3,788,491	\$ 9,534,572	\$ 10,637,419

CITY OF GARDEN GROVE
SANITARY DISTRICT ENTERPRISE FUNDS
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1998 AND ONE MONTH ENDED JUNE 30, 1997

Schedule F-11

	Sewage Collection	Solid Waste Disposal	Totals	
			1998	1997
Operating revenues:				
Solid waste disposal fees	\$ -	\$ 5,471,536	\$ 5,471,536	\$ 515,308
Property assessments	954,496	525,522	1,480,018	26,585
Equipment lease	-	882,483	882,483	\$ -
Other	62,807	95,376	158,183	73,975
Total operating revenues	1,017,303	6,974,917	7,992,220	615,868
Operating expenses:				
Salaries and wages	297,446	149,255	446,701	32,289
Contractual services	535,761	6,369,990	6,905,751	535,522
Materials and supplies	37,628	4,695	42,323	627
Depreciation	194,276	582,039	776,315	60,995
Total operating expenses	1,065,111	7,105,979	8,171,090	629,433
Operating (loss)	(47,808)	(131,062)	(178,870)	(13,565)
Nonoperating revenues (expenses):				
Interest income	20,116	39,366	59,482	39,566
Rent	-	50,152	50,152	3,076
Loss on disposal of assets	(7,568)	-	(7,568)	(1,310,447)
Gain on acquisition of assets	-	-	-	1,310,447
Interest expense	(25,607)	(185,292)	(210,899)	(50,586)
Total nonoperating revenues, (expenses)	(13,059)	(95,774)	(108,833)	(7,944)
Net (loss)	(60,867)	(226,836)	(287,703)	(21,509)
Retained earnings (loss), July 1	857,594	(242,731)	614,863	636,372
Retained earnings (loss), June 30	\$ 796,727	\$ (469,567)	\$ 327,160	\$ 614,863

CITY OF GARDEN GROVE
 SANITARY DISTRICT ENTERPRISE FUNDS
 COMPARATIVE STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 1998 AND ONE MONTH ENDED JUNE 30, 1997

Schedule F-12

	Sewage	Solid Waste	Totals	
	Collection	Disposal	1998	1997
Cash flows from operating activities:				
Cash received from users	\$ 1,226,865	\$ 7,353,604	\$ 8,580,469	\$ 1,034,416
Cash received from quasi-external transactions	69,979	316,415	386,394	11,942
Cash used by quasi-external transactions	-	-	-	(11,942)
Cash paid to suppliers	(562,999)	(6,704,968)	(7,267,967)	(558,784)
Cash paid to employees	(297,446)	(149,255)	(446,701)	(23,095)
Net cash provided by operating activities	436,399	815,796	1,252,195	452,537
Cash flows from investing activities:				
Interest on Investments	20,116	39,366	59,482	2,735
Cash flows from capital and related financing activities:				
Loan principal payments	-	(200,004)	(200,004)	(16,667)
Certificates of participation payments	-	(655,000)	(655,000)	-
Rent	-	50,152	50,152	3,076
Purchase of fixed asset	(4,503)	-	(4,503)	-
Cash capital contributions	-	-	-	(29,684)
Notes receivable payments	-	26,641	26,641	6,556
Interest paid	(25,607)	(185,292)	(210,899)	(4,827)
Net cash (used) by capital and related financing activities	(30,110)	(963,503)	(993,613)	(41,546)
Net increase(decrease) in cash and cash equivalents	426,405	(108,341)	318,064	413,726
Cash and cash equivalents, July 1	17,549	1,562,397	1,579,946	1,166,220
Cash and cash equivalents, June 30	\$ 443,954	\$ 1,454,056	\$ 1,898,010	\$ 1,579,946

(Continued)

RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES

Schedule F-12
Continued

	Sewage Collection	Solid Waste Disposal	Totals	
			1998	1997
Operating (loss)	\$ (47,808)	\$ (131,062)	\$ (178,870)	\$ (13,565)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:				
Depreciation expense	194,276	582,039	776,315	60,995
Changes in assets and liabilities:				
(Increase) in taxes receivable	(5,742)	(7,884)	(13,626)	(48,793)
Decrease (increase) in accounts receivable	215,578	376,654	592,232	(729,669)
(Increase) decrease in accrued interest receivable	(274)	14,927	14,653	-
Decrease (increase) in due from other funds	-	13,609	13,609	(13,609)
Decrease (increase) in deposits	-	8,022	8,022	(3,307)
(Decrease) increase in accounts payable	(30,320)	(255,822)	(286,142)	392,417
(Decrease) in accrued interest payable	-	(17,369)	(17,369)	-
Increase in inter city loan payable	39,143	-	39,143	-
Increase (decrease) in other accrued liabilities	1,567	(380)	1,187	9,374
Increase in due to other funds	69,979	316,415	386,394	13,609
(Decrease) increase in deferred revenue	-	(83,353)	(83,353)	785,085
Total adjustments	484,207	946,858	1,431,065	466,102
Net cash provided by operating activities	\$ 436,399	\$ 815,796	\$ 1,252,195	\$ 452,537

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.

Equipment Rental Fund

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

Employee Benefits Fund

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

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 cost of materials and supplies plus an overhead charge which ranges from 10 percent to 16 percent.

Telephone System Fund

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

Risk Management Fund

This fund is used to account for the City's self-insured liability program and for the purchase of various types of property and casualty insurance protection as required by the City. The funds are used to pay any liability losses, program operating cost, 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.

(This page left blank intentionally)

CITY OF GARDEN GROVE
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR JUNE 30, 1997

Schedule G-1

	Workers'	Equipment	Employee	Warehouse	Telephone	Risk	Totals	
	Compensation	Rental	Benefits	Operations	System	Management	1998	1997
ASSETS								
Current assets:								
Cash and investments	\$ 5,915,993	\$ 1,458,384	\$ 9,801,476	\$ 184,022	\$ 247,917	\$ 12,515,072	\$ 30,122,864	\$ 22,739,023
Accounts receivable	-	20,346	639,605	-	-	-	659,951	621,833
Accrued interest receivable	109,449	-	-	-	-	180,737	290,186	239,348
Inter-city loan receivable	-	742,289	-	-	-	-	742,289	373,389
Due from other funds	1,956,360	-	-	-	-	-	1,956,360	8,122,511
Inventory	-	28,131	-	229,174	-	-	257,305	290,164
Deposits	29,170	-	10,000	-	-	88,052	127,222	125,540
Total current assets	8,010,972	2,249,150	10,451,081	413,196	247,917	12,783,861	34,156,177	32,511,808
Fixed assets:								
Furniture and equipment	20,413	935,124	-	7,665	1,539,476	6,945	2,509,623	2,450,572
Automotive equipment	-	8,747,048	-	-	-	-	8,747,048	7,746,956
Accumulated depreciation	(5,272)	(4,738,711)	-	(3,472)	(664,361)	(4,527)	(5,416,343)	(5,084,724)
Total fixed assets	15,141	4,943,461	-	4,193	875,115	2,418	5,840,328	5,112,804
Total assets	\$ 8,026,113	\$ 7,192,611	\$ 10,451,081	\$ 417,389	\$ 1,123,032	\$ 12,786,279	\$ 39,996,505	\$ 37,624,612
LIABILITIES AND FUND EQUITY								
Current liabilities:								
Accounts payable	\$ 63,740	\$ 392,025	\$ 953,370	\$ 28,108	\$ 14,459	\$ 68,845	\$ 1,520,547	\$ 1,103,070
Accrued compensated absences	-	-	3,672,820	-	-	-	3,672,820	3,638,863
Other accrued liabilities	5,186	16,960	121,246	1,939	637	2,148	148,116	138,118
Claims payable	4,977,217	-	-	-	-	9,261,418	14,238,635	13,760,074
Lease obligation-current portion	-	-	-	-	-	-	-	64,180
Total current liabilities	5,046,143	408,985	4,747,436	30,047	15,096	9,332,411	19,580,118	18,704,305
Total liabilities	5,046,143	408,985	4,747,436	30,047	15,096	9,332,411	19,580,118	18,704,305
Fund equity:								
Contributed capital	-	3,294,278	-	104,569	-	-	3,398,847	2,958,112
Retained earnings:								
Unreserved	2,979,970	3,489,348	5,703,645	282,773	1,107,936	3,453,868	17,017,540	15,962,195
Total fund equity	2,979,970	6,783,626	5,703,645	387,342	1,107,936	3,453,868	20,416,387	18,920,307
Total liabilities and fund equity	\$ 8,026,113	\$ 7,192,611	\$ 10,451,081	\$ 417,389	\$ 1,123,032	\$ 12,786,279	\$ 39,996,505	\$ 37,624,612

