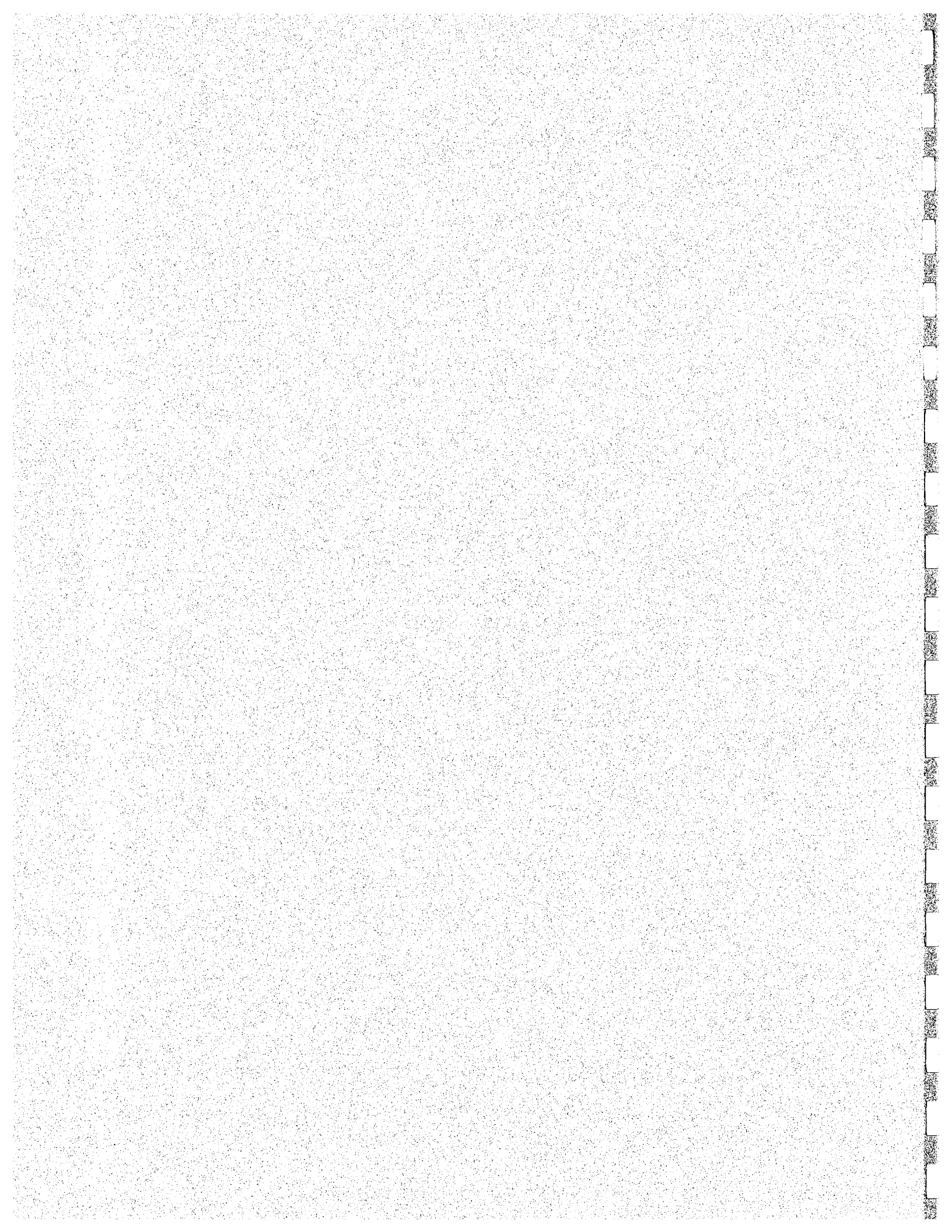


CITY OF GARDEN GROVE,  
CALIFORNIA

COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT

JULY 1, 1999 TO JUNE 30, 2000



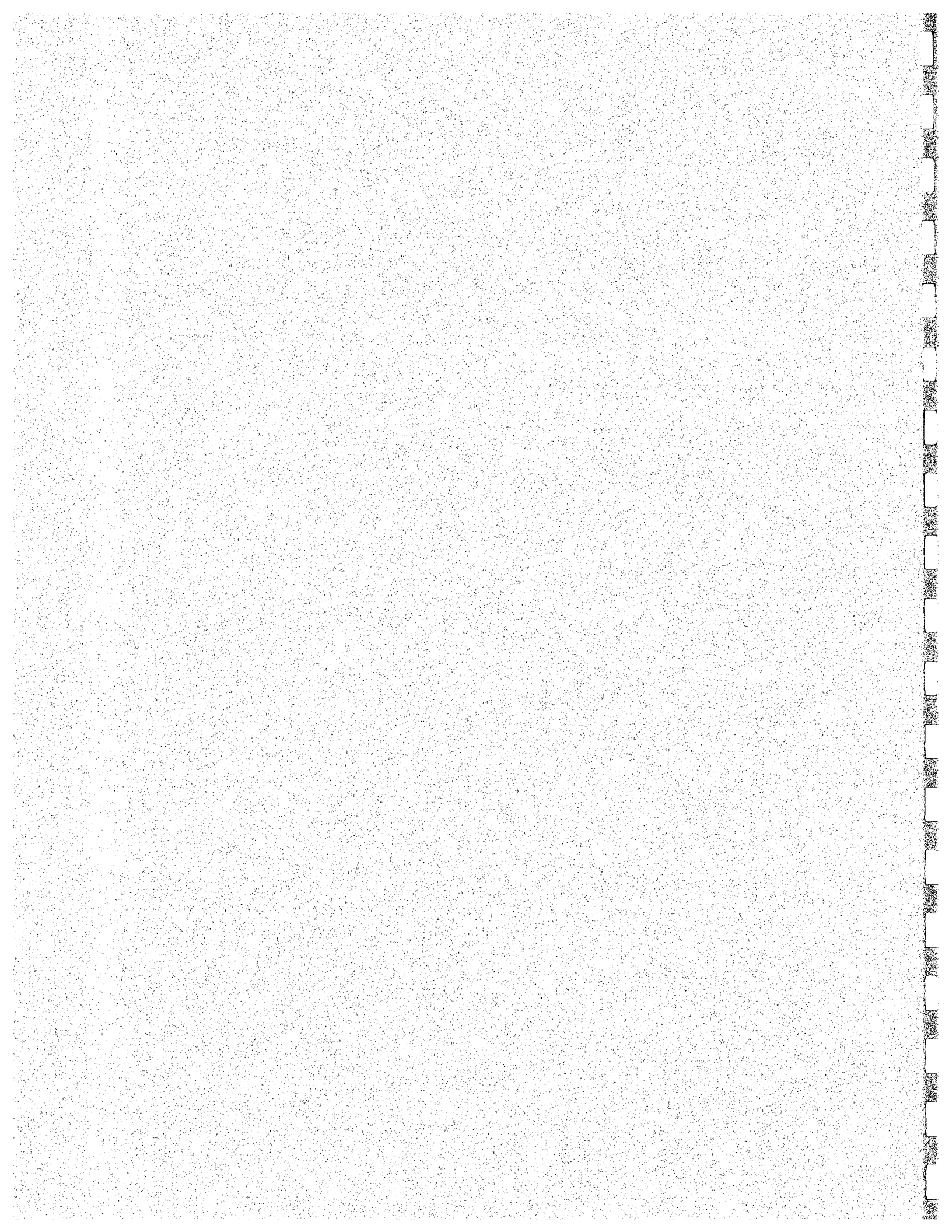


COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT

CITY OF GARDEN GROVE  
FISCAL YEAR ENDED  
JUNE 30, 2000

PREPARED BY:  
CONTROLLER'S OFFICE

ANTHONY J. ANDRADE  
CONTROLLER



**CITY OF GARDEN GROVE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2000  
 Table of Contents**

**INTRODUCTORY SECTION**

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

**FINANCIAL SECTION**

<b>Independent Auditors' Report</b>		3
<b>General Purpose Financial Statements:</b>		
Combined Balance Sheet - All Fund Types, Account Groups	A-1	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	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
<b>Combining, Individual Fund and Account Group Statements and Schedules:</b>		
<b>General Fund:</b>		51
Comparative Balance Sheets	B-1	53
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	B-2	54

(Continued)

**CITY OF GARDEN GROVE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2000**

**Table of Contents  
 (Continued)**

	<u>Schedule</u>	<u>Page</u>
<b>Special Revenue Funds:</b>		55
Combining Balance Sheet	C-1	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	C-3	62
<b>Debt Service Funds:</b>		71
Combining Balance Sheet	D-1	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D-2	74
<b>Capital Projects Funds:</b>		75
Combining Balance Sheet	E-1	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-2	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	E-3	79
<b>Enterprise Funds:</b>		83
Combining Balance Sheet	F-1	85
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	F-2	86
Combining Statement of Cash Flows	F-3	87
Water Utility Enterprise Fund - Comparative Balance Sheets	F-4	89
Water Utility Enterprise Fund - Comparative Statements of Revenues, Expenses and Changes in Retained Earnings	F-5	90
Water Utility Enterprise Fund - Comparative Statements of Cash Flows	F-6	91
Mobilehome Parks Enterprise Fund - Comparative Balance Sheets	F-7	93
Mobilehome Parks Enterprise Fund - Comparative Statements of Revenues, Expenses and Changes in Retained Earnings	F-8	94
Mobilehome Parks Enterprise Fund - Comparative Statements of Cash Flows	F-9	95
Sanitary District Enterprise Funds - Combining Balance Sheets	F-10	97
Sanitary District Enterprise Funds Combining Statement of Revenues, Expenses and Changes in Retained Earnings	F-11	98
Sanitary District Enterprise Funds Combining Statement of Cash Flows	F-12	99

(Continued)

**CITY OF GARDEN GROVE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2000**

**Table of Contents  
 (Continued)**

	<u>Schedule</u>	<u>Page</u>
<b>Internal Service Funds:</b>		101
Combining Balance Sheet	G-1	104
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	G-2	106
Combining Statement of Cash Flows	G-3	108
 <b>General Fixed Assets Account Group:</b>		 113
Comparative Schedules of General Fixed Assets by Source	H-1	115
Schedule of General Fixed Assets by Program	H-2	116
Schedule of Changes in General Fixed Assets by Program	H-3	117
 <b>STATISTICAL SECTION</b>		 119
Revenues by Source - All Governmental Fund Types, Last Ten Fiscal Years	A	121
Expenditures by Program - All Governmental Fund Types, Last Ten Fiscal Years	B	122
Property Tax Levies and Collections, Last Ten Fiscal Years Assessed and Estimated Actual Values of all City Property Last Ten Fiscal Years	C	124
Principal Taxpayers	D	125
Property Tax Rates - Direct and Overlapping Governments, Last Ten Fiscal Years	E	126
Direct and Overlapping Bonds and Debt	F	127
Computation of Legal Debt Margin	G	128
Schedule of Water Revenue Bond Coverage, Last Ten Fiscal Years	H	129
Property Value, Construction and Bank Deposits, Last Ten Fiscal Years	I	130
Demographic Statistics, Last Ten Fiscal Years	J	131
Insurance in Force	K	132
Miscellaneous Statistical Information	L	133
	M	134



# CITY OF GARDEN GROVE, CALIFORNIA

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

November 24, 2000

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, 2000. 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 were no component units which were required to be categorized in a "discrete" presentation.

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

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

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

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

Budgetary control is maintained at the program level. Encumbrances of estimated purchase amounts are made prior to the release of purchase orders to vendors. Open encumbrances are reported as reservations of fund balance at June 30, 2000.

### **ECONOMIC CONDITION AND OUTLOOK**

The expansion in economic activity which had been experienced in the community during the past four years continued vigorously all year to make this the fifth consecutive year of growth. Revenue responded significantly to the economic stimulus with one of the City's best results in the last twenty years. Although economic growth was strong, expenditure growth was very moderate due, in part, to the low level of inflation increases during the year. These remarkably favorable trends resulted in another excellent financial performance for the City. The General Fund was no exception to these strong results with revenues exceeding the budget forecast by more than \$4,751,000 or 10.4 percent. Revenues from all Governmental Funds also exhibited strong

growth, rising from \$90,546,000 in the 1998-99 fiscal year to \$101,885,000 in the 1999-00 fiscal year, an increase of 12.5 percent.

The economic expansion affected almost all areas of the local economy and is reflected in the majority of indices of local economic results. The unemployment rate, which was well below state-wide average and national levels, dropped from 3.7 percent in the previous fiscal year to 2.9 percent in the current fiscal year. Median family income reached \$52,733, which was \$1,951 or 3.84 percent more than the previous year. Assessed valuations of property in the City increased by more than \$304 million or 6.2 percent over the previous year for the fastest growth rate in the last seven years. Construction activity reached record highs, with the valuation of building permits issued during the year at more than \$186.6 million for an increase of 97.8 percent over the previous year. This increased valuation was achieved even though the number of building permits issued actually dropped by 2 percent this year as compared to previous years. It reflects the much larger sized projects under construction this year. Property tax collections showed improvement during the year. The ratio of total property tax collections to the total property tax levy was 98.2 percent, the highest it has been since the 1984-85 fiscal year.

During the year the Los Angeles/Anaheim/Riverside Consumer Price Index (CPI) increased by 3.3 percent. Although this is still a relatively low level of inflation; it represents a 1.3 percent increase over the 2.0 percent rate in the previous year. The increase was caused by a moderately increasing "core-rate" of inflation and an accelerated increase in fuel and energy costs. It is anticipated that the inordinate rise in fuel and energy costs will abate in the future thereby moderating the rise in the CPI next year. If this occurs it will have a positive effect on the budget and financial planning in the near term.

Throughout the year the City continued to apply stringent financial and management controls on expenditures even though the local economy was strong. The controls applied included hiring reviews, utilization of part-time or temporary employees to replace full-time employees, and non-labor, or materials, supplies and services expenditure reviews. The results of these efforts yielded pronounced savings in the City's planned and budgeted expenditures as the following data illustrates:

General Fund:

Budgeted Expenditures	\$52,953,209
Actual Expenditures	<u>47,338,571</u>
Savings	\$ 5,614,638
Percent of Planned Budget Saved	10.6%

The pattern of pronounced budgetary savings is of higher magnitude if the combined General, Special Revenue and Capital Projects Funds are analyzed. Consider the following budget to actual comparisons:

General, Special Revenue And Capital Project Funds:

Budgeted Expenditures	\$126,427,450
Actual Expenditures	<u>102,283,096</u>
Savings	\$ 24,144,354
Percent of Planned Budget Saved	19.1%

The positive effects of expenditure controls were reinforced by unusually strong revenue performance. In the General Fund actual revenues exceeded the estimate by \$4,751,894, giving a 10.4 percent overrun. The result was a more favorable, or larger, actual fund balance as compared to the budgeted fund balance. The following data illustrates the impact:

Year End General Fund - Fund Balance:

Budgeted	\$18,598,152
Actual	<u>28,964,684</u>
Net Improvement	\$10,366,532

The unreserved portion of the General Fund Balance also increased from \$7,616,351 in the previous year to \$8,577,752 in the current fiscal year. This was an increase of \$961,401 or 12.6% during the year. Due to the preponderance of favorable factors during the year the City, once again, closed out the year with a strong financial position.

During the next several years financial prospects are considered to remain favorable, although at a reduced pace from current performance. There is an increased risk of slower growth with each passing year. With the development of new commercial and hotel facilities economic growth in the community should continue. The construction of additional quality housing projects should balance the growth well between commercial and residential development. In the longer term population growth should be slow due to the limited supply of available land for development. The City will continue its evolutionary change from a residential bedroom community to a community with a more balanced economy.

### MAJOR INITIATIVES

**For the year:** There were several major activities and projects which were of highest priority for the City. They include strategic planning, community promotion/outreach efforts and redevelopment projects. The following is an overview of those items:

1. Police Department Strategic Plan - During the year the Police Department completed and the City Council approved in concept a strategic plan which sets the direction in the department during the next four years. The plan includes enhancing the City's community policing efforts by developing two full time community services offices staffed by City employees and volunteers to improve accessibility to the public. Expansion of programs at the City's new Juvenile Justice Center to deal proactively with the anticipated increase in juvenile crime projected in the next four years. The special enforcement unit is planned to be expanded by one sergeant and five officers to provide additional manpower for crimes relating to tourism, vice, high technology and economic/white collar issues. The new manpower would also enhance efforts in community problem solving and career criminal apprehension. The plan also includes privatizing the City's three cell holding facility and using the custodial officers currently staffing the facility as a supplement to Community Policing Activities and emergency responses to calls for service. The City's police facility was addressed with a planned needs assessment. Also evaluated are issues relating to the management of police vehicles, recruitment of officers, training, team building and employee recognition and development. Increased automation of records management is provided for. The cost of the plan is approximately \$1,400,000 per year and grant funds are to be used for a majority of these costs during the next four years.

2. New Computer Aided Dispatch (CAD) System - During the year the City replaced its old CAD system which had been operational since 1986. The new CAD system, in conjunction with the upgraded records management system, is designed to both decrease police response times and report writing time, resulting in additional officer hours spent in the field. The new system, which cost approximately \$2,700,000 to develop, is expected to produce continuous savings to the City throughout its useful life.