CITY OF GARDEN GROVE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1997

Schedule G-2

	Workers' Compensation	Equipment Rental	Employee Benefits	Warehouse Operations	Telephone System	Risk Management	Totals	
							1998	1997
Operating revenue:								
Charges for services	\$ 1,657,496	\$ 2,182,470	\$ 11,035,538	\$ 67,386	\$ 717,262	\$ 1,921,172	\$ 17,581,324	\$ 18,470,870
Operating expenses:								
Salaries and wages	281,821	576,546	10,417,596	65,818	22,043	92,373	11,456,197	11,447,470
Contractual services	239,588	395,568	271,367	7,869	379,857	643,273	1,937,522	2,282,626
Liability claims	725,298	-	213,018	-	-	2,019,457	2,957,773	1,556,381
Materials and supplies	4,536	730,534	133,557	980	214,654	723	1,084,984	600,667
Depreciation	2,041	561,326	-	1,398	153,948	1,075	719,788	699,857
Total operating expenses	1,253,284	2,263,974	11,035,538	76,065	770,502	2,756,901	18,156,264	16,587,001
Operating income (loss)	404,212	(81,504)	-	(8,679)	(53,240)	(835,729)	(574,940)	1,883,869
Nonoperating revenues (expenses):								
Interest income	436,211	17,281	-	-	-	641,595	1,095,087	1,080,830
Loss on sale of assets	-	-	-	-	-	-	-	(5,833)
Gain on sale of assets	-	70,835	-	-	-	-	70,835	20,603
Other nonoperating revenues	1,052,694	557,374	-	-	-	-	1,610,068	396,296
Interest expense	-	(4,910)	-	-	(40,795)	-	(45,705)	(63,407)
Total nonoperating revenues (expenses)	1,488,905	640,580	-	-	(40,795)	641,595	2,730,285	1,428,489
Income (loss) before operating transfers	1,893,117	559,076	-	(8,679)	(94,035)	(194,134)	2,155,345	3,312,358
Operating transfers to:								
General fund	-	-	(1,000,000)	-	-	(100,000)	(1,100,000)	(436,632)
Net Income (loss)	1,893,117	559,076	(1,000,000)	(8,679)	(94,035)	(294,134)	1,055,345	2,875,726
Retained earnings, July 1	1,086,853	2,930,272	6,703,645	291,452	1,201,971	3,748,002	15,962,195	13,086,469
Retained earnings, June 30	\$ 2,979,970	\$ 3,489,348	\$ 5,703,645	\$ 282,773	\$ 1,107,936	\$ 3,453,868	\$ 17,017,540	\$ 15,962,195

CITY OF GARDEN GROVE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1997

Schedule G-3

	Worker's	Equipment	Employee	Warehouse	Telephone	Risk	Totals	
	Compensation	Rental	Benefits	Operations	System	Management	1998	1997
Cash flow from operating activities:								
Cash received from users	\$ 1,643,397	\$ 1,825,962	\$ 10,975,028	\$ 106,729	\$ 717,262	\$ 1,892,751	\$ 17,161,129	\$ 18,380,678
Cash received from quasi-external transactions	-	-	-	-	-	8,122,511	8,122,511	-
Cash used for quasi-external transactions	(1,956,360)	-	-	-	-	-	(1,956,360)	(6,511,381)
Cash paid to suppliers	(1,988,148)	(858,638)	(6,440,476)	(809)	(609,846)	(1,120,750)	(11,018,667)	(9,621,413)
Cash paid to employees	(281,821)	(574,546)	(4,447,698)	(65,818)	(22,044)	(92,372)	(5,484,299)	(6,523,389)
Net cash provided (used) by operating activities	(2,582,932)	392,778	86,854	40,102	85,372	8,802,140	6,824,314	(4,275,505)
Cash flow from noncapital financing activities:								
Other revenue	1,052,694	174,961	-	-	-	-	1,227,655	-
Operating transfers to general fund	-	-	(1,000,000)	-	-	(100,000)	(1,100,000)	(436,632)
Net cash provided (used) by noncapital financing activities	1,052,694	174,961	(1,000,000)	-	-	(100,000)	127,655	(436,632)
Cash flow from investing activities:								
Interest on investments	436,211	17,281	-	-	-	641,595	1,095,087	1,080,830
Net cash provided by investing activities	436,211	17,281	-	-	-	641,595	1,095,087	1,080,830
Cash flows from capital and related financing activities:								
Lease payments	-	(64,180)	-	-	-	-	(64,180)	(59,631)
Purchase of fixed assets	-	(1,145,434)	-	-	-	-	(1,145,434)	(437,127)
Proceeds from sale of fixed assets	-	70,835	-	-	-	-	70,835	20,603
Cash capital contributions	-	521,269	-	-	-	-	521,269	396,296
Interest paid	-	(4,910)	-	-	(40,795)	-	(45,705)	(63,407)
Net cash (used) by capital and related financing activities	-	(622,420)	-	-	(40,795)	-	(663,215)	(143,266)
Net increase (decrease) in cash and cash equivalents	(1,094,027)	(37,400)	(913,146)	40,102	44,577	9,343,735	7,383,841	(3,774,573)
Cash and cash equivalents, July 1	7,010,020	1,495,784	10,714,622	143,920	203,340	3,171,337	22,739,023	26,513,596
Cash and cash equivalents, June 30	<u>\$ 5,915,993</u>	<u>\$ 1,458,384</u>	<u>\$ 9,801,476</u>	<u>\$ 184,022</u>	<u>\$ 247,917</u>	<u>\$ 12,515,072</u>	<u>\$ 30,122,864</u>	<u>\$ 22,739,023</u>

(Continued)

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

Schedule G-3
Continued

	Worker's	Equipment	Employee	Warehouse	Telephone	Risk	Totals	
	Compensation	Rental	Benefits	Operations	System	Management	1998	1997
Operating income (loss)	\$ 404,212	\$ (81,504)	\$ -	\$ (8,679)	\$ (53,240)	\$ (835,729)	\$ (574,940)	\$ 1,883,869
Adjustments to reconcile operating income (loss) to net cash provided (used) by Operating activities:								
Depreciation expense	2,041	561,326	-	1,398	153,948	1,075	719,788	699,857
Changes in assets and liabilities:								
Decrease (increase) in accounts receivable	-	12,392	(50,510)	-	-	-	(38,118)	11,993
(Increase) in accrued interest receivable	(19,507)	-	-	-	-	(31,331)	(50,838)	(108,366)
(Increase) in inter-city loans receivable	-	(358,900)	-	-	-	-	(368,900)	-
(Increase) decrease in due from other funds	(1,956,360)	-	-	-	-	8,122,511	6,166,151	(6,511,381)
(Increase) decrease in inventory	-	(6,484)	-	39,243	-	-	32,859	11,624
Decrease (increase) in deposits	5,408	-	(10,000)	-	-	2,910	(1,682)	6,181
Increase (decrease) in accounts payable	37,321	270,668	106,618	7,916	(15,491)	10,445	417,477	107,221
Increase in accrued compensated absences	-	-	33,957	-	-	-	33,957	113,638
(Decrease) increase in other accrued liabilities	(3,352)	5,280	6,789	124	155	1,003	9,999	(2,923)
(Decrease) increase in claims payable	(1,052,695)	-	-	-	-	1,531,256	478,561	(415,879)
(Decrease) in deferred revenue	-	-	-	-	-	-	-	(71,339)
Total adjustments	(2,987,144)	474,282	86,854	48,781	138,612	9,637,869	7,399,254	(6,159,374)
Net cash provided (used) by operating activities	\$ (2,582,932)	\$ 392,778	\$ 86,854	\$ 40,102	\$ 85,372	\$ 8,802,140	\$ 6,824,314	\$ (4,275,505)