3. Renaissance Garden Grove - This marked the third year of a partnership between the City and the private sector to promote the Community's revitalization during the year. To manage the affairs of Renaissance Garden Grove a non-profit public benefit corporation was created on March 2, 1998 called the Garden Grove Community Foundation. During the year there was a continuous flow of events ranging from concerts in the park, guest speakers on topical issues and performances at the Shakespeare Amphitheater. The events generated enthusiastic community interest, great attendance and broad-based support. The majority of funding for those activities came from individual and corporate contributions with only a small amount of funding from the City's community promotion funds.

4. Harbor Boulevard Hotel Project Site A & B - These sites are located on the West Side of Harbor Boulevard, north and south of Chapman Avenue. The two sites consist of six hotels and five free-standing restaurants. There are a total of 1,657 rooms in the six hotels. Three have completed construction with 714 available rooms. The remaining three hotels are going to be completed in the 2001 calendar year. The City is expected to benefit from additional transient occupancy taxes, property taxes and increased employment.

**For The Future:** The general goal of the City is to continue to increase efficiency of service delivery while improving its economic base and revenue generating capabilities. Maintaining

compliance with all new rules, regulations and procedures affecting municipalities is also a primary goal. There is a project under development which will implement the new government accounting standards as promulgated by the Government Accounting Standards Board in its Statement No. 34. Implementation of this requirement will be phased in beginning with the 2001-02 fiscal year. It will provide for major changes in the accounting for infrastructure assets such as streets, curbs, gutters, sidewalks and storm drains and facilitate greater focus on the adequacy of the maintenance program on these assets. The City will also be evaluating the feasibility of billing residential refuse charges as user fees to be collected with property tax billings. Other projects being considered include the Sewer Master Plan and Geographical Information System (GIS) development.

### **FINANCIAL INFORMATION**

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

#### **General Government Functions:**

General government operations are accounted for in the governmental fund types which consist of the General, Special Revenue, Debt Service and Capital Projects Funds. Total revenue for governmental funds during the year was \$101,885,000, which produced an increase of \$11,339,000 or 12.5 percent over the previous year's total of \$90,546,000. This is the largest percentage increase in revenue since the 1984-85 fiscal year and the largest dollar increase in revenue on a year-to-year basis ever recorded. With the exception of revenue from fines, forfeits and penalties and "other revenue", all major revenue categories exhibited strong growth. The primary reason for the broad-based revenue increases during the year was a strong local economy further bolstered by a strong national and state economy. The revenue source showing the largest decrease was the "other revenue" category, which declined 56.8 percent. The reason for this decline was a non-recurring spike in the previous years' revenue. The spike resulted from a \$1,232,000 program income in the City's "Home Fund" due to the payoff of a loan in that year. There was also a \$566,762 increase, on a one-time basis, to program income in the Capital Projects Funds because of the payoff of many first-time homebuyer loans. If these one-time revenues from the previous year were adjusted out of the "other income" in that year the on-going revenue performance would show an increase of approximately \$414,000 on a year-to-year basis. The revenue from fines, forfeits and penalties remained approximately the same as the previous year which reflects stability in the number of citations issued and the amount of fines per citation.

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

REVENUES	1999-2000		1998-99		Percent change 99/00 over (under) 98/99
	Amount in (000)	Percent of Total	Amount in (000)	Percent of Total	
Taxes	\$ 43,066	42.3%	\$ 38,688	42.7%	11.3%
Licenses and permits	1,529	1.5%	1,246	1.4%	22.8%
Fines, forfeits and penalties	1,476	1.4%	1,486	1.6%	(0.1)%
From use of money & property	4,034	4.0%	3,680	4.1%	9.6%
Charges for current services	11,433	11.2%	10,521	11.6%	8.7%
From other agencies	35,287	34.6%	29,439	32.5%	19.9%
Sale of land	4,005	3.9%	3,047	3.4%	31.5%
Other	1,055	1.0%	2,439	2.7%	(56.8)%
<b>Total Revenues</b>	<b>\$ 101,885</b>	<b>100.0%</b>	<b>\$ 90,546</b>	<b>100.0%</b>	<b>12.5%</b>

In contrast to the rapid growth of revenues, the performance of expenditures was restricted to slow, or modest growth. Expenditures for governmental funds totaled \$106,646,000 which is an increase of merely \$2,140,000 or 2.0 percent over the previous year's total of \$104,506,000. Although the overall growth rate of expenditures appears to be very modest, a different pattern appears if the more 'non-operational' categories of expenditures are removed. If cost of land sold, debt service and capital outlay are eliminated for the expenditure base in the current and previous years, a better focus is achieved on true expenditure growth rates. After this adjustment the total expenditures for the current year are \$69,960,000 for an increase of 9.1 percent over the previous year's amount of \$64,138,000. This percentage growth factor is much closer to the true growth rate in underlying operating governmental expenditures. If the increase in the consumer price index of 3.3 percent is factored out of the operational expenditure growth rate of 9.1 percent, it results in a "real" expenditure increase rate of 5.8 percent. This real rate of increase is an indicator of a reduction of deferred maintenance on infrastructure and buildings, increased staffing and service levels in public safety and high levels of community services in support of community development and redevelopment demands. The expansion of the City's operation of the West Orange County Job Training Partnership Act, (JTPA) federal grant program also effected expenditure growth rates in the Municipal Support area and Community Services. Services were expanded for the third year in a wide area outside the City limits. The decline in debt service was caused by the retirement of equipment leases in the previous year for communications and computer equipment. Cost of land sold and capital outlay also exhibited a decline due primarily to the completion of several redevelopment and community development projects where the majority of land sales and capital outlay expenditures were completed in the previous year.

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

<u>EXPENDITURES</u>	<u>1999-2000</u>		<u>1998-99</u>		<u>Percent Change 99/00 over (under) 98/99</u>
	<u>Amount in (000)</u>	<u>Percent of Total</u>	<u>Amount in (000)</u>	<u>Percent of Total</u>	
Fire	\$ 10,972	10.3%	\$ 10,045	9.6%	9.2%
Police	23,356	21.9%	21,803	20.9%	7.7%
Traffic safety	1,884	1.8%	1,859	1.8%	1.5%
Public right of way	4,671	4.4%	4,372	4.2%	6.8%
Community buildings	2,141	2.0%	1,680	1.6%	27.7%
Community services	1,885	1.8%	1,650	1.6%	14.2%
Parks and greenbelts	1,256	1.2%	1,160	1.1%	8.6%
Community planning and development	16,895	15.8%	15,333	14.7%	10.2%
Municipal support	6,900	6.5%	6,236	6.0%	10.7%
Cost of land sold	11,999	11.3%	13,318	12.7%	(9.9)%
Debt service	8,220	7.7%	9,578	9.2%	(14.1)%
Capital outlay	16,467	15.4%	17,472	16.7%	(5.8)%
Total Expenditures	<u>\$ 106,646</u>	<u>100.0%</u>	<u>\$ 104,506</u>	<u>100.0%</u>	2.0%

**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. This year the City also added a new Information Systems Fund to account for the costs of operating and maintaining the computer system.

The water revenues and water sales were higher than the previous years due to favorable climatic factors and economic growth. The 1998-99 fiscal year exhibited normal water sales, whereas the current year was somewhat drier than normal with higher water sales. There were also increases in demand from the construction of new hotels and housing in the community which is estimated at approximately 1 percent. Actual water sales for the 1999-00 fiscal year were 30,656 acre feet, which is an increase of 1,470 acre feet, or 5 percent over the previous year. Increased water sales were the primary cause for the rise in operating revenues. During the year operating revenues increased from \$14,417,601 in the previous fiscal year to \$15,411,640 in the current fiscal year. Net income decreased from \$1,974,824 in the previous year to \$188,879 in the current year. The reduction was caused by the effect of a nonrecurring transfer of \$1,098,288



and a reduction in interest income due to a decline in cash balances and the payoff of intercity loans in the prior year which had higher than market interest rates. The water fund easily met the requirement of the 1993 water bond indenture for coverage of debt service. The bond indenture requires that net revenues available for debt service be at least 1.25 times the annual debt service. The actual coverage ratio was 3.90 times debt service which was a significant increase over the previous year's already strong ratio of 3.19.

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

	<u>1999-2000</u>	<u>1998-1999</u>
Operating Revenue	\$15,411,640	\$14,417,601
Net Income	188,879	1,974,824
Resources Available for Debt Service	5,337,859	4,269,789
Annual Debt Service	1,366,751	1,363,865
Coverage (resources available for debt service divided by annual debt service)	3.90%	3.13%

The Garden Grove Sanitary District completed its third year of operation subsequent to its annexation by the City in May 1997. The current year was the first year of implementation of Phase 1 of the Sanitary District Master Plan. Phase 1 provided for a comprehensive plan for operations, maintenance and capital expenditures and the means of financing them. The financial results of this new plan were remarkable with net income improving from a loss of \$265,835 in the prior fiscal year, to a net income of \$2,697,421 in the current year. The change in net income was the result of increases to sewer fees and refuse collection fees in the year. Further improvement is anticipated, as well as increased expenditures on maintenance and infrastructure replacements and improvements, as resources become increasingly available.

The City operates two mobile home parks in the community as part of its efforts to increase the supply of low and moderate income housing. Since assuming responsibility for these parks six years ago, many improvements have been made to their infrastructure. The physical improvements have also benefited the operating and financial results. Operating revenues increased from \$1,554,104 in the prior fiscal year to \$1,689,741 in the current fiscal year giving a growth rate of 8.7 percent. The primary reasons for the high growth rate of revenues were reduction and near elimination of vacant sites, upgrade of mobile homes on the available sites and modest rental rate increases. In conjunction with the increase in mobile home park revenues there was also significant impact on the net income of the operation. Net income increased from \$329,618 in the previous year to \$361,972 in the current year, resulting in a gain of 9.8 percent. The positive trends in effect in the mobile home parks are expected to continue in the future.

The internal service funds closed the year with a net income of \$6,925,642 which offset the previous year's loss of \$6,110,840. The gain was primarily caused by favorable performance in

the City's general liability operations and employee benefits. The favorable results in liability operations occurred when anticipated liability claims did not materialize during the year. In the employee benefit operations favorable Public Employee Retirement System Rates resulted in the majority of the savings. A new internal service fund was created at the end of the year called the Information Systems Fund. This fund will become operational in the 2000-01 fiscal year to account for the costs of providing computer hardware and software services to the organization. Each department and fund will receive a charge based upon their use of the services provided.

**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 5.5 percent on its portfolio investments which resulted in an interest income of \$3,524,170. Interest revenue decreased by \$596,366 from the previous year due to a lower investment yield. The lower yield resulted from the maturity of higher yielding investments with new replacement investments at lower rates. At year end, cash, deposits and investments included the following proportions of aggregate cash invested: United States Government Securities, 77 percent; Local Agency Investment Fund of the State of California, 20 percent; commercial paper, 3 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. All losses, including IBNR, were funded at the 90% confidence level based upon actuarial studies completed biannually. Claims are administered by a third party administrator.

The program during the current year included an independent actuarial evaluation of the City's Workers Compensation operations. In addition the City also completed an independent liability claims audit and a workers compensation claims audit. The results were that the 90 percent funding of workers compensation claims was confirmed. The liability claims administration was rated excellent and the workers compensation claim administration was rated very good. The self insurance program will continue to provide these scheduled actuarial studies and claims administration audits.

**Appropriation Limit:**

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

The limit is calculated each fiscal year and determined by adjusting the 1978-79 "base fiscal year" for allowable population changes and Consumer Price Index fluctuations. In accordance with SCA-1 the State Legislature determines the methodology for computation of allowable changes in population. This determination was made when the Legislature adopted Senate Bill 88 (SB-88).

Under the provisions of SCA-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 1998-99 fiscal year, the Gann Limit was \$66,611,010, and the actual expenditures subject to the limit were \$23,055,723 resulting in a substantial "gap" of \$34,356,140 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, 2000:

<u>Description</u>	<u>Amount Outstanding</u>
Revenue Bonds:	
Water	\$18,193,933
Public Financing Authority	2,545,000
Tax Allocation Bonds	56,000,000
Certificates of Participation	15,063,877
Other Debts:	
Equipment Leases	65,634
Agreements Payable	21,220,000

**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, 2000 the general fixed assets of the City amounted to \$42,819,926. This amount represents the original cost of the assets. Depreciation of general fix assets is not recognized in the City's accounting system.

**OTHER INFORMATION**

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

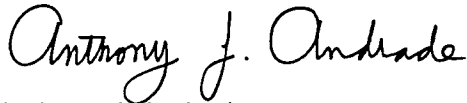
**Financial Reporting Recognition:**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City of Garden Grove the Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 1999. 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, 1999.

The Honorable Mayor and City Council  
November 24, 2000  
Page 14

**Acknowledgments:**

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



Anthony J. Andrade  
Controller

# CITY OF GARDEN GROVE

## CITY COUNCIL

**Bruce Broadwater**  
*Mayor*

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

**Ho Chung**  
*Councilman*

**Mark Leyes**  
*Councilman*

**Mark Rosen**  
*Councilman*

## CITY OFFICIALS

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

**Catherine Standiford**  
*Deputy City Manager*

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

**Cal Rietzel**  
*Community Services Director*

**Anthony J. Andrade**  
*Controller*

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

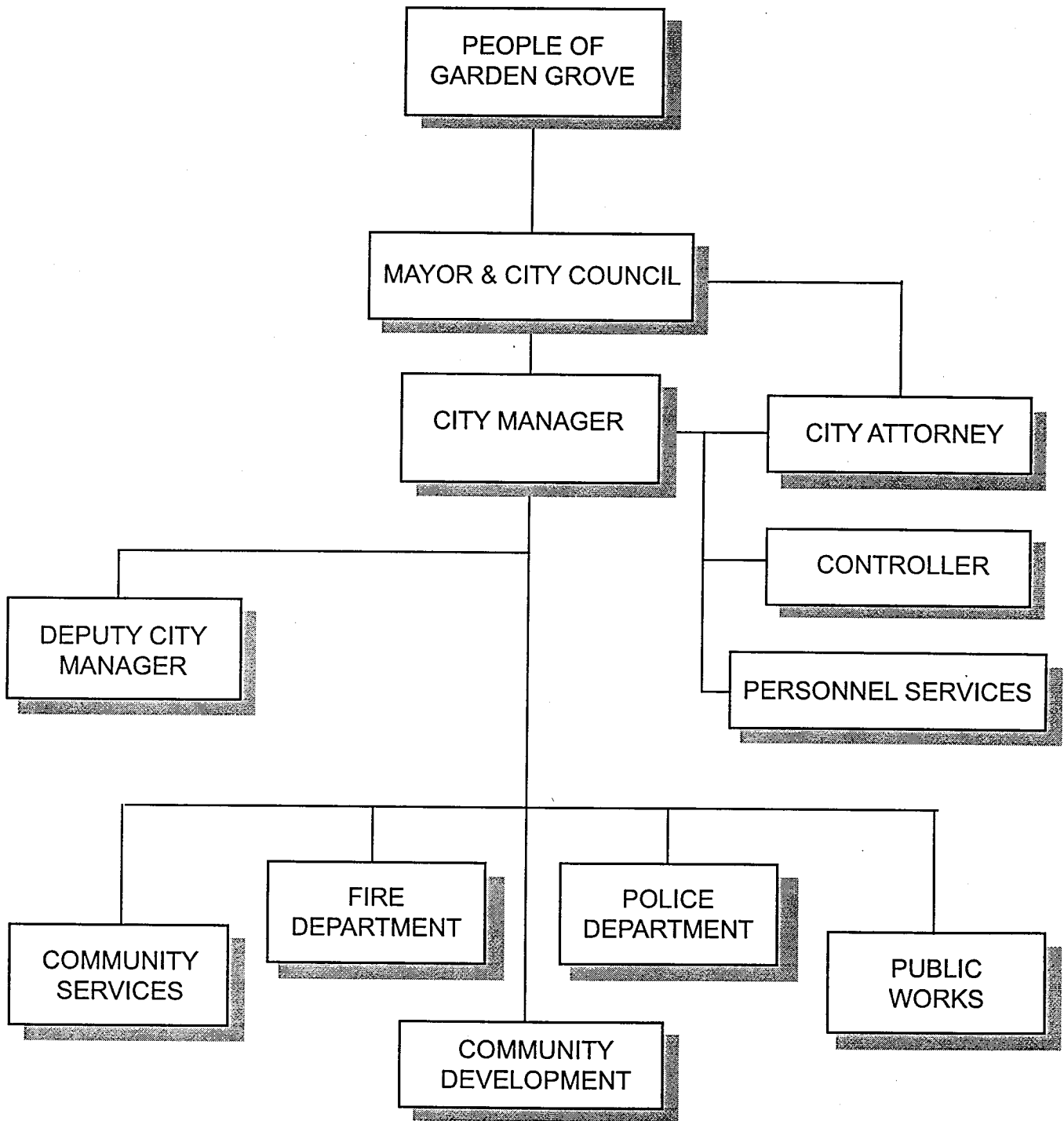
**Cameron Phillips**  
*Fire Chief*

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

**Joseph Polisar**  
*Police Chief*

**Les Jones**  
*Public Works Director*

# CITY OF GARDEN GROVE ORGANIZATIONAL CHART



# Certificate of Achievement for Excellence in Financial Reporting

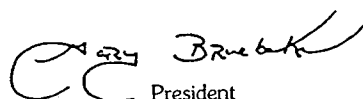
Presented to

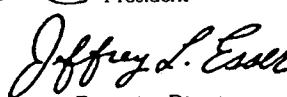
City of Garden Grove,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1999

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.