Non-cash investing, capital, and financing activities:

Equipment with a net book value of \$440,735 was transferred to the equipment rental fund from the general fixed assets account group.

AGENCY FUND

Deferred Compensation

This fund is used to account for the City of Garden Grove Deferred Compensation Plan, a plan whereby all full-time city employees have the option of deferring a portion of their earnings until retirement, the City of Garden Grove PTS Deferred Compensation Plan, a retirement plan for all part-time, seasonal and temporary employees not otherwise included in a local retirement system or included under Social Security and the City of Garden Grove Medical Premium Retirement Benefit Plan, a plan whereby all city employees can defer a portion of their earnings until retirement to be used exclusively for the purpose of paying for health insurance premiums. Title to the funds in these plans remains in the name of the City until such time as the employee retires or terminates employment.

(This page left blank intentionally)

CITY OF GARDEN GROVE
 AGENCY FUND
 COMPARATIVE BALANCE SHEETS
 JUNE 30, 1998 AND 1997

Schedule H-1

<u>Deferred Compensation Fund</u>	<u>1998</u>	<u>1997</u>
ASSETS		
Cash and investments with fiscal agents	\$ 20,303,656	\$ 16,903,701
Total assets	\$ 20,303,656	\$ 16,903,701
LIABILITIES		
Deferred compensation payable	\$ 20,303,656	\$ 16,903,701
Total liabilities	\$ 20,303,656	\$ 16,903,701

CITY OF CITY OF GARDEN GROVE
 AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEAR ENDED JUNE 30, 1998

Schedule H-2

	Deferred Compensation Fund			Balance June 30, 1998
	Balance July 1, 1997	Additions	Deductions	
ASSETS				
Cash and investments with fiscal agents	\$ 16,903,701	\$ 4,217,803	\$ 817,848	\$ 20,303,656
Total assets	<u>\$ 16,903,701</u>	<u>\$ 4,217,803</u>	<u>\$ 817,848</u>	<u>\$ 20,303,656</u>
LIABILITIES				
Deferred compensation payable	\$ 16,903,701	\$ 4,217,803	\$ 817,848	\$ 20,303,656
Total liabilities	<u>\$ 16,903,701</u>	<u>\$ 4,217,803</u>	<u>\$ 817,848</u>	<u>\$ 20,303,656</u>

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.

(This page left blank intentionally)

CITY OF GARDEN GROVE
 COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS
 BY SOURCE
 JUNE 30, 1998 and 1997

Schedule I-1

	<u>1998</u>	<u>1997</u>
General Fixed Assets:		
Land	\$ 18,353,149	\$ 13,851,511
Buildings	17,037,793	16,594,803
Improvements other than buildings	7,187,726	7,090,343
Furniture and equipment	6,992,149	6,180,879
Investment in joint venture	306,294	306,294
	<hr/>	<hr/>
Total general fixed assets	<u>\$ 49,877,111</u>	<u>\$ 44,023,830</u>
Investment in General Fixed Assets from:		
General fund	\$ 25,835,770	\$ 24,993,967
County grants	1,250,046	1,250,046
Federal grants	14,764,705	10,161,593
State grants	2,751,702	2,470,464
Other special revenue funds	4,170,299	4,043,171
Gifts	1,104,589	1,104,589
	<hr/>	<hr/>
Total investment in general fixed assets	<u>\$ 49,877,111</u>	<u>\$ 44,023,830</u>