  
Cary Brueck  
President

  
Jeffrey L. Esler  
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, 1999.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA."



# California Society of Municipal Finance Officers

Certificate of Award

*Outstanding Financial Reporting 1998-99*

Presented to the

*City of Garden Grove*



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

*February 28, 2000*

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

*Dedicated to Excellence in Municipal Financial Management*

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# FINANCIAL SECTION

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# 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

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 12, 2000

## INDEPENDENT AUDITORS' REPORT

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

We have audited the general purpose financial statements of the City of Garden Grove, as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Garden Grove as of June 30, 2000, 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.

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2000 on our consideration of the City of Garden Grove's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

*Diehl, Evans and Company, LLP*

- 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 AND ACCOUNT GROUPS  
JUNE 30, 2000**

	<b>Governmental Funds</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>ASSETS AND OTHER DEBITS</b>				
Cash and investments (Note 2)	\$ 9,662,044	\$ 16,564,256	\$ -	\$ 3,009,498
Cash and investments with fiscal agents (Note 2)	1,429,270	-	4,388,861	-
Taxes receivable (Note 1o)	2,790,307	634,453	222,685	55,671
Accounts receivable	530,809	3,164,528	-	313,426
Accrued interest receivable	236,028	163,778	-	99,927
Intercity loans receivable (Note 3)	18,184,574	-	-	-
Notes receivable (Note 4)	-	3,009,763	-	44,320,445
Due from other funds (Note 11)	-	-	-	3,878,481
Inventory (Note 1e)	-	-	-	12,749,284
Deposits	32,500	-	-	486,650
Restricted cash and investments (Note 1h, 2 and 8)	-	-	-	-
Fixed assets (Note 5)	-	-	-	-
Deferred issuance costs	-	-	-	-
Amount available in debt service funds	-	-	-	-
Amount to be provided - future years	-	-	-	-
<b>Total assets and other debits</b>	<b>\$ 32,865,532</b>	<b>\$ 23,536,778</b>	<b>\$ 4,611,546</b>	<b>\$ 64,913,382</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 893,660	\$ 1,160,435	\$ -	\$ 6,569
Accrued compensated absences (Note 1k)	-	-	-	-
Accrued interest payable	-	-	-	-
Other accrued liabilities	1,397,265	2,066,713	-	13,522
Claims payable (Note 12)	-	-	-	-
Refundable deposits	1,138,990	186,859	-	1,084,739
Due to other funds (Note 11)	-	1,826,189	222,685	3,655,796
Deferred revenue (Notes 4 and 7)	248,492	2,287,778	-	44,320,445
Intercity loans payable (Note 3)	222,441	-	-	5,774,773
Tax allocation bonds payable (Note 8)	-	-	-	-
Revenue bonds payable (Note 8)	-	-	-	-
Agreements payable (Note 8)	-	-	-	-
Certificates of participation (Note 8)	-	-	-	-
Lease-purchase agreements (Note 8)	-	-	-	-
<b>Total liabilities</b>	<b>3,900,848</b>	<b>7,527,974</b>	<b>222,685</b>	<b>54,855,844</b>
<b>Equity and other credits:</b>				
Investment in general fixed assets (Note 5)	-	-	-	-
Contributed capital (Note 6)	-	-	-	-
<b>Retained earnings:</b>				
Reserved for bond retirement (Note 8)	-	-	-	-
Reserved for continuing projects (Note 9c)	-	-	-	-
Unreserved	-	-	-	-
<b>Fund balances:</b>				
<b>Reserved:</b>				
Reserved for encumbrances (Note 9a)	399,573	2,586,853	-	723,451
Reserved for building improvements	500,000	-	-	-
Reserved for intercity loans receivable (Note 9b)	18,184,574	-	-	-
Reserved for continuing projects (Note 9c)	1,302,785	7,400,649	-	9,600
Reserved for land held for resale (Note 9d)	-	-	-	12,749,284
Reserved for debt service (Note 8)	-	-	4,388,861	-
Reserved for contractual commitments (Note 9e)	-	-	-	757,524
<b>Unreserved:</b>				
Designated for subsequent years' expenditures (Note 10)	8,577,752	5,401,365	-	-
Undesignated	-	619,937	-	(4,182,321)
<b>Total equity and other credits</b>	<b>28,964,684</b>	<b>16,008,804</b>	<b>4,388,861</b>	<b>10,057,538</b>
<b>Total liabilities, equity and other credits</b>	<b>\$ 32,865,532</b>	<b>\$ 23,536,778</b>	<b>\$ 4,611,546</b>	<b>\$ 64,913,382</b>

See accompanying notes to general purpose financial statements.

Proprietary Funds		Account Groups		Totals Reporting Entity (Memorandum Only)
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	
\$ 13,098,349	\$ 36,543,478	\$ -	\$ -	\$ 78,877,625
3,745,564	-	-	-	9,563,695
67,975	-	-	-	3,771,091
3,660,573	772,358	-	-	8,441,694
287,605	470,563	-	-	1,257,901
1,355,439	222,441	-	-	19,762,454
360,557	-	-	-	47,690,765
-	1,826,189	-	-	5,704,670
-	211,432	-	-	12,960,716
15,000	176,216	-	-	710,366
1,343,320	-	-	-	1,343,320
66,392,774	5,139,613	42,819,926	-	114,352,313
948,657	-	-	-	948,657
-	-	-	4,388,861	4,388,861
-	-	-	75,441,773	75,441,773
<u>\$ 91,275,813</u>	<u>\$ 45,362,290</u>	<u>\$ 42,819,926</u>	<u>\$ 79,830,634</u>	<u>\$ 385,215,901</u>
\$ 3,092,464	\$ 694,369	\$ -	\$ -	\$ 5,847,497
-	4,235,337	-	-	4,235,337
374,222	-	-	-	374,222
167,843	219,703	-	-	3,865,046
-	19,182,131	-	-	19,182,131
355,167	-	-	-	2,765,755
-	-	-	-	5,704,670
1,081,056	-	-	-	47,937,771
13,765,240	-	-	-	19,762,454
-	-	-	56,000,000	56,000,000
18,193,933	-	-	2,545,000	20,738,933
-	-	-	21,220,000	21,220,000
15,063,877	-	-	-	15,063,877
-	-	-	65,634	65,634
<u>52,093,802</u>	<u>24,331,540</u>	<u>-</u>	<u>79,830,634</u>	<u>222,763,327</u>
-	-	42,819,926	-	42,819,926
18,810,022	3,623,995	-	-	22,434,017
52,529	-	-	-	52,529
1,959,064	-	-	-	1,959,064
18,360,396	17,406,755	-	-	35,767,151
-	-	-	-	3,709,877
-	-	-	-	500,000
-	-	-	-	18,184,574
-	-	-	-	8,713,034
-	-	-	-	12,749,284
-	-	-	-	4,388,861
-	-	-	-	757,524
-	-	-	-	13,979,117
-	-	-	-	(3,562,384)
<u>39,182,011</u>	<u>21,030,750</u>	<u>42,819,926</u>	<u>-</u>	<u>162,452,574</u>
<u>\$ 91,275,813</u>	<u>\$ 45,362,290</u>	<u>\$ 42,819,926</u>	<u>\$ 79,830,634</u>	<u>\$ 385,215,901</u>

**CITY OF GARDEN GROVE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED JUNE 30, 2000**

	General	Special Revenue
<b>Revenues:</b>		
Taxes	\$ 29,383,233	\$ 1,942,818
Licenses and permits	1,523,028	6,404
Fines, forfeits and penalties	1,207,232	268,296
From use of money and property	2,271,676	819,995
Charges for current services	6,312,456	5,120,972
From other agencies	8,310,619	26,964,251
Sale of land	\$ -	-
Other	1,325,327	603,592
	<u>50,333,571</u>	<u>35,726,328</u>
<b>Total revenues</b>		
<b>Expenditures:</b>		
<b>Current:</b>		
Fire	10,745,859	226,341
Police	22,587,923	768,087
Traffic safety	545,568	1,338,632
Public right of way	2,436,222	2,235,269
Community buildings	2,001,420	139,427
Community services	738,435	1,146,613
Parks and greenbelts	517,666	738,373
Community planning and development	2,331,099	14,564,035
Municipal support	4,440,977	2,459,389
<b>Capital outlay:</b>		
Police	295,736	1,712,994
Traffic safety	-	2,246,379
Public right of way	-	1,979,869
Drainage	-	487,205
Community buildings	-	112,942
Parks and greenbelts	6,392	137,923
Community planning and development	-	2,780,222
Municipal support	-	-
Cost of land sold	-	-
<b>Debt service:</b>		
Principal retirement	538,879	380,000
Interest and fiscal charges	152,395	577,681
	<u>47,338,571</u>	<u>34,031,381</u>
<b>Total expenditures</b>		
Excess (deficiency) of revenues over (under) expenditures	<u>2,995,000</u>	<u>1,694,947</u>
<b>Other financing sources (uses):</b>		
Operating transfers in	670,000	69,530
Operating transfers out	(869,530)	(500,000)
Proceeds of long term debt	-	-
	<u>(199,530)</u>	<u>(430,470)</u>
<b>Total other financing sources (uses)</b>		
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>2,795,470</u>	<u>1,264,477</u>
<b>Fund balances, July 1</b>	<u>26,169,214</u>	<u>14,744,327</u>
<b>Fund balances, June 30</b>	<u>\$ 28,964,684</u>	<u>\$ 16,008,804</u>

See accompanying notes to general purpose financial statements



Debt Service	Capital Projects	Totals Reporting Entity (Memorandum Only)
\$ 9,411,844	\$ 2,328,430	\$ 43,066,325
-	-	1,529,432
-	-	1,475,528
-	942,421	4,034,092
-	-	11,433,428
-	12,068	35,286,938
-	2,679,642	4,004,969
-	450,969	1,054,561
<u>9,411,844</u>	<u>6,413,530</u>	<u>101,885,273</u>
-	-	10,972,200
-	-	23,356,010
-	-	1,884,200
-	-	4,671,491
-	-	2,140,847
-	-	1,885,048
-	-	1,256,039
-	-	16,895,134
-	-	6,900,366
-	53,105	2,061,835
-	-	2,246,379
-	11,636	1,991,505
-	-	487,205
-	2,330	115,272
-	-	144,315
-	6,345,411	9,125,633
-	293,291	293,291
-	11,999,739	11,999,739
1,110,000	1,830,225	3,859,104
<u>3,253,369</u>	<u>377,407</u>	<u>4,360,852</u>
<u>4,363,369</u>	<u>20,913,144</u>	<u>106,646,465</u>
<u>5,048,475</u>	<u>(14,499,614)</u>	<u>(4,761,192)</u>
-	5,153,371	5,892,901
(5,153,371)	(78,813)	(6,601,714)
-	500,000	500,000
<u>(5,153,371)</u>	<u>5,574,558</u>	<u>(208,813)</u>
(104,896)	(8,925,056)	(4,970,005)
<u>4,493,757</u>	<u>18,982,594</u>	<u>64,389,892</u>
<u>\$ 4,388,861</u>	<u>\$ 10,057,538</u>	<u>\$ 59,419,887</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, 2000**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 27,903,000	\$ 29,383,233	\$ 1,480,233	\$ 1,930,000	\$ 1,942,818	\$ 12,818
Licenses and permits	1,001,800	1,523,028	521,228	-	6,404	6,404
Fines, forfeits, and penalties	1,250,500	1,207,232	(43,268)	245,000	268,296	23,296
From use of money and property	847,500	2,271,676	1,424,176	316,450	819,995	503,545
Charges for current services	6,649,805	6,312,456	(337,349)	4,282,264	5,120,972	838,708
From other agencies	7,356,200	8,310,619	954,419	40,496,482	26,964,251	(13,532,231)
Sale of land	-	-	-	-	-	-
Other	572,872	1,325,327	752,455	520,600	603,592	82,992
<b>Total revenues</b>	<b>45,581,677</b>	<b>50,333,571</b>	<b>4,751,894</b>	<b>47,790,796</b>	<b>35,726,328</b>	<b>(12,064,468)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Fire	11,570,099	10,745,859	824,240	260,059	226,341	33,718
Police	23,770,164	22,587,923	1,182,241	1,812,619	768,087	1,044,532
Traffic safety	643,133	545,568	97,565	1,531,203	1,338,632	192,571
Public right of way	2,462,271	2,436,222	26,049	2,212,351	2,235,269	(22,918)
Community buildings	2,458,434	2,001,420	457,014	288,620	139,427	149,193
Community services	891,118	738,435	152,683	1,286,868	1,146,613	140,255
Parks and greenbelts	622,145	517,666	104,479	840,524	738,373	102,151
Community planning and development	2,366,488	2,331,099	35,389	17,179,023	14,564,035	2,614,988
Municipal support	6,520,507	4,440,977	2,079,530	6,065,560	2,459,389	3,606,171
<b>Capital outlay:</b>						
Police	921,147	295,736	625,411	3,482,666	1,712,994	1,769,672
Traffic safety	-	-	-	8,593,402	2,246,379	6,347,023
Public right of way	29,829	-	29,829	6,660,816	1,979,869	4,680,947
Drainage	-	-	-	2,425,096	487,205	1,937,891
Community buildings	-	-	-	118,138	112,942	5,196
Parks and greenbelts	6,600	6,392	208	850,141	137,923	712,218
Community planning and development	-	-	-	3,243,058	2,780,222	462,836
Municipal support	-	-	-	-	-	-
Cost of land sold	-	-	-	-	-	-
<b>Debt service:</b>						
Principal retirement	538,879	538,879	-	380,000	380,000	-
Interest and fiscal charges	152,395	152,395	-	577,681	577,681	-
<b>Total expenditures</b>	<b>52,953,209</b>	<b>47,338,571</b>	<b>5,614,638</b>	<b>57,807,825</b>	<b>34,031,381</b>	<b>23,776,444</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(7,371,532)</b>	<b>2,995,000</b>	<b>10,366,532</b>	<b>(10,017,029)</b>	<b>1,694,947</b>	<b>11,711,976</b>
<b>Other financing sources (uses):</b>						
Operating transfers in	670,000	670,000	-	69,530	69,530	-
Operating transfers out	(869,530)	(869,530)	-	(500,000)	(500,000)	-
Proceeds of long term debt	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(199,530)</b>	<b>(199,530)</b>	<b>-</b>	<b>(430,470)</b>	<b>(430,470)</b>	<b>-</b>
<b>Excess(deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>(7,571,062)</b>	<b>2,795,470</b>	<b>10,366,532</b>	<b>(10,447,499)</b>	<b>1,264,477</b>	<b>11,711,976</b>
<b>Fund balances, July 1</b>	<b>26,169,214</b>	<b>26,169,214</b>	<b>-</b>	<b>14,744,327</b>	<b>14,744,327</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ 18,598,152</b>	<b>\$ 28,964,684</b>	<b>\$ 10,366,532</b>	<b>\$ 4,296,828</b>	<b>\$ 16,008,804</b>	<b>\$ 11,711,976</b>

See accompanying notes to general purpose financial statements.

Capital Projects Funds			Totals (Memorandum Only)		
Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
\$ 2,337,150	\$ 2,328,430	\$ (8,720)	\$ 32,170,150	\$ 33,654,481	\$ 1,484,331
-	-	-	1,001,800	1,529,432	527,632
-	-	-	1,495,500	1,475,528	(19,972)
1,015,350	942,421	(72,929)	2,179,300	4,034,092	1,854,792
-	-	-	10,932,069	11,433,428	501,359
10,500	12,068	1,568	47,863,182	35,286,938	(12,576,244)
4,454,967	2,679,642	(1,775,325)	4,454,967	2,679,642	(1,022,870)
1,400,000	450,989	(949,031)	2,493,472	2,379,888	(113,584)
<u>9,217,967</u>	<u>6,413,530</u>	<u>(2,804,437)</u>	<u>102,590,440</u>	<u>92,473,429</u>	<u>(10,117,011)</u>
-	-	-	11,830,158	10,972,200	857,958
-	-	-	25,582,783	23,356,010	2,226,773
-	-	-	2,174,336	1,884,200	290,136
-	-	-	4,674,622	4,671,491	3,131
-	-	-	2,747,054	2,140,847	606,207
-	-	-	2,177,986	1,885,048	292,938
-	-	-	1,462,669	1,256,039	206,630
-	-	-	19,545,511	16,895,134	2,650,377
-	-	-	12,586,067	6,900,366	5,685,701
143,500	53,105	90,395	4,547,313	2,061,835	2,485,478
-	-	-	8,623,231	2,246,379	6,376,852
12,110	11,636	474	6,672,926	1,991,505	4,681,421
-	-	-	2,425,096	487,205	1,937,891
10,025	2,330	7,695	128,163	115,272	12,891
-	-	-	856,741	144,315	712,426
12,973,925	6,345,411	6,628,514	16,216,983	9,125,633	7,091,350
319,224	293,291	25,933	319,224	293,291	25,933
-	11,999,739	(11,999,739)	-	11,999,739	(11,999,739)
1,830,225	1,830,225	-	2,749,104	2,749,104	-
377,407	377,407	-	1,107,483	1,107,483	-
<u>15,666,416</u>	<u>20,913,144</u>	<u>(5,246,728)</u>	<u>126,427,450</u>	<u>102,283,096</u>	<u>24,144,354</u>
(6,448,449)	(14,499,614)	(8,051,165)	(23,837,010)	(9,809,667)	14,027,343
4,926,732	5,153,371	226,639	5,666,262	5,892,901	226,639
(78,813)	(78,813)	-	(878,813)	(1,448,343)	-
-	500,000	500,000	-	500,000	500,000
<u>4,847,919</u>	<u>5,574,558</u>	<u>726,639</u>	<u>4,217,919</u>	<u>4,944,558</u>	<u>726,639</u>
(1,600,530)	(8,925,056)	(7,324,526)	(19,619,091)	(4,865,109)	14,753,982
18,982,594	18,982,594	-	59,896,135	59,896,135	-
<u>\$ 17,382,064</u>	<u>\$ 10,057,538</u>	<u>\$ (7,324,526)</u>	<u>\$ 40,277,044</u>	<u>\$ 55,031,026</u>	<u>\$ 14,753,982</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, 2000**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1999**

	Enterprise	Internal Service	Totals (Memorandum Only)	
			2000	1999
<b>Operating revenues:</b>				
Charges for services	\$ -	\$ 22,461,110	\$ 22,461,110	\$ 17,580,728
Water sales	15,107,955	-	15,107,955	14,195,247
Mobilehome parks operation	1,689,741	-	1,689,741	1,554,104
Solid waste disposal fees	5,885,501	-	5,885,501	5,652,608
Property assessments	1,894,175	-	1,894,175	1,767,842
Sewer user fees	1,773,233	-	1,773,233	138,140
Equipment lease	350,576	-	350,576	885,478
Other	594,747	-	594,747	292,581
<b>Total operating revenues</b>	<b>27,295,928</b>	<b>22,461,110</b>	<b>49,757,038</b>	<b>42,066,728</b>
<b>Operating expenses:</b>				
Salaries and wages	3,572,852	10,468,752	14,041,604	14,558,683
Contractual services	8,101,923	2,418,367	10,520,290	12,024,348
Liability claims	-	2,956,830	2,956,830	8,069,633
Materials and supplies	1,052,206	1,302,497	2,354,703	2,266,964
Water production expenses	6,442,258	-	6,442,258	6,226,604
Mobilehome parks on-site operations	548,318	-	548,318	488,321
Depreciation	2,390,080	774,651	3,164,731	3,144,837
Amortization	48,732	-	48,732	48,732
<b>Total operating expenses</b>	<b>22,156,369</b>	<b>17,921,097</b>	<b>40,077,466</b>	<b>46,828,122</b>
<b>Operating income(loss)</b>	<b>5,139,559</b>	<b>4,540,013</b>	<b>9,679,572</b>	<b>(4,761,394)</b>
<b>Nonoperating revenues (expenses):</b>				
Interest income	1,019,922	1,290,539	2,310,461	3,088,112
Rent	101,580	-	101,580	59,000
Gain on disposal of assets	-	62,284	62,284	169,876
Loss on disposal of assets	(462,810)	(2,634)	(465,444)	(33,177)
Other nonoperating revenues	-	476,900	476,900	594,902
Interest expense	(1,879,126)	(11,460)	(1,890,586)	(2,894,494)
Fiscal charges	(6,463)	-	(6,463)	(6,425)
<b>Total nonoperating revenues (expenses)</b>	<b>(2,030,100)</b>	<b>1,815,629</b>	<b>(214,471)</b>	<b>977,794</b>
<b>Income (loss) before transfers</b>	<b>3,109,459</b>	<b>6,355,642</b>	<b>9,465,101</b>	<b>(3,783,600)</b>
<b>Transfers in (out):</b>				
Transfers in	208,813	700,000	908,813	1,281,367
Transfers out	(70,000)	(130,000)	(200,000)	(1,570,000)
<b>Total transfers</b>	<b>138,813</b>	<b>570,000</b>	<b>708,813</b>	<b>(288,633)</b>
<b>Net Income (loss)</b>	<b>3,248,272</b>	<b>6,925,642</b>	<b>10,173,914</b>	<b>(4,072,233)</b>
<b>Retained earnings, July 1</b>	<b>15,677,021</b>	<b>10,906,700</b>	<b>26,583,721</b>	<b>44,051,046</b>
Prior period adjustments (Note 24)	1,446,896	(425,587)	1,021,109	(13,395,092)
<b>Adjusted retained earnings, July 1</b>	<b>17,123,717</b>	<b>10,481,113</b>	<b>27,604,830</b>	<b>30,655,954</b>
<b>Retained earnings, June 30</b>	<b>\$ 20,371,989</b>	<b>\$ 17,406,755</b>	<b>\$ 37,778,744</b>	<b>\$ 26,583,721</b>

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, 2000**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1999**

Schedule A-5

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)	
			2000	1999
<b>Cash flows from operating activities:</b>				
Cash received from users	\$ 26,485,651	\$ 18,939,593	\$ 45,425,244	\$ 41,922,329
Cash received from quasi-external transactions	-	1,761,087	1,761,087	756,153
Cash used by quasi-external transactions	-	-	-	(1,630,916)
Cash paid to suppliers	(18,113,962)	(8,993,247)	(27,107,209)	(26,974,205)
Cash paid to employees	(3,572,852)	(6,025,678)	(9,598,530)	(8,878,536)
<b>Net cash provided by operating activities</b>	<b>4,798,837</b>	<b>5,681,755</b>	<b>10,480,592</b>	<b>5,194,825</b>
<b>Cash flows from noncapital financing activities:</b>				
Other revenue	-	45,827	45,827	-
Transfers in	208,813	800,000	1,008,813	183,079
Transfers out	(70,000)	(230,000)	(300,000)	(1,570,000)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>138,813</b>	<b>615,827</b>	<b>754,640</b>	<b>(1,386,921)</b>
<b>Cash flows from investing activities:</b>				
Interest on investments	1,019,922	1,290,539	2,310,461	3,088,112
<b>Cash flows from capital and related financing activities:</b>				
Loan principal payments	-	-	-	(433,322)
Certificates of participation principal payments	(1,045,000)	-	(1,045,000)	(985,000)
Bond principal payments	(395,000)	-	(395,000)	(380,000)
Rent	60,000	-	60,000	59,000
Intercity loan payments from general fund	-	-	-	1,350,342
Purchase of fixed assets	(2,899,088)	(567,497)	(3,466,585)	(3,302,844)
Gain on disposal of assets	-	62,284	62,284	169,876
Loss on disposal of equipment	-	(2,634)	(2,634)	-
Cash capital contributions	55,471	431,073	486,544	524,834
Notes receivable principal payments	75,175	-	75,175	31,144
Interest paid	(2,682,329)	(11,460)	(2,693,789)	(2,786,717)
Fiscal charges	(6,463)	-	(6,463)	(6,425)
<b>Net cash (used) by capital and related financing activities</b>	<b>(6,837,234)</b>	<b>(88,234)</b>	<b>(6,925,468)</b>	<b>(5,759,112)</b>
<b>Net increase (decrease) in cash and cash equivalents (Note Iq)</b>	<b>(879,662)</b>	<b>7,499,887</b>	<b>6,620,225</b>	<b>1,136,904</b>
<b>Cash and cash equivalents, July 1</b>	<b>19,066,895</b>	<b>29,043,591</b>	<b>48,110,486</b>	<b>46,973,582</b>
<b>Cash and cash equivalents, June 30</b>	<b>\$ 18,187,233</b>	<b>\$ 36,543,478</b>	<b>\$ 54,730,711</b>	<b>\$ 48,110,486</b>

(Continued)

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

Schedule A-5  
Continued

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)	
			2000	1999
<b>Operating income (loss)</b>	<b>\$ 5,139,559</b>	<b>\$ 4,540,013</b>	<b>\$ 9,679,572</b>	<b>\$ (4,761,394)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>				
Depreciation expense	2,390,080	774,651	3,164,731	3,144,837
Amortization expense	48,732	-	48,732	48,732
Changes in assets and liabilities:				
Decrease in taxes receivable	10,357	-	10,357	11,289
(Increase) in accounts receivable	(263,085)	(134,961)	(398,046)	(315,869)
(Increase) decrease in accrued interest receivable	(217,173)	(219,999)	(437,172)	63,595
(Increase) decrease in intercity loans receivable	(36,952)	267,745	230,793	31,904
(Increase) in notes receivable	(303,428)	-	(303,428)	-
Decrease (increase) in due from other funds	-	1,761,087	1,761,087	(1,630,916)
(Increase) decrease in inventory	-	(23,910)	(23,910)	86,633
Decrease (increase) in deposits	-	120,339	120,339	(13,604)
(Decrease) increase in accounts payable	(1,122,382)	(152,726)	(1,275,108)	942,981
Increase in accrued compensated absences	-	376,070	376,070	186,447
(Decrease) in accrued interest payable	(45,706)	-	(45,706)	(25,715)
Increase (decrease) in intercity loan payable	17,380	-	17,380	(19,571)
Increase (decrease) in other accrued liabilities	38,019	94,143	132,162	(10,843)
Increase in refundable deposits	9,007	-	9,007	16,582
Increase (decrease) in claims payable	-	(1,720,697)	(1,720,697)	6,664,193
(Decrease) increase in due to other funds	(1,224,402)	-	(1,224,402)	756,153
Increase in deferred revenue	358,831	-	358,831	19,391
<b>Total adjustments</b>	<b>(340,722)</b>	<b>1,141,742</b>	<b>801,020</b>	<b>9,956,219</b>
<b>Net cash provided by operating activities</b>	<b>\$ 4,798,837</b>	<b>\$ 5,681,755</b>	<b>\$ 10,480,592</b>	<b>\$ 5,194,825</b>

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

*The Water Utility Enterprise Fund received contributed capital from developers valued at \$337,790.  
The Sanitary District Enterprise Fund received contributed capital from developers valued at \$343,000.  
Net book value of equipment transferred to the Equipment Rental Internal Service Fund from  
the General Fixed Asset Account Group was \$110,997*

*See accompanying notes to general purpose financial statements.*

CITY OF GARDEN GROVE

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Year Ended June 30, 2000

**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.

**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.



Notes to General Purpose Financial Statements (continued)

Individual Component Unit Disclosures:

Blended Component Units:

1. The Garden Grove Agency for Community Development (the "Agency") was established in November 1970 pursuant to California Community Redevelopment Laws and is reported as a Capital Project Fund as if it were part of the primary government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Agency budget, and staffing is provided by the City.
2. The Garden Grove Housing Authority (the "Housing Authority") was established in October 1975, pursuant to the provisions of the Housing and Community Development Act of 1974 and is reported as a Special Revenue Fund as if it were part of the primary government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Housing Authority budget, and staffing is provided by the City.
3. The Garden Grove Cable Television Corporation (the "Cable Corporation") is a nonprofit public benefit corporation established December 13, 1984. The activities of the Cable Corporation are to promote public access of the cable system which serves the City for non-programming, educational and informational purposes. The Cable Corporation is reported as a Special Revenue Fund as if it were part of the primary government because the City Council, although acting in a different capacity, is the governing board.
4. The Garden Grove Sanitary District (the "Sanitary District") began its operations in 1924 as a special district operating under the authority of the State of California. The Health and Safety Code of California (the Sanitary District Act of 1923) is the governing law. The Sanitary District provides portions of the cities of Garden Grove, Fountain Valley, Westminster and County of Orange unincorporated areas with sewage collection services, maintenance and cleaning of sewage collection lines, inspection of sewage lines built within district by developers and the provision for trash and solid waste collection and disposal for residents and commercial establishments. The district became a subsidiary district and component unit of the city of Garden Grove on May 30, 1997. The Sanitary District is reported as an Enterprise Fund as if it were part of the primary

Notes to General Purpose Financial Statements (continued)

City government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Sanitary District budget and staffing is provided by the City.

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

Notes to General Purpose Financial Statements (continued)

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.

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	\$13,289,723
Less: Allowance for decline in value	<u>(540,439)</u>
Net Value	<u>\$12,749,284</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.

Notes to General Purpose Financial Statements (continued)

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 \$3,136,381. These supplemental appropriations are included in the budget columns of the special revenue funds and are for additional grant funding received during the year.

Notes to General Purpose Financial Statements (continued)

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 10).

Under Article XIIB of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must be refunded to the taxpayers either through revised tax rates or revised fee schedules. For the fiscal year ended June 30, 2000, proceeds of taxes did not exceed allowable appropriations:

Gann Limit	\$66,611,010
Expenditures Subject to Gann Limit	\$23,055,723
Proceeds of Taxes Subject to Gann Limit	\$34,356,140

j. *Excess of Expenditures Over Appropriations*

For the current fiscal year, expenditures exceeded appropriations in the Self-Supporting Revenue (Special Revenue) fund in the amount of \$3,488, the Garden Grove Cable (Special Revenue) fund in the amount of \$2,511 and the Community Project (Capital Projects) fund in the amount of \$8,621,919. These overexpenditures were funded by available fund balances in each fund.

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 \$2,401,615 at June 30, 2000.

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. Miscellaneous employees can be paid 35% for all unused hours up to 850, fire employees can be paid 25% of up to 1,200 unused hours, police employees 25% of up to 1,000 unused hours, and management employees 35% of all unused hours. A public safety employee who is eligible for disability retirement may use all of his accumulated sick leave before going on disability retirement.. The estimated sick leave liability totaled \$1,833,722 at June 30, 2000.

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.

Notes to General Purpose Financial Statements (continued)

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. Unbilled receivables are recorded at year end to adjust for the billing cycle and are included as Accounts Receivables in the Water Utility and Sanitary District funds.

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.

Notes to General Purpose Financial Statements (continued)

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 30	7%-10%
December 10	14%-18%
December 17	20%-24%
January 25	3%-6%
March 24	5%-7%
April 21	25%-30%
May 19	3%-5%
July 21	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 those estimates.

**2. CASH, DEPOSITS & INVESTMENTS**

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

*Deposits:*

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

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

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

*Investments:*

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



Notes to General Purpose Financial Statements (continued)

*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, 2000, the total market value of LAIF was \$43,030,301,594. The City's proportionate share of that value is \$17,700,433. Included in LAIF's investment portfolio are certain derivative securities or similar products such as structured notes totaling \$1,909,398,000 and asset-backed securities totaling \$770,758,000. LAIF's and the City's exposure to credit, market or legal risk is not currently available.

Notes to General Purpose Financial Statements (continued)

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

Deposits and Investments were categorized as follows at June 30, 2000

	Category			Bank Balances	Fair (Carrying) Value
	1	2	3		
<b>Deposits:</b>					
<b>Banks:</b>					
Demand Accounts	\$ 600,169	\$ 1,556,062	\$ -	\$ 2,156,231	\$ (1,381,295)
Fiscal Agent Deposits	-	-	815,000	815,000	815,000
<b>Total Deposits</b>	<b>\$ 600,169</b>	<b>\$ 1,556,062</b>	<b>\$ 815,000</b>	<b>\$ 2,971,231</b>	<b>\$ (566,295)</b>
<b>Investments:</b>					
	1	2	3	Not Categorized	
FNMA	\$ 30,444,024	\$ -	\$ -	\$ -	30,444,024
FHLB	31,329,858	-	-	-	31,329,858
GNMA	127,924	-	-	-	127,924
LAIF	-	-	-	17,700,433	17,700,433
Commercial Paper	2,000,000	-	-	-	2,000,000
Fiscal Agent Investments	-	-	-	-	-
Mutual Funds	-	-	1,429,271	-	1,429,271
U.S. Treasury Notes	-	-	7,319,425	-	7,319,425
<b>Total Investments</b>	<b>\$ 63,901,806</b>	<b>\$ -</b>	<b>\$ 8,748,696</b>	<b>\$ 17,700,433</b>	<b>90,350,935</b>
<b>Total Deposits and Investments</b>					<b>\$ 89,784,640</b>

Cash and Investments as reported in the accompanying combined balance sheet

Cash and investments - unrestricted	\$ 78,877,625
Cash and Investments with fiscal agent	9,563,695
Restricted cash	1,343,320
	<u>\$ 89,784,640</u>

The restricted cash of \$1,343,320 represents cash set-aside as required for bond principal and interest and is not available for general use.

### 3. INTERCITY LOANS RECEIVABLE/PAYABLE

#### a. *Loans to General Fund from Equipment Rental Fund:*

The General Fund has obtained loans from the Equipment Rental (Internal Service) Fund for the total amount of \$362,162 for the purpose of financing the following:

\$248,218 to finance the replacement of 7 generators in the city's fire stations. The balance at June 30, 2000 is \$178,767.

Notes to General Purpose Financial Statements (continued)

\$113,944 to finance the installation of an energy management system in the municipal buildings located in the civic center. The balance at June 30, 2000 is \$43,674.

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

The City, through a comprehensive review and analysis, concluded that the General Fund has, over the past 40 years, financed street damage repairs throughout the City that have been a benefit to the Water Utility (Enterprise) Fund. An intercity loan has been established between the General Fund and the Water Utility (Enterprise) Fund in the amount of \$14,145,092 with interest accruing at 6 1/2% per annum. The balance will be repaid at amounts to be determined through the annual budget process. The balance of this loan at June 30, 2000 is \$13,159,801.