CITY OF GARDEN GROVE
 SCHEDULE OF GENERAL FIXED ASSETS
 BY PROGRAM
 JUNE 30, 1998

Schedule I-2

Program	Land	Buildings	Improvements Other than Buildings	Furniture and Equipment	Investment in Joint Venture	Total
Fire	\$ 140,767	\$ 1,274,000	\$ 265,564	\$ 586,284	\$ -	\$ 2,266,615
Police	-	1,684,310	35,201	3,465,984	-	5,185,495
Community buildings	2,171,659	13,016,171	705,972	71,352	-	15,965,154
Community services	-	40,754	94,771	146,189	-	281,714
Parks and greenbelts	4,115,285	1,022,558	6,086,218	238,477	-	11,462,538
Community planning and development	11,925,438	-	-	377,525	-	12,302,963
Municipal support	-	-	-	2,106,338	-	2,106,338
Fire training authority	-	-	-	-	306,294	306,294
Total general fixed assets	\$ 18,353,149	\$ 17,037,793	\$ 7,187,726	\$ 6,992,149	\$ 306,294	\$ 49,877,111

CITY OF GARDEN GROVE
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 BY PROGRAM
 YEAR ENDED JUNE 30, 1998

Schedule I-3

Program	Balance July 1, 1997	Additions	Retirements	Balance June 30, 1998
Fire	\$ 2,255,446	\$ 11,169	\$ -	\$ 2,266,615
Police	4,161,047	1,024,448	-	5,185,495
Community buildings	15,951,018	14,136	-	15,965,154
Community services	253,901	27,813	-	281,714
Parks and greenbelts	11,274,473	188,065	-	11,462,538
Community planning and development	7,780,975	4,521,988	-	12,302,963
Municipal support	2,040,676	65,662	-	2,106,338
Fire training authority	306,294	-	-	306,294
Total general fixed assets	\$ 44,023,830	\$ 5,853,281	\$ -	\$ 49,877,111

STATISTICAL SECTION

(This page left blank intentionally)

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
1989	\$ 31,485,099	\$ 655,781	\$ 1,303,295	\$ 5,760,960	\$ 5,168,331	\$ 16,762,662	\$ 997,067	\$ 62,133,195
1990	33,946,278	537,116	1,639,135	4,084,250	5,850,595	17,130,710	858,667	64,046,751
1991	36,594,004	506,720	2,292,301	4,059,781	6,879,756	19,695,576	2,297,841	72,325,979
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	778,565	4,696,853	10,086,122	29,322,418	9,075,753	90,007,563

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**

Fiscal Year	Fire	Police	Traffic Safety	Public Right of Way	Drainage	Community Buildings
1989	\$ 8,553,054	\$ 14,697,231	\$ 3,169,149	\$ 5,113,789	\$ 4,098,145	\$ 1,851,426
1990	8,814,762	16,550,019	2,061,332	5,518,283	4,128,806	1,624,000
1991	8,904,641	17,418,738	1,847,540	6,400,251	1,419,942	1,476,402
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

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

Source: City Controller's Office

Community Services	Parks and Greenbelts	Community Planning and Development	Municipal Support	Debt Service	Total
\$ 1,289,404	\$ 1,563,709	\$ 17,320,146	\$ 4,773,677	\$ 4,358,260	\$ 66,787,990
1,410,686	2,093,969	16,307,748	4,389,032	4,363,842	67,262,479
1,534,256	1,336,460	18,550,150	4,888,723	3,758,961	67,536,064
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

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

Exhibit C

Fiscal Year	City Tax Rate (Per \$100)	Total Tax Levied	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1989	0.025	\$ 7,113,344	\$ 6,858,255	96.40%	\$ 217,080	\$ 7,075,335	99.5	\$ 203,822	2.9
1990	0.025	8,039,759	7,742,358	96.3	191,947	7,934,305	98.7	297,401	3.7
1991	0.025	8,581,567	8,111,934	94.5	190,282	8,302,216	96.7	387,700	4.5
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	0.025	7,347,609	7,084,765	96.4	235,421	7,320,186	99.6	150,644	2.0