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

The Water Utility (Enterprise) Fund has loaned the Sanitary District Sewer Collection (Enterprise) Fund \$400,000 for the repair of the Belgrave force sewer main. Interest will accrue at an annual interest rate of 6 1/2% with no specific amortization period and with the unpaid interest being added to the principal annually. The balance of this loan at June 30, 2000 is \$435,305.

The Water Utility (Enterprise) Fund has also loaned the Sanitary District Sewer Collection (Enterprise) Fund \$150,000 with interest accruing at 6 1/2% per annum, to help fund the 98/99 operating budget. This loan has no fixed amortization date with all unpaid interest being added to the principal annually. The balance of this loan at June 30, 2000 is \$170,134.

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

The General Fund has loaned to the Community Project (Capital Projects) Fund \$1,760,145 with an annual interest rate of 6 1/2% to help fund the 98/99 and 99/00 operating budgets. The loans have no fixed amortization date with all unpaid interest being added to the principal annually. The balance of these loans at June 30, 2000 is \$1,862,175.

e. *Reimbursement Agreement from the General Fund to the Community Project Fund:*

On May 21, 1984 the City Council approved an agreement between the City and the Agency for Community Development (Community Project, Capital Projects Fund) wherein the Agency will reimburse the City \$2,405,511 plus any accruing unpaid interest thereon at the annual rate of 10% for capital improvements within the Agency's redevelopment area which were initially paid for by the General Fund. On June 18, 1991, the City Council authorized a \$240,000 repayment of the principal, reducing the agreement amount to \$1,805,511. The loan has no fixed amortization date, with all unpaid interest being added to the principal. Accrued unpaid interest has been added to this balance for a June 30, 2000 balance of \$3,162,598.

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

The Community Project (Capital Projects) Fund has a loan from the Water Utility (Enterprise) Fund in the amount of \$750,000. Interest is paid monthly at an annual rate of 10%. The loan has no fixed amortization date. The balance of this loan at June 30, 1999 is \$750,000.

4. **NOTES RECEIVABLE**

- a. On November 30, 1990, the Garden Grove Agency for Community Development Housing Set-Aside (Capital Projects) Fund renegotiated an agreement in the amount of \$30,000 that was originally entered into on April 22, 1986 for the purpose of assisting a developer in the purchase and 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. This agreement has a forgiveness clause which covers a period of 30 years. The total amount may be forgiven only if the developer meets certain conditions as outlined in the 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. The balance at June 30, 2000 is \$30,000.

On June 29, 1989 in connection with an Affordable Housing Agreement, the Garden Grove Agency for Community Development Housing Set-Aside (Capital Projects) Fund has advanced \$250,000 to assist the same developer for additional 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 of \$27,448, including 7% interest, 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. Revenue will be recognized when received. The balance at June 30, 2000 is \$229,401.

- b. On February 25, 1992 the Garden Grove Agency for Community Development Community Project (Capital Project) Fund 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 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 \$30,405 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. The balance at June 30, 2000 is \$668,901.
- c. In December 1993, the Garden Grove Agency for Community Development Community Project (Capital Projects) Fund entered into a sales/property tax guarantee

Notes to General Purpose Financial Statements (continued)

agreement with Costco Wholesale Corp. for the sum of \$3.8 million. The Agreement calls for an annual credit based on 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. Since the note reductions are not available for current expenditures, this note receivable is offset by deferred revenue in the Community Project (Capital Projects) Fund. The balance at June 30, 2000 is \$1,715,153

- d. On August 23, 1995 in connection with an Affordable Housing Agreement dated May 9, 1995 and amended on July 25, 1995, the Garden Grove Agency for Community Development Housing Set-Aside (Capital Projects) Fund loaned a developer \$480,000 towards the acquisition 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. Revenue will be recognized when received. The balance at June 30, 2000 is \$480,000.

In connection with this same Affordable Housing Agreement, the Garden Grove Agency for Community Development 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 annually for a twelve year period. Any payments made by the agency on the guaranty will be added to the note receivable from the developer. 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. Revenue will be recognized when received. The balance at June 30, 2000 is \$729,000.

- e. On February 23, 1996, the Garden Grove Agency for Community Development Community Project (Capital Projects) Fund 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 this note is offset by deferred revenue in The Community Project (Capital Projects) Fund. Revenue will be recognized when received. The balance at June 30, 2000 is \$907,350.

- f. In connection with a disposition and development agreement, the Garden Grove Agency for Community Development Community Project (Capital Projects) Fund 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

Notes to General Purpose Financial Statements (continued)

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 this note is offset by deferred revenue in the Community Project (Capital Projects) Fund. At June 30, 2000, the outstanding balance on this note receivable is \$1,750,000

g. The Garden Grove 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. Since the note repayments are not available for current expenditures, these notes receivable are offset by deferred revenue in the Community Project (Capital Projects) Fund and Housing Set-Aside (Capital Projects) Fund. Revenue will be recognized when received. At June 30, 2000, the notes receivable balances totaled \$205,967.

h. A mortgage assistance program has been established for residents displaced as a result of the Trask Avenue Widening Program. The Garden Grove Agency for Community Development has made four loans under this program to assist in the purchasing of new residences for those displaced. The loans are evidenced by promissory notes which are secured by second trust deeds on the replacement residences. The terms of each note vary by circumstance. Since the note repayments are not available for current expenditures, these notes receivable are offset by deferred revenue in the Community Project (Capital Projects) Fund and Housing Set-Aside (Capital Projects) Fund. Revenue will be recognized when received. At June 30, 2000, the note receivable balances totaled \$109,266.

i. In connection with an Affordable Housing Agreement, dated July 11, 1995, the Garden Grove Agency for Community Development 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. 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. Revenue will be recognized when received. The balance of this note receivable at June 30, 2000 is \$1,513,049.

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

Notes to General Purpose Financial Statements (continued)

transition to carport structures would help alleviate undesirable activities as well as provide greater opportunities for police presence and enforcement. The Agency has entered into this agreement for an additional amount of \$224,627. 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. Revenue will be recognized when received. The balance of this note receivable at June 30, 2000 totaled \$224,627.

- j. In connection with an Affordable Housing Agreement dated July 25, 1996, the Garden Grove Agency for Community Development Housing Set-Aside (Capital Projects) Fund has advanced the amount of \$87,000 to assist an owner in the purchase and rehabilitation of 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. Revenue will be recognized when received. The balance of this note receivable at June 30, 2000 is \$81,499
- k. The Garden Grove Agency for Community Development Community Project (Capital Projects) Fund 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. The balance of this note receivable at June 30, 2000 is \$344,529.
- l. The Garden Grove Agency for Community Development 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. 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. Revenue will be recognized when received. The balance of this note receivable at June 30, 2000 totaled \$192,862.
- m. 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 \$600,000 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

Notes to General Purpose Financial Statements (continued)

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. Revenue will be recognized when received. At June 30, 2000, the outstanding balance on this note receivable is \$554,478.

- n. An amendment to this Housing Rehabilitation Agreement was executed on April 22, 1998 and the developer was advanced an additional \$120,000 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. Applicable revenue will be recognized when received. At June 30, 2000, the outstanding balance on this note receivable is \$120,000 .
  
- o. An Affordable Housing Agreement 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 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 was 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 provided financial assistance to the developer in the total amount of \$1,302,000. The loan was a non-interest bearing junior lien which was being repaid from residual receipts generated from the project's monthly cash flow. In August 1998, the Garden Grove Agency for Community Development purchased land for future development of hotels which included the above property. The apartment complex was razed. This note will now be repaid with future HOME allocations over the next five years. No interest will be charged. Repayment will consist of four annual reductions of \$250,000 of HOME allocations to commence during the fiscal year ending June 30, 2000 with a reduction of \$231,504 in the fifth year. The balance of this note receivable at June 30, 2000 is \$981,504.
  
- p. 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. Revenue will be recognized when received. The balance of this note at June 30, 2000 is \$195,750.



Notes to General Purpose Financial Statements (continued)

- q. 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 \$187,600. 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. Revenue will be recognized when received. The balance of this note at June 30, 2000 is \$187,600.
- r. As part of the implementation process of the solid waste recycling program, solid waste disposal barrels were purchased by The Garden Grove Sanitary District (Enterprise) Fund. The disposal contractor agreed to purchase these barrels and has executed six promissory notes to reimburse the District. The six notes bear an annual interest rate of 7.6%. 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, 2000 is \$57,129.
- s. A disposition and development agreement was entered into between the Garden Grove Agency for Community Development Community Project (Capital Projects) Fund and a private developer for the development of the 169 room Hilton Garden Inn. A promissory note in the amount of \$4,008,833 was executed on November 2, 1998. This note is due and payable on the fourteenth (14th) anniversary of the note date, subject to yearly assemblage credits, based on generated revenues as outlined in the agreement. Since the note reductions are not available for current expenditures, this note receivable is offset by deferred revenue in the Community Project (Capital Projects) Fund. The balance at June 30, 2000 is \$4,000,826.
- t. A disposition and development agreement was entered into between the Garden Grove Agency for Community Development Community Project (Capital Projects) Fund and a private developer for the development of the 172 room Hampton Inn. A promissory note in the amount of \$4,008,833 was executed on November 2, 1998. This note is due and payable on the fourteenth (14th) anniversary of the note date, subject to yearly assemblage credits, based on generated revenues as outlined in the agreement. Since the note reductions are not available for current expenditures, this note receivable is

Notes to General Purpose Financial Statements (continued)

offset by deferred revenue in the Community Project (Capital Projects) Fund. The balance at June 30, 2000 is \$4,008,833.

- u. A disposition and development agreement was entered into between the Garden Grove Agency for Community Development Community Project (Capital Projects) Fund and a private developer for the development of the 203 room Homewood Suites. A promissory note in the amount of \$3,483,143 was executed on May 25, 1999. This note is due and payable on the tenth (10th) anniversary of the note date, subject to yearly assemblage credits, based on generated revenues as outlined in the agreement. Since the note reductions are not available for current expenditures, this note receivable is offset by deferred revenue in the Community Project (Capital Projects) Fund. The balance at June 30, 2000 is \$3,483,143.
- v. A disposition and development agreement was entered into between the Garden Grove Agency for Community Development Community Project (Community Projects) Fund and a private developer for the development of the 384 room Crowne Plaza Hotel. A promissory note in the amount of \$7,170,297 was executed on June 18, 1999. This note will be due and payable on the tenth (10th) anniversary of the note date, subject to yearly assemblage credits, based on generated revenues as outlined in the agreement. Since the note reductions are not available for current expenditures, this note receivable is offset by deferred revenue in the Community Project (Capital Projects) Fund. The balance at June 30, 2000 is \$7,170,297.
- w. On June 23, 1998, the Garden Grove Agency for Community Development Community Project (Capital Projects) Fund entered into an agreement in connection with the sale of Agency land for the development of a 103 room Holiday Inn Express Hotel. A promissory note in the amount of \$500,000 was executed on June 23, 1999. The full amount of the note will be due and payable within five years from the issuance of a certificate of occupancy with interest rates varying from 3% to 7% depending on when the payments are made. 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. Revenue will be recognized when received. The balance at June 30, 2000 is \$500,000.
- x. On August 21, 1999 the Garden Grove Agency for Community Development Community Project (Capital Projects) Fund entered into a Commercial Rehabilitation Agreement with a developer to help facilitate the relocation of a retail furniture showroom and warehouse to a location in the City. This loan, in the amount of \$200,000, is a zero interest loan to be repaid in ten annual installments of \$20,000, beginning on the first anniversary of the date of the loan. Since the note repayments are not available for current expenditures, the note receivable is offset by deferred revenue in the Community Project (Capital Projects) Fund. The balance of this note receivable at June 30, 2000 is \$200,000.
- y. A disposition and development agreement was entered into between the Garden Grove Agency for Community Development Community Project (Community Projects) Fund and a private developer for the development of the 375 room Embassy Suites Hotel. A

Notes to General Purpose Financial Statements (continued)

promissory note in the amount of \$8,017,665 was executed on September 22, 1999. This note will be due and payable on the fourteenth (14th) anniversary of the note date, subject to yearly assemblage credits, based on generated revenues as outlined in the agreement. Since the note reductions are not available for current expenditures, this note receivable is offset by deferred revenue in the Community Project (Capital Projects) Fund. The balance at June 30, 2000 is \$8,017,665.

The developer has also entered into a reimbursement agreement with the Garden Grove Agency for Community Development (Capital Projects) Fund for the reimbursement of developer fees paid by the City on their behalf. The total amount of \$260,000 was due on March 1, 2000. Interest in the amount of 12.5% per annum has been accruing since that date and will continue to accrue until payment is received. Since the note repayment is not available for current expenditures, the note receivable is offset by deferred revenue in the Community Project (Capital Projects) Fund. The balance of this note receivable at June 30, 2000 is \$260,000

- z. A disposition and development agreement was entered into between the Garden Grove Agency for Community Development Community Project (Community Projects) Fund and a private developer for the development of the 310 room Renaissance Hotel. A promissory note in the amount of \$6,125,916 was executed on April 11, 2000. This note will be due and payable on the tenth (10th) anniversary of the note date, subject to yearly assemblage credits, based on generated revenues as outlined in the agreement. Since the note reductions are not available for current expenditures, this note receivable is offset by deferred revenue in the Community Project (Capital Projects) Fund. The balance at June 30, 2000 is \$6,125,916.
  
- aa. A disposition and development agreement was entered into between the Garden Grove Agency for Community Development Community Project (Community Projects) Fund and a private developer on November 9, 1999 for the development of up to four free-standing restaurants on a parcel of land, located adjacent to three of the new hotel developments, for the total cost of \$350,000. Two promissory notes were issued, one in the amount of \$200,000 and one in the amount of \$150,000. The \$200,000 note will be due on the earlier of the first anniversary of the close of escrow or ninety (90) days after the start of construction of a second restaurant. The second promissory note in the amount of \$150,000 will be due and payable on the ninetieth (90th) day following the commencement of construction of a third restaurant building at this location. Since the note repayments are not available for current expenditures, these note receivables are offset by deferred revenue in the Community Project (Capital Projects) Fund. The balance at June 30, 2000 is \$350,000.
  
- bb. On November 9, 1999 a HOME Housing Rehabilitation Agreement in the amount of \$620,278 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 an area of the City known as Haster Gardens apartments for the purpose of providing low income housing to City residents. The loan is to be repaid out of the residual receipts generated by the project's cash flow. The City will receive 10% of the net profits until the loan is repaid. Since the note repayments are not available as a resource to meet current expenditures this note is offset by deferred revenue in the HOME (Special Revenue) Fund. Revenue

Notes to General Purpose Financial Statements (continued)

will be recognized when received. At June 30, 2000, the outstanding balance on this note receivable is \$620,278.

- cc. On June 30, 2000, the Garden Grove Agency for Community Development Community Project (Capital Projects) Fund received a \$325,962 promissory note in connection with the sale of agency land. The note bears interest at 6% and starts to accrue on February 1, 2003. No interest will accrue prior to this date. Principal and interest payments will then be due due in thirty six monthly payments commencing February 1, 2003. The note amount shall be reduced by the value of any developer improvements which have been approved by the Agency pursuant to the development agreement. Since the note repayments are not available as a resource to meet current expenditures this note is offset by deferred revenue in The Community Project (Capital Projects) Fund. Revenue will be recognized when received. The balance at June 30, 2000 is \$325,962.
- dd. The Garden Grove Agency for Community Development Buena Clinton Project (Capital Projects) Fund has entered into a Housing Rehabilitation Agreement with a developer for the purpose of assisting in the purchase and rehabilitation of two properties in the Buena Clinton neighborhood of the City. The two notes each bear simple interest at the rate of 7% per annum. The interest which accrues during the first two years will be added to the principal amount of the loan at the end of the second year. After the first two years, the developer shall make annual payments for fifteen years until the loans are paid off. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the Buena Clinton Project (Capital Projects) Fund. Revenue will be recognized when received. The balance of this notes receivable at June 30, 2000 totaled \$146,200.
- ee. On March 22, 2000, the City of Garden Grove Mobilehome Parks (Enterprise) Fund entered into an agreement with one of the City's mobilehome park operators for space rent due based on a revenue guarantee contract agreement for the fiscal years 1993-1994 to 1997-1998 for a total amount of \$342,355, with interest accruing at 7% per annum. An initial payment of \$25,000 was paid in April, 2000 with monthly payments thereafter until paid in full on February 27, 2007. Since the note repayments are not available for current expenditures, this note receivable is offset by deferred revenue in the Mobilehome Parks (Enterprise) Fund. Revenue will be recognized when received. The balance of this note at June 30, 2000 totaled \$300,775.
- ff. The City of Garden Grove has entered into several reimbursement agreements with developers in respect to their reimbursement to the City for developer fees paid on their behalf. These agreements total \$385,515 and are scheduled to be repaid within two years. Since the repayments are not available for current expenditures, these notes are offset by deferred revenue in the appropriate funds - Water Utility (Enterprise) Fund in the amount of \$2,653 and the Developer Fees (Special Revenue) Fund in the amount of \$350,153. The balance of these notes at June 30, 2000 totaled \$352,806.
- gg. The Garden Grove Agency for Community Development Community Project (Capital Projects) Fund entered into an agreement with a local business in connection with the sale of Agency land which was to be used for the expansion of the business. A

Notes to General Purpose Financial Statements (continued)

promissory note in the amount of \$550,000 was executed on December 14, 1999. The full amount of the note will be due and payable over a ten year period, subject to predetermined sales tax credits. This note receivable is offset by deferred revenue in the Community Project (Capital Projects) Fund. Revenue will be recognized when received. The balance at June 30, 2000 is \$550,000.

**5. FIXED ASSETS**

The following presents a summary of the changes in general fixed assets for the year ended June 30, 2000:

	July 1 1999	Additions	Retirements	Transfer To Other Funds	June 30 2000
Land	\$ 12,365,052	\$ -	\$ (5,581,041)	\$ -	\$ 6,784,011
Buildings	17,758,589	207,266	-	-	17,965,855
Other					
Improvements	7,342,419	113,944	-	-	7,456,363
Furniture and Equipment	8,761,444	3,187,041	(1,385,918)	(110,997)	10,451,570
Fire Training Authority Building	162,127	-	-	-	162,127
<b>Total</b>	<b>\$ 46,389,631</b>	<b>\$ 3,508,251</b>	<b>\$ (6,966,959)</b>	<b>\$ (110,997)</b>	<b>\$ 42,819,926</b>

A summary of proprietary funds fixed assets at June 30, 2000 follows:

	Enterprise	Internal Service
Land	\$ 12,200,103	\$ -
Buildings	700,496	-
Water utility plant	70,287,510	-
Sewer subsurface lines	8,399,590	-
Sewer pump stations	127,500	-
Improvements	563,115	-
Solid waste trucks and barrels	-	-
Furniture and equipment	605,564	1,385,542
Automotive equipment	-	9,317,008
<b>Total</b>	<b>92,883,878</b>	<b>10,702,550</b>
Less: Accumulated depreciation	(26,491,104)	(5,562,937)
<b>Net Fixed Assets</b>	<b>\$ 66,392,774</b>	<b>\$ 5,139,613</b>

Notes to General Purpose Financial Statements (continued)

**6. CHANGES IN CONTRIBUTED CAPITAL**

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

INTERNAL SERVICE FUNDS

	<u>Equipment Rental</u>	<u>Warehouse Operations</u>	<u>Total</u>
Balance, July 1, 1999	\$ 3,408,429	\$ 104,569	\$ 3,512,998
Additions:			
Equipment (From General Fixed Assets Account Group)	<u>110,997</u>	-	<u>110,997</u>
Balance, June 30, 2000	<u>\$ 3,519,426</u>	<u>\$ 104,569</u>	<u>\$ 3,623,995</u>

WATER UTILITY ENTERPRISE FUND

Balance, July 1, 1999	\$ 13,143,262
Contributions from developers	<u>337,790</u>
Balance, June 30, 2000	<u>\$ 13,481,052</u>

SANITARY DISTRICT ENTERPRISE FUNDS

Balance, July 1, 1999	\$ 4,985,970
Contributions from developers	<u>343,000</u>
Balance, June 30, 2000	<u>\$ 5,328,970</u>

**7. 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 of \$776,525 in the Sewer Collection (Sanitary District Enterprise) Fund represents user fees for refuse collection for the months of July & August, 2000.

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

Notes to General Purpose Financial Statements (continued)

**8. CHANGES IN LONG TERM DEBT**

a. Following is a summary of long term debt transactions for the City for the year ended June 30, 2000 (in thousands of dollars):

	General Long-Term Debt				Proprietary Funds		TOTAL
	Tax	Revenue	Agreements	Lease	Revenue	Certificates	
	Allocation	Bonds	Payable	Purchase	Bonds	Of	
	Bonds		Agreements		Participation		
Balance July 1	\$ 57,110	\$ 2,845	\$ 22,930	\$ 535	\$ 18,584	\$ 16,106	\$ 118,110
New Debt Incurred	-	-	500	-	-	-	500
Discount amortization	-	-	-	-	5	2	7
Debt Retired	(1,110)	(300)	(2,210)	(469)	(395)	(1,045)	(5,529)
Balance June 30	<u>\$ 56,000</u>	<u>\$ 2,545</u>	<u>\$ 21,220</u>	<u>\$ 66</u>	<u>\$ 18,194</u>	<u>\$ 15,063</u>	<u>\$ 113,088</u>

b. General long-term debt at June 30, 2000 consisted of the following individual items:

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

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

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

**\$56,000,000**

**Revenue Bonds:**

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

Notes to General Purpose Financial Statements (continued)

annually on August 1 through the year 2006. Interest is due annually on February 1 at rates ranging from 4.1% to 5.3%. 2,545,000

**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. 7,000,000

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

\$13,580,000 Federal Housing and Community Development Section 108 Loan for the purpose of acquisition and development of property located in the section of the City identified as the Harbor Corridor. Payments are due in a 20 year amortization schedule with an interest rate of 6.6% under a Project 8 Lending Interim Financing Agreement until bonds are sold. The Agency for Community Development has pledged future tax increment funds to satisfy the City's obligations under this loan agreement. 12,520,000

\$500,000 real property purchase. In September, 1999 the Agency for Community Development entered into a real property purchase and sale agreement bearing interest at 3% per annum. The balance is due in September, 2001. 500,000

***Total Agreements Payable*** 21,220,000



Notes to General Purpose Financial Statements (continued)

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. Payments against this loan are expended from the General Fund.

65,634

**TOTAL GENERAL LONG TERM DEBT**

\$79,830,634

c. **Proprietary Funds Long-Term Debt at June 30, 2000 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%.

18,315,000

Less: Unamortized bond discount fees

-121,067

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	\$15,411,640
Non-operating	<u>767,843</u>
Gross Revenues	16,179,483
Less: Operating expenses (excluding depreciation, interest, amortization and fiscal charges)	<u>-10,841,624</u>
Net Revenues	<u>\$ 5,337,859</u>
Debt Service requirement for next bond year \$1,366,751 X 125%	<u>\$ 1,708,439</u>

Notes to General Purpose Financial Statements (continued)

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

***Total Revenue Bonds Payable*** 18,193,933

**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 \$280,000 to \$1,045,000 are due annually on August 1 through the year 2023. Interest is due semiannually on August 1 and February 1 at rates ranging from 4.0% to 5.7%.

14,315,000

Sanitary District Enterprise Fund:

Certificates of Participation, dated March 1, 1990 in the face amount of \$6,010,000 was issued by the Garden Grove Sanitary District Public Improvement Corporation to finance the purchase of recycling equipment. Remaining principal of \$815,000 is due September 1, 2000.

815,000

Less: Unamortized COP discount fee

-66,123

***Total Certificates of Participation***

15,063,877

**TOTAL PROPRIETARY FUNDS**

**LONG-TERM DEBT**

33,257,810

**TOTAL LONG TERM DEBT**

\$113,088,000

Notes to General Purpose Financial Statements (continued)

- d. The scheduled annual requirements to amortize all debt outstanding as of June 30, 2000, including interest payments of \$83,024 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	Total
2001	\$ 4,357	\$ 1,802	\$ 1,914	\$ 2,180	\$ 67	\$ 10,320
2002	4,356	1,798	1,099	3,233	-	10,486
2003	4,350	1,797	1,093	2,725	-	9,965
2004	4,350	1,794	1,095	2,740	-	9,979
2005	4,344	1,793	1,096	2,189	-	9,422
2006	4,343	1,789	1,095	2,199	-	9,426
2007	4,340	1,791	1,093	2,207	-	9,431
2008	4,337	1,362	1,094	1,212	-	8,005
2009	4,333	1,358	1,090	1,224	-	8,005
2010-24	64,526	20,237	16,266	10,044	-	111,073
	<u>\$ 103,636</u>	<u>\$ 35,521</u>	<u>\$ 26,935</u>	<u>\$ 29,953</u>	<u>\$ 67</u>	<u>\$ 196,112</u>

The Agency for Community Development Debt Service Fund has \$4,389 available to service the Tax Allocation Bonds.

9. RESERVES OF FUND EQUITY

- a. Amounts reserved for encumbrances are commitments for materials and services on purchase orders.
- b. Amounts reserved for intercity loans indicate that repayments are not available as a resource to meet expenditures of the current year.
- c. Amounts reserved for continuing projects in governmental funds are unexpended appropriations on incomplete capital improvement projects which have been carried forward into the new fiscal year.

In the Water Enterprise Fund, this represents commitments of Fiscal Year 1999-2000 funds for specific projects which will not commence until Fiscal Year 2000-01.

- 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.

10. FUND BALANCE - UNRESERVED

Amounts designated for subsequent years' expenditures are, by resolution, set-aside to finance a portion of the Fiscal Year 2000-01 budget.

**11. INTERFUND RECEIVABLES AND PAYABLES**

Individual interfund receivable and payable balances at June 30, 2000 are:

<u>Fund</u>	<u>Other Funds</u>	<u>Other Funds</u>
Special Revenue Funds:		
Housing Authority Fund	\$ -	\$ 38,045
Air Quality Improvement Fund	-	1,029
Other Federal, State, County Grant Funds	-	1,787,115
Debt Service Funds:		
Community Project Fund	-	222,685
Community Projects Funds:		
Community Project Fund	3,878,481	
Housing Set-Aside Fund	-	3,655,796
Internal Service Funds:		
Worker's Compensation Fund	1,826,189	-
Total	<u>\$ 5,704,670</u>	<u>\$ 5,704,670</u>

**12. SELF-INSURANCE PROGRAMS**

The City utilizes a program to self-insure for workers' compensation liability for the first \$350,000, per occurrence, for injury or occupational illness to City employees pursuant to Workers Compensation Laws of the State of California. The City contracts with a service agent who administers the program and acts as the representative of the City in claim hearings or litigation. Excess coverage is placed with a commercial insurer for losses from \$350,000 up to the statutory limit per occurrences. This self-insurance program is accounted for in the Workers Compensation (Internal Service) Fund. There is an estimated liability of \$8,885,714 for claims outstanding including claims incurred but not reported on June 30, 2000, which has been included under other accrued liabilities in the Workers Compensation Fund.

The City also has a self-insured program for its tort and civil liabilities. The City is self-funded for the first \$2.0 million of each occurrence. Excess liability insurance is carried thereafter to \$10 million per occurrence with commercial insurers. Claims administration and adjusting services are provided by contract with an outside service company specializing in public entity liability. Representation in matters of litigation is performed through the retaining of outside law firms and is supervised by the City Attorney. This self-insurance program is accounted for in the Risk Management (Internal Service) Fund. The City estimates a liability for claims outstanding, including claims incurred but not reported, on June 30, 2000, in the amount of \$10,296,417 which has been included under other accrued liabilities in the Insurance Fund.

Notes to General Purpose Financial Statements (continued)

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, 2000. Changes in the aggregate liability for claims for fiscal year ended June 30, 1999 and June 30, 2000 are as follows:

	<u>2000</u>	<u>1999</u>
	<u>Worker's Compensation</u>	
Liability, July 1	\$ 7,436,238	\$ 4,977,217
Changes in estimates	1,449,476	3,463,277
Claim payments	-	(1,004,256)
Liability, June 30	<u>\$ 8,885,714</u>	<u>\$ 7,436,238</u>
	<u>General Liability</u>	
Liability, July 1	\$ 13,466,590	\$ 9,261,418
Changes in estimates	(2,792,242)	6,061,529
Claim payments	(377,931)	(1,856,357)
Liability, June 30	<u>\$ 10,296,417</u>	<u>\$ 13,466,590</u>

**13. PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

a. Plan Description

The City of Garden Grove's defined benefit pension plans, the Miscellaneous Plan of the City of Garden Grove and the Safety Plan of the City of Garden Grove, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan of the City of Garden Grove and the Safety Plan of the City of Garden Grove are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), 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.

Notes to General Purpose Financial Statements (continued)

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, 1999 was 7.472% for miscellaneous employees and 11.103% 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, 2000 the City of Garden Grove's annual pension cost of \$3,905,097 for PERS was equal to the City's required and actual contributions. The required contribution for fiscal year ended June 30, 2000 was determined as part of the June 30, 1997 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members and from 3.75% to 11.59% for safety members. Both (a) and (b) include an inflation component of 3.5%.

Fiscal Year Ended	Annual Pension Cost	Percent of Annual Pension Cost Contributed	Net Pension Obligation
6/30/98	\$5,501,515	100%	0
6/30/99	5,445,333	100%	0
6/30/00	3,905,097	100%	0

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 average remaining amortization period at 6/30/98 is 13 years for the safety members and 51 years for the miscellaneous members.

Notes to General Purpose Financial Statements (continued)

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

Valuation Date	Entry Age		<u>FUNDED STATUS OF PLANS</u>			Unfunded
	Normal Accrued Liability	Actual Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Actuarial Accrued Liability % of Payroll
<b>Miscellaneous Plan</b>						
6/30/96	65,807,050	65,536,166	270,884	99.6%	13,121,046	2.065%
6/30/97	65,632,536	75,865,716	(10,233,360)	115.6%	14,469,472	(70.724%)
6/30/98	71,717,487	90,328,589	(18,611,102)	126.0%	14,639,095	(127.133%)
<b>Safety Plan</b>						
6/30/96	114,021,112	111,882,244	2,138,867	98.1%	15,016,845	14.243%
6/30/97	121,406,917	127,970,263	(6,563,346)	105.4%	14,928,634	(43.965%)
6/30/98	136,485,239	150,564,852	(14,079,613)	110.3%	15,607,298	(90.212%)

**14. POSTEMPLOYMENT BENEFITS**

In addition to the pension benefit described in Note 13, the City provides post retirement health care benefits to all retired employees of \$16 per retiree per month. This benefit is available only to employees who retire from the City, but it may continue with the annuitant. This benefit is mandated with the City's participation in PERS. It is provided on a "pay-as-you-go" basis. Of the eligible retirees, only 169 have selected this option. The total yearly cost to the City for this benefit was \$35,553 which represents only 5.9 percent of the total yearly premium cost of \$600,790. The difference of \$565,237 was paid by the participating retirees.

**15. CERTIFICATES OF DEPOSIT REVENUE BONDS**

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

**16. MULTI FAMILY HOUSING REVENUE BONDS**

Garden Grove Housing Authority GNMA Collateralized Multifamily Housing Revenue Bonds, Series 1989, for \$10,000,000 were issued as an obligation of the Housing Authority. The bonds are not reflected in the City's general purpose financial statements since the use and disposition of the bond proceeds are controlled by an outside trustee, rather than the City, and since neither the Housing Authority, nor the City, is, in any event, liable for the payment of the principal or interest on the bonds. These bonds were issued to provide funds for the cost of purchasing and rehabilitating 19 buildings in the Buena-Clinton area of the City. The balance at June 30, 2000 is \$8,164,019.

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. The balance at June 30, 2000 is \$9,384,219.

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, 2000, the City has made payments totaling \$729,999 towards the guarantee. (See Note 4d)

**17. PASS THROUGH AGREEMENTS**

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



Notes to General Purpose Financial Statements (continued)

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.

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

Utilizing special assessment bond financing under the authority of the Improvement Bond Act of 1915, the City formed a special assessment district for the purpose of improving the water distribution system and fire hydrant infrastructure in the Dale-Josephine neighborhood of the City. The bonds which financed this debt are considered a non-obligation special assessment debt and are wholly a liability of the property owners. The City's role is limited to acting in an agent capacity for the property owners.

- a. Issue Date - September 15, 1990
- b. Interest Rates - 7.60%-8.15%
- c. Maturity Date - September 2, 2010
- d. Authorized and issued - \$656,608
- e. Outstanding balance June 30, 2000 - \$480,000

**19. MAINTENANCE OF EFFORT**

Beginning in October 1990, with the passage of Proposition 111, additional Highway Users Tax moneys under Section 2105 of the Streets and Highways Code has been allocated to cities for street and road expenditures. In an effort to supplement rather than supplant existing revenues used for streets and roads, these allocations are subject to yearly maintenance of effort provisions which must be complied with in order to receive these funds. During this same period of time, Section 7 of the Orange County Local Transportation Authority's Ordinance No. 2, for the Measure M sales tax, included a similar requirement as a condition to receiving Measure M sales tax revenue.

The minimum level of street and road expenditures required as the maintenance of effort under Proposition 111 and Measure M has been met for the fiscal year ended June 30, 2000.

**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

Notes to General Purpose Financial Statements (continued)

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 disposal and sewage services to all citizens.

	Water Utility	Mobilehome Parks	Sanitary District	Total
Operating revenues	\$ 15,411,640	\$ 1,689,741	\$ 10,194,547	\$ 27,295,928
Depreciation	1,525,053	81,530	783,497	2,390,080
Operating income	1,222,693	1,031,774	2,885,092	5,139,559
Transfer in	-	78,813	130,000	208,813
Transfer out	-	(70,000)	-	(70,000)
Net income	188,879	361,972	2,697,421	3,248,272
Fixed asset additions	2,342,170	12,354	544,564	2,899,088
Net working capital	13,108,750	1,539,025	2,075,416	16,723,191
Total assets	64,671,780	15,468,456	11,135,577	91,275,813
Revenue bonds payable, net	18,193,933	-	-	18,193,933
Certificates of participation payable, net	-	14,248,877	815,000	15,063,877
Total retained earnings	16,914,533	583,342	2,874,114	20,371,989
Total fund equity	30,395,585	583,342	8,203,084	39,182,011

**21. COMMITMENTS AND CONTINGENCIES**

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

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

**22. JOINT VENTURE**

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

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

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

**23. DEFERRED COMPENSATION**

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

**24. PRIOR PERIOD ADJUSTMENTS**

During the year, the City determined that a portion of the land held for resale recorded in the Community Project (Capital Projects) Fund should have been recorded in the Housing Set-Aside (Capital Projects) Fund. As a result a prior period adjustment has been made to reclassify land held for resale from the Community Project (Capital Projects) Fund to the Housing Set-Aside (Capital Projects) Fund in the amount of \$1,850,745.