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

Fiscal Year	Secured Property	Unsecured	Total Assessed Valuation	Estimated Full Market Valuation	Percent Increase (Decrease)
1989	\$ 3,453,643,505	\$ 184,976,005	\$ 3,638,619,510	\$ 3,638,619,510	4.30%
1990	3,823,988,621	246,429,120	4,070,417,741	4,070,417,741	11.2
1991	4,161,904,006	196,903,347	4,358,807,353	4,358,807,353	7.1
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

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, 1998

Exhibit E

Taxpayer	Type of Business	Assessed Valuation	Percent of Total Assessed Valuation
Swedlow Inc	Manufacturing/Plastics	\$ 35,391,376	0.73%
Gatway Properties	Property Management/Hotel	31,840,543	0.65%
Hughes & Lyon	General Merchandise/Retail	27,457,156	0.56%
American Medical	Medical Center/Hospital	26,899,077	0.55%
Air Industries	Manufacturing/Aircraft Fasteners	21,483,699	0.44%
Linfinity Microelectronics	Manufacturing/Linear Integrated Circuits	21,444,377	0.44%
James River Paper Co	Manufacturing/Folding Cartons	14,679,101	0.30%
Fujita California Partners	General Merchandise/Retail	12,650,391	0.26%
Mead Corp	Manufacturing/Wholesale Stationery	12,388,921	0.25%
Choe, Winston Kyongsun	General Merchandise/Retail	<u>11,403,600</u>	0.23%
Total		<u>\$ 215,638,241</u>	4.43%

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
1989	N/A	0.02500	0.01100	0.00020	0.00320	0.14870	1.00000	1.18810
1990	N/A	0.02500	0.01210	0.00020	0.00040	0.13920	1.00090	1.17780
1991	N/A	0.02500	0.00970	0.00010	0.00080	0.13070	1.00010	1.16640
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

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 fo 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, 1998**

Exhibit G

1997-98 Assessed Valuation: \$5,779,334,246
 Redevelopment Incremental Valuation: 906,778,122
 Adjusted Assessed Valuation: \$4,872,556,124

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/98</u>
Orange County Teeter Plan Obligations	2.967%	\$4,598,850
Metropolitan Water District	0.595	3,302,875
City of Garden Grove 1915 Act Bonds	100.	<u>530,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$8,431,725</u>

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Orange County General Fund Obligations	2.967%	\$34,267,040
Orange County Pension Obligations	2.967	9,507,853
Orange County Transit Authority	2.967	495,341
Orange County Water District Certificates of Participation	4.864	9,470,938
Municipal Water District of Orange County Water Facilities Corporation	4.482	3,301,441
Coast Community College District Certificates of Participation	6.393	1,134,118
Orange Unified School District Certificates of Participation	1.261	153,653
Huntington Beach Union High School District Certificates of Participation	1.456	10,046
City of Garden Grove Certificates of Participation	100.	17,869,102
Garden Grove Sanitary District Certificates of Participation	87.328	1,991,078
Orange County Sanitation District No. 2 Certificates of Participation	5.898	7,482,963
Orange County Sanitation District No. 3 Certificates of Participation	10.245	<u>12,319,923</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$98,003,496</u>
Less: Orange County Transit Authority (80% self-supporting)		396,273
Orange County Water District Certificates of Participation (100% self-supporting)		9,470,938
MWDOC Water Facilities Corporation (100% self-supporting)		<u>3,301,441</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$84,834,844</u>

GROSS COMBINED TOTAL DEBT \$106,435,221 (1)
 NET COMBINED TOTAL DEBT \$93,266,569

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

Ratios to 1997-98 Assessed Valuation:
 Total Overlapping Tax and Assessment Debt 0.15%

Ratios to Adjusted Assessed Valuation:
 Combined Direct Debt (\$17,869,102) 0.37%
 Gross Combined Total Debt 2.18%
 Net Combined Total Debt 1.91%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/98: \$0.

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

CITY OF GARDEN
 COMPUTATION OF LEGAL DEBT MARGIN
 JUNE 30, 1998

Exhibit H

Assessed Valuation		\$ 4,872,556,124
Debt Limit: 3.75% os Assessed Value		\$ 182,720,855
Amount of debt applicable to debt limit:		
Total bonded debt	\$ -	
Other Debt	\$ -	
Less: Net assets in Debt Service Fund	\$ -	
Total amount of debt applicable to debt limit		\$ -
LEGAL DEBT MARGIN		<u>\$ 182,720,855</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)	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
1989	\$ 7,716,903	\$ 6,753,553	\$ 963,350	\$ 175,000	\$ 101,268	\$ 276,268	3.49
1990	8,879,570	7,311,351	1,568,219	180,000	92,080	272,080	5.76
1991	9,307,312	7,118,537	2,188,775	195,000	83,286	278,286	7.87
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

(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	
1989	3,453,643,505	3,163	23	45,459,783	(19)	1,176,324
1990	3,823,988,621	2,833	(11)	55,201,613	21	1,183,472
1991	4,161,904,006	2,578	(10)	40,581,474	(36)	1,298,215
1992	4,384,673,033	2,696	5	29,250,438	(28)	N/A
1993	4,635,566,466	2,817	4	27,533,020	(6)	1,389,504
1994	4,647,032,626	2,860	2	32,715,644	19	1,461,622
1995	4,650,058,496	2,495	(13)	23,466,959	(28)	1,406,779
1996	4,596,713,371	3,753	50	33,475,078	41	1,482,368
1997	4,569,482,092	2,311	(38)	31,400,077	(6)	1,295,235
1998	4,626,552,656	2,391	3	47,388,975	51	N/A

Sources: Orange County Assessor's Office
City Development Services Department
The Findley Report on Bank Deposits (current year not available)

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

Exhibit K

Fiscal Year	Population	Median Age of Population	Median Family Income	Unemployment Rate	School Enrollment
1989	134,801	29.8	\$ 39,933	3.1	36,725
1990	135,485	30.5	42,400	3.2	37,969
1991	143,050	30.5	41,398	5.4	39,772
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

Source: City Controller's Office
 U.S. Census Bureau
 Center for Demographic Research, CSUF
 State Employment Development Department
 Garden Grove Unified School District

CITY OF GARDEN GROVE
INSURANCE IN FORCE
JUNE 30, 1998

Exhibit L

TYPE COVERAGE	INSURANCE COMPANY	POLICY TERM	ANNUAL PREMIUM	POLICY LIMITS
Property	Public Entity Property Insurance Program (PEPIP) Various Companies	5/15/98-5/15/99	\$89,894	\$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 % All Other Bldgs \$100,000 minimum \$5,000 AOP \$25,000 Flood
Boiler and Machinery	Public Entity Boiler and Machinery Program (PEPIP) CNA Insurance BIND546748	5/15/98-5/15/99	\$4,603	\$50,000,000 Various deductibles
California Municipal Excess Workers Compensation Program (CAMEX)	Continental Casualty Company (CNA) W128579898-A	5/1/98-5/1/99	\$35,004	Statutory Workers Compensation \$5,000,000 Employers Liability \$350,000 SIR per occurrence
Public Employee Blanket Bond including Faithful Performance Public Officials and Computer Fraud	Hartford Insurance Company PEBGJ9305	6/1/98-6/1/99	\$4,864	\$1,000,000 \$ 10,000 Deductible
Calif Municipal Excess Liability (CAMEL) Program	Insurance Co. of State Of Pennsylvania 4295-4292	7/1/97-7/1/98	\$ 73,585	\$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

Incorporation	.....	June 18, 1956
Population	.....	154,398
Land Area	.....	17.9 square miles
Type of City	.....	General Law
Form of Government	.....	Council-Manager
Streets	.....	288 miles
Parks	.....	185 acres (22 sites)
Water Systems	.....	10.3 billion gallons used per year

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

Source: City Controller's office





GARDEN GROVE