Beginning fund balance in the Water Utility Enterprise Fund was increased by \$1,345,425 for adjustments made to water consumption revenue. The adjustment was made necessary because the City began recording unbilled receivables based on the water billing cycle as revenue in the current year.

Beginning fund balance in the Sanitary District Solid Waste Disposal Enterprise Fund was increased by \$115,368 for adjustments made to solid waste disposal revenue. The adjustment was made necessary because unbilled receivables based on the billing cycle were recorded as revenue in the current year.

Beginning fund balance in the Mobilehome Parks Enterprise Fund was decreased by \$14,097 due to an erroneous prior year recording of a maintenance expense as a fixed asset purchase.

Beginning fund balance in the Telephone System Internal Service Fund was decreased by \$425,587 due to an erroneous recording of a prepaid maintenance expense as a part of the cost of a new telephone system purchased in 1995.

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## **GENERAL FUND**

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

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CITY OF GARDEN GROVE  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2000 AND 1999

Schedule B-1

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Cash and investments	\$ 9,662,044	\$ 9,825,506
Cash with fiscal agent	1,429,270	1,587,166
Taxes receivable	2,790,307	2,741,524
Accounts receivable	530,809	803,687
Accrued interest receivable	236,028	98,317
Intercity loans receivable	18,184,574	17,025,845
Deposits	32,500	32,500
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 32,865,532</u>	<u>\$ 32,114,545</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 893,660	\$ 3,156,088
Other accrued liabilities	1,397,265	1,062,564
Refundable deposits	1,138,990	1,021,490
Deferred revenue	248,492	234,575
Intercity loans payable	222,441	470,614
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>3,900,848</u>	<u>5,945,331</u>
Fund Balance:		
Reserved:		
Reserved for encumbrances	399,573	315,914
Reserved for building improvements	500,000	-
Reserved for intercity loans receivable	18,184,574	17,025,845
Reserved for continuing projects	1,302,785	1,211,104
Unreserved:		
Designated for subsequent years' expenditures	8,577,752	7,616,351
	<u>                    </u>	<u>                    </u>
Total fund balance	<u>28,964,684</u>	<u>26,169,214</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and fund balance	<u>\$ 32,865,532</u>	<u>\$ 32,114,545</u>

**CITY OF GARDEN GROVE  
GENERAL FUND**

Schedule B-2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2000  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1999**

	2000			1999
	Budget	Actual	Variance-Favorable (Unfavorable)	Actual
<b>Revenues:</b>				
Taxes	\$ 27,903,000	\$ 29,383,233	\$ 1,480,233	\$ 26,896,325
Licenses and permits	1,001,800	1,523,028	521,228	1,245,076
Fines, forfeits and penalties	1,250,500	1,207,232	(43,268)	1,217,002
From use of money and property	847,500	2,271,676	1,424,176	2,047,401
Charges for current services	6,649,805	6,312,456	(337,349)	5,939,619
From other agencies	7,356,200	8,310,619	954,419	7,710,637
Other	572,872	1,325,327	752,455	582,387
<b>Total revenues</b>	<b>45,581,677</b>	<b>50,333,571</b>	<b>4,751,894</b>	<b>45,638,447</b>
<b>Expenditures:</b>				
Current:				
Fire	11,570,099	10,745,859	824,240	10,031,392
Police	23,770,164	22,587,923	1,182,241	21,365,665
Traffic safety	643,133	545,568	97,565	465,890
Public right of way	2,462,271	2,436,222	26,049	2,472,332
Community buildings	2,458,434	2,001,420	457,014	1,661,271
Community services	891,118	738,435	152,683	676,362
Parks and greenbelts	622,145	517,666	104,479	398,618
Community planning and development	2,366,488	2,331,099	35,389	2,164,645
Municipal support	6,520,507	4,440,977	2,079,530	4,187,000
Capital Outlay:				
Police	921,147	295,736	625,411	375,843
Public right of way	29,829	-	29,829	81,254
Drainage	-	-	-	41,456
Community buildings	-	-	-	69,325
Parks and greenbelts	6,600	6,392	208	-
Debt service:				
Principal retirement	538,879	538,879	-	439,611
Interest and fiscal charges	152,395	152,395	-	32,634
<b>Total expenditures</b>	<b>52,953,209</b>	<b>47,338,571</b>	<b>5,614,638</b>	<b>44,463,298</b>
Excess (deficiency) of revenues over (under) expenditures	(7,371,532)	2,995,000	10,366,532	1,175,149
<b>Other financing sources(uses):</b>				
Operating transfers in:				
Golf course fund	500,000	500,000	-	500,000
Mobilehome parks fund	70,000	70,000	-	70,000
Employee benefits fund	-	-	-	1,400,000
Risk management fund	100,000	100,000	-	100,000
Operating transfers out:				
Self supporting revenue fund	(69,530)	(69,530)	-	(16,508)
Internal service fund	(800,000)	(800,000)	-	-
Water enterprise fund	-	-	-	(1,098,288)
<b>Total other financing sources(uses)</b>	<b>(199,530)</b>	<b>(199,530)</b>	<b>-</b>	<b>955,204</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(7,571,062)	2,795,470	10,366,532	2,130,353
<b>Fund balance, July 1</b>	<b>26,169,214</b>	<b>26,169,214</b>	<b>-</b>	<b>6,813,573</b>
Prior period adjustment	-	-	-	17,225,288
<b>Adjusted fund balance, July 1</b>	<b>26,169,214</b>	<b>26,169,214</b>	<b>-</b>	<b>24,038,861</b>
<b>Fund balance, June 30</b>	<b>\$ 18,598,152</b>	<b>\$ 28,964,684</b>	<b>\$ 10,366,532</b>	<b>\$ 26,169,214</b>



## SPECIAL REVENUE FUNDS

### Public Safety Fund

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

### State Gas Tax Fund

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

### Golf Course Fund

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

### Self-supporting Revenue Fund

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

### Developer Fees Fund

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

### Kaiser Capital Fund

This fund was established to finance certain off-site street work necessitated by the proposed construction of a hospital complex.

### Main Library Fund

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

### Housing Authority Fund

Revenues and expenditures pertaining to the federal Section 8 Housing Program are accounted for in this fund.

(Continued)

## **SPECIAL REVENUE FUNDS (Continued)**

### *Garden Grove Cable Fund*

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

### *Street Lighting Fund*

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

### *Park Maintenance Fund*

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

### *Main Street/Vehicle Parking District Fund*

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

### *Air Quality Improvement Fund*

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

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

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

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CITY OF GARDEN GROVE  
SPECIAL REVENUE FUND TYPES  
COMBINING BALANCE SHEET  
JUNE 30, 2000  
WITH COMPARATIVE TOTALS FOR JUNE 30, 1999

	Public Safety	State Gas Tax	Golf Course	Self- Supporting Revenue	Developer Fees	Kaiser Capital	Main Library
<b>ASSETS</b>							
Cash and investments	\$ 3,186,389	\$ 2,451,901	\$ 577,340	\$ 62,039	\$ 3,682,015	\$ -	\$ 108,043
Taxes receivable	75,721	259,050	-	-	-	-	-
Accounts receivable	-	-	1,573	3,638	109,376	-	-
Accrued interest receivable	35,102	28,398	-	-	39,385	-	-
Notes receivable	-	-	-	-	350,153	-	-
<b>Total assets</b>	<b>\$ 3,297,212</b>	<b>\$ 2,739,349</b>	<b>\$ 578,913</b>	<b>\$ 65,677</b>	<b>\$ 4,180,929</b>	<b>\$ -</b>	<b>\$ 108,043</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 14,559	\$ 57,309	\$ -	\$ 15,539	\$ 160,592	\$ -	\$ -
Other accrued liabilities	6,667	64,621	2,225	24,269	1,595	-	-
Refundable deposits	16,882	-	-	1,968	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	11,402	-	350,153	-	-
<b>Total liabilities</b>	<b>38,108</b>	<b>121,930</b>	<b>13,627</b>	<b>41,776</b>	<b>512,340</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>							
<b>Reserved:</b>							
Reserved for encumbrances	72,925	340,210	-	4,571	277,061	-	-
Reserved for continuing projects	2,473,533	1,788,852	-	18,996	1,282,448	-	26,126
<b>Unreserved:</b>							
Designated for subsequent years' expenditures	464,719	488,357	565,286	334	2,109,080	-	81,917
Undesignated	247,927	-	-	-	-	-	-
<b>Total fund balances</b>	<b>3,259,104</b>	<b>2,617,419</b>	<b>565,286</b>	<b>23,901</b>	<b>3,668,589</b>	<b>-</b>	<b>108,043</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,297,212</b>	<b>\$ 2,739,349</b>	<b>\$ 578,913</b>	<b>\$ 65,677</b>	<b>\$ 4,180,929</b>	<b>\$ -</b>	<b>\$ 108,043</b>

Housing Authority	Garden Grove Cable	Street Lighting	Park Maintenance	Main Street Vehicle Parking District	Air Quality Improvement	Other Federal State, County Grants	Totals	
							2000	1999
\$ 153,186	\$ 99,671	\$ 1,101,625	\$ 143	\$ 226,991	\$ -	\$ 4,914,913	\$ 16,564,256	\$ 16,937,700
-	-	23,247	10,185	519	-	265,731	634,453	512,796
960,668	59,439	113	-	-	40,500	1,989,221	3,164,528	3,804,678
2,607	1,304	-	-	2,700	-	54,282	163,778	131,091
-	-	-	-	-	-	2,659,610	3,009,763	2,299,362
<u>\$ 1,116,461</u>	<u>\$ 160,414</u>	<u>\$ 1,124,985</u>	<u>\$ 10,328</u>	<u>\$ 230,210</u>	<u>\$ 40,500</u>	<u>\$ 9,883,757</u>	<u>\$ 23,536,778</u>	<u>\$ 23,685,627</u>
\$ 19,555	\$ 7,316	\$ 65,065	\$ 7,109	\$ 972	\$ 2,800	\$ 809,619	\$ 1,160,435	\$ 1,441,968
906,748	5,326	2,121	2,707	-	905	1,049,529	2,066,713	3,797,227
152,113	-	-	-	-	-	15,896	186,859	247,279
38,045	-	-	-	-	1,029	1,787,115	1,826,189	2,362,874
-	-	-	-	-	-	1,926,223	2,287,778	1,091,952
<u>1,116,461</u>	<u>12,642</u>	<u>67,186</u>	<u>9,816</u>	<u>972</u>	<u>4,734</u>	<u>5,588,382</u>	<u>7,527,974</u>	<u>8,941,300</u>
-	-	40,000	512	-	-	1,851,574	2,586,853	3,482,381
-	5,000	403,971	-	-	-	1,401,723	7,400,649	3,647,719
-	-	613,828	-	-	35,766	1,042,078	5,401,365	7,614,227
-	142,772	-	-	229,238	-	-	619,937	-
-	147,772	1,057,799	512	229,238	35,766	4,295,375	16,008,804	14,744,327
<u>\$ 1,116,461</u>	<u>\$ 160,414</u>	<u>\$ 1,124,985</u>	<u>\$ 10,328</u>	<u>\$ 230,210</u>	<u>\$ 40,500</u>	<u>\$ 9,883,757</u>	<u>\$ 23,536,778</u>	<u>\$ 23,685,627</u>

**CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2000  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1999**

	Public Safety	State Gas Tax	Golf Course	Self- Supporting Revenue	Developer Fees	Kaiser Capital	Main Library
<b>Revenues:</b>							
Taxes	\$ 479,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Fines, forfeits and penalties	268,296	-	-	-	-	-	-
From use of money and property	161,228	121,064	-	-	178,275	-	-
Charges for current services	-	-	663,904	589,003	1,644,121	-	-
From other agencies	348,124	2,860,343	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>1,256,992</u>	<u>2,981,407</u>	<u>663,904</u>	<u>589,003</u>	<u>1,822,396</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>							
Current:							
Fire	221,986	-	-	-	-	-	-
Police	431,509	-	-	-	-	-	-
Traffic safety	-	197,006	-	-	-	-	-
Public right of way	-	2,068,243	-	-	-	-	-
Community buildings	7,263	-	-	-	-	-	24
Community services	-	-	-	635,619	-	-	-
Parks and greenbelts	-	-	37,567	-	8,133	-	-
Community planning and development	-	-	-	-	-	-	-
Municipal support	34,124	-	-	-	-	-	700
Capital outlay:							
Police	143,117	-	-	-	-	-	-
Traffic safety	-	19,932	-	-	429,309	-	-
Public right of way	-	13,511	-	-	92,091	-	-
Drainage	-	406,509	-	-	79,393	-	-
Community buildings	112,942	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	33,533	-	-
Community planning and development	-	-	-	-	157,104	179,945	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>950,941</u>	<u>2,705,201</u>	<u>37,567</u>	<u>635,619</u>	<u>799,563</u>	<u>179,945</u>	<u>724</u>
Excess (deficiency) of revenues over (under) expenditures	<u>306,051</u>	<u>276,206</u>	<u>626,337</u>	<u>(46,616)</u>	<u>1,022,833</u>	<u>(179,945)</u>	<u>(724)</u>
<b>Other financing sources (uses):</b>							
Operating transfers in - General fund	-	-	-	69,530	-	-	-
Operating transfers out - General fund	-	-	(500,000)	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-
<b>Total other financing Sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>69,530</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>306,051</u>	<u>276,206</u>	<u>126,337</u>	<u>22,914</u>	<u>1,022,833</u>	<u>(179,945)</u>	<u>(724)</u>
<b>Fund balances, July 1</b>	<u>2,953,053</u>	<u>2,341,213</u>	<u>438,949</u>	<u>987</u>	<u>2,645,756</u>	<u>179,945</u>	<u>108,767</u>
<b>Fund balances, June 30</b>	<u>\$ 3,259,104</u>	<u>\$ 2,617,419</u>	<u>\$ 565,286</u>	<u>\$ 23,901</u>	<u>\$ 3,668,589</u>	<u>\$ -</u>	<u>\$ 108,043</u>

Housing Authority	Garden Grove Cable	Street Lighting	Park Maintenance	Main Street Vehicle Parking District	Air Quality Improvement	Other Federal State,County Grants	Totals	
							2000	1999
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,463,474	\$ 1,942,818	\$ 1,703,159
-	-	-	-	-	-	6,404	6,404	1,233
-	-	-	-	-	-	-	268,296	268,613
60,000	5,800	-	-	12,098	76	281,454	819,995	726,817
-	-	1,332,883	693,185	26,722	171,154	-	5,120,972	4,581,567
12,762,793	-	-	-	-	-	10,992,991	26,964,251	21,679,539
47,189	250,237	-	-	-	-	306,166	603,592	1,630,842
<u>12,869,982</u>	<u>256,037</u>	<u>1,332,883</u>	<u>693,185</u>	<u>38,820</u>	<u>171,230</u>	<u>13,050,489</u>	<u>35,726,328</u>	<u>30,591,770</u>
-	-	-	-	-	-	4,355	226,341	14,314
-	-	-	-	-	-	336,578	768,087	436,939
-	-	1,141,626	-	-	-	-	1,338,632	1,393,511
-	-	9,947	-	33,170	-	123,909	2,235,269	1,899,468
-	-	-	-	-	-	132,140	139,427	18,733
-	265,347	-	-	-	-	245,647	1,146,613	974,187
-	-	-	692,673	-	-	-	738,373	761,201
12,826,052	-	-	-	-	-	1,737,983	14,564,035	13,168,290
43,930	-	16,100	-	-	146,263	2,218,272	2,459,389	2,049,354
-	-	-	-	-	-	1,569,877	1,712,994	1,264,592
-	-	-	-	-	2,243	1,794,895	2,246,379	835,865
-	-	-	-	-	-	1,874,267	1,979,869	1,371,054
-	-	-	-	-	-	1,303	487,205	2,075,864
-	-	-	-	-	-	-	112,942	226,898
-	-	-	-	-	-	104,390	137,923	426,745
-	-	-	-	-	-	2,443,173	2,780,222	1,433,606
-	-	-	-	-	-	380,000	380,000	640,000
-	-	-	-	-	-	577,681	577,681	930,551
<u>12,869,982</u>	<u>265,347</u>	<u>1,167,673</u>	<u>692,673</u>	<u>33,170</u>	<u>148,506</u>	<u>13,544,470</u>	<u>34,031,381</u>	<u>29,921,172</u>
-	(9,310)	165,210	512	5,650	22,724	(493,981)	1,694,947	670,598
-	-	-	-	-	-	-	69,530	16,508
-	-	-	-	-	-	-	(500,000)	(500,000)
-	-	-	-	-	-	-	-	(1,231,504)
-	-	-	-	-	-	-	(430,470)	(1,714,996)
-	(9,310)	165,210	512	5,650	22,724	(493,981)	1,264,477	(1,044,398)
-	157,082	892,589	-	223,588	13,042	4,789,356	14,744,327	15,788,725
<u>\$ -</u>	<u>\$ 147,772</u>	<u>\$ 1,057,799</u>	<u>\$ 512</u>	<u>\$ 229,238</u>	<u>\$ 35,766</u>	<u>\$ 4,295,375</u>	<u>\$ 16,008,804</u>	<u>\$ 14,744,327</u>

**CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2000**

	Public Safety			State Gas Tax		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 430,000	\$ 479,344	\$ 49,344	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	245,000	268,296	23,296	-	-	-
From use of money and property	150,000	161,228	11,228	67,300	121,064	53,764
Charges for current services	-	-	-	-	-	-
From other agencies	347,523	348,124	601	2,957,700	2,860,343	(97,357)
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>1,172,523</b>	<b>1,256,992</b>	<b>84,469</b>	<b>3,025,000</b>	<b>2,981,407</b>	<b>(43,593)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Fire	244,481	221,986	22,495	-	-	-
Police	1,170,871	431,509	739,362	-	-	-
Traffic safety	-	-	-	243,261	197,006	46,255
Public right of way	-	-	-	1,991,287	2,068,243	(76,956)
Community buildings	45,000	7,263	37,737	-	-	-
Community services	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
Municipal support	65,684	34,124	31,560	-	-	-
<b>Capital outlay:</b>						
Police	1,940,983	143,117	1,797,866	-	-	-
Traffic safety	-	-	-	326,924	19,932	306,992
Public right of way	-	-	-	922,161	13,511	908,650
Drainage	-	-	-	1,664,249	406,509	1,257,740
Community buildings	118,138	112,942	5,196	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
<b>Debt service:</b>						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,585,157</b>	<b>950,941</b>	<b>2,634,216</b>	<b>5,147,882</b>	<b>2,705,201</b>	<b>2,442,681</b>
Excess (deficiency) of revenues over (under) expenditures	(2,412,634)	306,051	2,718,685	(2,122,882)	276,206	2,399,088
<b>Other financing sources (uses):</b>						
Operating transfer in:						
General fund	-	-	-	-	-	-
Operating transfer out:						
General fund	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,412,634)	306,051	2,718,685	(2,122,882)	276,206	2,399,088
<b>Fund balances, July 1</b>	<b>2,953,053</b>	<b>2,953,053</b>	<b>-</b>	<b>2,341,213</b>	<b>2,341,213</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ 540,419</b>	<b>\$ 3,259,104</b>	<b>\$ 2,718,685</b>	<b>\$ 218,331</b>	<b>\$ 2,617,419</b>	<b>\$ 2,399,088</b>

(Continued)



CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2000

Schedule C-3  
Continued

	Golf Course			Self-Supporting Revenue		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	-	-	-	-	-	-
Charges for current services	600,000	663,904	63,904	558,614	589,003	30,389
From other agencies	-	-	-	-	-	-
Other	-	-	-	3,000	-	(3,000)
<b>Total revenues</b>	<u>600,000</u>	<u>663,904</u>	<u>63,904</u>	<u>561,614</u>	<u>589,003</u>	<u>27,389</u>
<b>Expenditures:</b>						
Current:						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Community services	-	-	-	632,131	635,619	(3,488)
Parks and greenbelts	64,432	37,567	26,865	-	-	-
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	-	-	-	-	-	-
<b>Total expenditures</b>	<u>64,432</u>	<u>37,567</u>	<u>26,865</u>	<u>632,131</u>	<u>635,619</u>	<u>(3,488)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>535,568</u>	<u>626,337</u>	<u>90,769</u>	<u>(70,517)</u>	<u>(46,616)</u>	<u>23,901</u>
<b>Other financing sources (uses):</b>						
Operating transfer in:						
General fund	-	-	-	69,530	69,530	-
Operating transfer out:						
General fund	(500,000)	(500,000)	-	-	-	-
Capital projects fund	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>69,530</u>	<u>69,530</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>35,568</u>	<u>126,337</u>	<u>90,769</u>	<u>(987)</u>	<u>22,914</u>	<u>23,901</u>
<b>Fund balances, July 1</b>	<u>438,949</u>	<u>438,949</u>	<u>-</u>	<u>987</u>	<u>987</u>	<u>-</u>
<b>Fund balances, June 30</b>	<u>\$ 474,517</u>	<u>\$ 565,286</u>	<u>\$ 90,769</u>	<u>\$ -</u>	<u>\$ 23,901</u>	<u>\$ 23,901</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, 2000**

Schedule C-3  
Continued

	Developer Fees			Kaiser Capital		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	79,150	178,275	99,125	-	-	-
Charges for current services	939,250	1,644,121	704,871	-	-	-
From other agencies	-	-	-	-	-	-
Other	1,600	-	(1,600)	-	-	-
<b>Total revenues</b>	<u>1,020,000</u>	<u>1,822,396</u>	<u>802,396</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Community services	24,385	-	24,385	-	-	-
Parks and greenbelts	76,092	8,133	67,959	-	-	-
Community planning and development	-	-	-	-	-	-
Municipal support	-	-	-	-	-	-
<b>Capital outlay:</b>						
Police	-	-	-	-	-	-
Traffic safety	905,584	429,309	476,275	-	-	-
Public right of way	417,847	92,091	325,756	-	-	-
Drainage	353,698	79,393	274,305	-	-	-
Community buildings	-	-	-	-	-	-
Parks and greenbelts	478,420	33,533	444,887	-	-	-
Community planning and development	157,104	157,104	-	179,945	179,945	-
<b>Debt service:</b>						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<u>2,413,130</u>	<u>799,563</u>	<u>1,613,567</u>	<u>179,945</u>	<u>179,945</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,393,130)</u>	<u>1,022,833</u>	<u>2,415,963</u>	<u>(179,945)</u>	<u>(179,945)</u>	<u>-</u>
<b>Other financing sources (uses):</b>						
Operating transfer in:						
General fund	-	-	-	-	-	-
Operating transfer out:						
General fund	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,393,130)</u>	<u>1,022,833</u>	<u>2,415,963</u>	<u>(179,945)</u>	<u>(179,945)</u>	<u>-</u>
<b>Fund balances, July 1</b>	<u>2,645,756</u>	<u>2,645,756</u>	<u>-</u>	<u>179,945</u>	<u>179,945</u>	<u>-</u>
<b>Fund balances, June 30</b>	<u>\$ 1,252,626</u>	<u>\$ 3,668,589</u>	<u>\$ 2,415,963</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, 2000

Schedule C-3  
Continued

	Main Library			Housing Authority		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	-	-	-	-	60,000	60,000
Charges for current services	-	-	-	-	-	-
From other agencies	-	-	-	14,112,880	12,762,793	(1,350,087)
Other	-	-	-	-	47,189	47,189
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,112,880</b>	<b>12,869,982</b>	<b>(1,242,898)</b>
<b>Expenditures:</b>						
Current:						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Community buildings	26,150	24	26,126	-	-	-
Community services	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	14,073,926	12,826,052	1,247,874
Municipal support	-	700	(700)	44,958	43,930	1,028
Capital outlay:						
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Drainage	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>26,150</b>	<b>724</b>	<b>25,426</b>	<b>14,118,884</b>	<b>12,869,982</b>	<b>1,248,902</b>
Excess (deficiency) of revenues over (under) expenditures	(26,150)	(724)	25,426	(6,004)	-	6,004
<b>Other financing sources (uses):</b>						
Operating transfer in:						
General fund	-	-	-	-	-	-
Operating transfer out:						
General fund	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(26,150)	(724)	25,426	(6,004)	-	6,004
<b>Fund balances, July 1</b>	<b>108,767</b>	<b>108,767</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ 82,617</b>	<b>\$ 108,043</b>	<b>\$ 25,426</b>	<b>\$ (6,004)</b>	<b>\$ -</b>	<b>\$ 6,004</b>

(Continued)

**CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2000**

Schedule C-3  
Continued

	Garden Grove Cable			Street Lighting		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	11,000	5,800	(5,200)	-	-	-
Charges for current services	-	-	-	1,301,900	1,332,883	30,983
From other agencies	-	-	-	-	-	-
Other	226,000	250,237	24,237	-	-	-
<b>Total revenues</b>	<b>237,000</b>	<b>256,037</b>	<b>19,037</b>	<b>1,301,900</b>	<b>1,332,883</b>	<b>30,983</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	1,287,942	1,141,626	146,316
Public right of way	-	-	-	9,890	9,947	(57)
Community buildings	5,000	-	5,000	-	-	-
Community services	257,836	265,347	(7,511)	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
Municipal support	-	-	-	14,863	16,100	(1,237)
<b>Capital outlay:</b>						
Police	-	-	-	-	-	-
Traffic safety	-	-	-	516,696	-	516,696
Public right of way	-	-	-	40,000	-	40,000
Drainage	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
<b>Debt service:</b>						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>262,836</b>	<b>265,347</b>	<b>(2,511)</b>	<b>1,869,391</b>	<b>1,167,673</b>	<b>701,718</b>
Excess (deficiency) of revenues over (under) expenditures	(25,836)	(9,310)	16,526	(567,491)	165,210	732,701
<b>Other financing sources (uses):</b>						
Operating transfer in:						
General fund	-	-	-	-	-	-
Operating transfer out:						
General fund	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(25,836)	(9,310)	16,526	(567,491)	165,210	732,701
<b>Fund balances, July 1</b>	<b>157,082</b>	<b>157,082</b>	<b>-</b>	<b>892,589</b>	<b>892,589</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ 131,246</b>	<b>\$ 147,772</b>	<b>\$ 16,526</b>	<b>\$ 325,098</b>	<b>\$ 1,057,799</b>	<b>\$ 732,701</b>

(Continued)

CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2000

Schedule C-3  
Continued

	Park Maintenance			Main Street/Vehicle Parking District		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	-	-	-	8,000	12,098	4,098
Charges for current services	700,000	693,185	(6,815)	28,500	26,722	(1,778)
From other agencies	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>700,000</b>	<b>693,185</b>	<b>(6,815)</b>	<b>36,500</b>	<b>38,820</b>	<b>2,320</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	47,118	33,170	13,948
Community buildings	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Parks and greenbelts	700,000	692,673	7,327	-	-	-
Community planning and development	-	-	-	-	-	-
Municipal support	-	-	-	-	-	-
<b>Capital outlay:</b>						
Police	-	-	-	-	-	-
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	-	-	-
Drainage	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-
<b>Debt service:</b>						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>700,000</b>	<b>692,673</b>	<b>7,327</b>	<b>47,118</b>	<b>33,170</b>	<b>13,948</b>
Excess (deficiency) of revenues over (under) expenditures	-	512	512	(10,618)	5,650	16,268
<b>Other financing sources (uses):</b>						
Operating transfer in:						
General fund	-	-	-	-	-	-
Operating transfer out:						
General fund	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	512	512	(10,618)	5,650	16,268
<b>Fund balances, July 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>223,588</b>	<b>223,588</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ -</b>	<b>\$ 512</b>	<b>\$ 512</b>	<b>\$ 212,970</b>	<b>\$ 229,238</b>	<b>\$ 16,268</b>

(Continued)

**CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2000**

Schedule C-3  
Continued

	Air Quality Improvement			Other Federal, State, County Grants		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 1,463,474	\$ (36,526)
Licenses and permits	-	-	-	-	6,404	6,404
Fines, forfeits and penalties	-	-	-	-	-	-
From use of money and property	1,000	76	(924)	-	281,454	281,454
Charges for current services	154,000	171,154	17,154	-	-	-
From other agencies	-	-	-	23,078,379	10,992,991	(12,085,388)
Other	-	-	-	290,000	306,166	16,166
<b>Total revenues</b>	<b>155,000</b>	<b>171,230</b>	<b>16,230</b>	<b>24,868,379</b>	<b>13,050,489</b>	<b>(11,817,890)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Fire	-	-	-	15,578	4,355	11,223
Police	-	-	-	641,748	336,578	305,170
Traffic safety	-	-	-	-	-	-
Public right of way	-	-	-	164,056	123,909	40,147
Community buildings	-	-	-	212,470	132,140	80,330
Community services	-	-	-	372,516	245,647	126,869
Parks and greenbelts	-	-	-	-	-	-
Community planning and development	4,410	-	4,410	3,100,687	1,737,983	1,362,704
Municipal support	144,813	146,263	(1,450)	5,795,242	2,218,272	3,576,970
<b>Capital outlay:</b>						
Police	-	-	-	1,541,683	1,569,877	(28,194)
Traffic safety	9,909	2,243	7,666	6,834,289	1,794,895	5,039,394
Public right of way	-	-	-	5,280,808	1,874,267	3,406,541
Drainage	-	-	-	407,149	1,303	405,846
Community buildings	-	-	-	-	-	-
Parks and greenbelts	-	-	-	371,721	104,390	267,331
Community planning and development	-	-	-	2,906,009	2,443,173	-
<b>Debt service:</b>						
Principal retirement	-	-	-	380,000	380,000	-
Interest and fiscal charges	-	-	-	577,681	577,681	-
<b>Total expenditures</b>	<b>159,132</b>	<b>148,506</b>	<b>10,626</b>	<b>28,601,637</b>	<b>13,544,470</b>	<b>15,057,167</b>
Excess (deficiency) of revenues over (under) expenditures	(4,132)	22,724	26,856	(3,733,258)	(493,981)	3,239,277
<b>Other financing sources (uses):</b>						
Operating transfer in:						
General fund	-	-	-	-	-	-
Operating transfer out:						
General fund	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(4,132)	22,724	26,856	(3,733,258)	(493,981)	3,239,277
<b>Fund balances, July 1</b>	<b>13,042</b>	<b>13,042</b>	<b>-</b>	<b>4,789,356</b>	<b>4,789,356</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ 8,910</b>	<b>\$ 35,766</b>	<b>\$ 26,856</b>	<b>\$ 1,056,098</b>	<b>\$ 4,295,375</b>	<b>\$ 3,239,277</b>

(Continued)

**CITY OF GARDEN GROVE  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2000**

Schedule C-3  
Continued

	Totals		
	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 1,930,000	\$ 1,942,818	\$ 12,818
Licenses and permits	-	6,404	6,404
Fines, forfeits and penalties	245,000	268,296	23,296
From use of money and property	316,450	819,995	503,545
Charges for current services	4,282,264	5,120,972	838,708
From other agencies	40,496,482	26,964,251	(13,532,231)
Other	520,600	603,592	82,992
<b>Total revenues</b>	<b>47,790,796</b>	<b>35,726,328</b>	<b>(12,064,468)</b>
<b>Expenditures:</b>			
Current:			
Fire	260,059	226,341	33,718
Police	1,812,619	768,087	1,044,532
Traffic safety	1,531,203	1,338,632	192,571
Public right of way	2,212,351	2,235,269	(22,918)
Community buildings	288,620	139,427	149,193
Community services	1,286,868	1,146,613	140,255
Parks and greenbelts	840,524	738,373	102,151
Community planning and development	17,179,023	14,564,035	2,614,988
Municipal support	6,065,560	2,459,389	3,606,171
Capital outlay:			
Police	3,482,666	1,712,994	1,769,672
Traffic safety	8,593,402	2,246,379	6,347,023
Public right of way	6,660,816	1,979,869	4,680,947
Drainage	2,425,096	487,205	1,937,891
Community buildings	118,138	112,942	5,196
Parks and greenbelts	850,141	137,923	712,218
Community planning and development	3,243,058	2,780,222	462,836
Debt service:			
Principal retirement	380,000	380,000	-
Interest and fiscal charges	577,681	577,681	-
<b>Total expenditures</b>	<b>57,807,825</b>	<b>34,031,381</b>	<b>23,776,444</b>
Excess (deficiency) of revenues over (under) expenditures	(10,017,029)	1,694,947	11,711,976
<b>Other financing sources (uses):</b>			
Operating transfer in:			
General fund	69,530	69,530	-
Operating transfer out:			
General fund	(500,000)	(500,000)	-
Capital projects fund	-	-	-
<b>Total other financing sources (uses)</b>	<b>(430,470)</b>	<b>(430,470)</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(10,447,499)	1,264,477	11,711,976
<b>Fund balances, July 1</b>	<b>14,744,327</b>	<b>14,744,327</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ 4,296,828</b>	<b>\$ 16,008,804</b>	<b>\$ 11,711,976</b>

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## DEBT SERVICE FUNDS

### Community Project Fund

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

### Buena-Clinton Project Fund

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

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**CITY OF GARDEN GROVE**  
**DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2000**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 1999**

Schedule D-1

	Community Project	Buena-Clinton Project	Totals	
			2000	1999
<b>ASSETS</b>				
Cash and investments with fiscal agents	\$ 4,388,861	\$ -	\$ 4,388,861	\$ 4,388,861
Taxes receivable	222,685	-	222,685	104,896
<b>Total assets</b>	<b>\$ 4,611,546</b>	<b>\$ -</b>	<b>\$ 4,611,546</b>	<b>\$ 4,493,757</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Due to capital projects fund	\$ 222,685	\$ -	\$ 222,685	\$ -
<b>Total liabilities</b>	<b>222,685</b>	<b>-</b>	<b>222,685</b>	<b>-</b>
Fund balances:				
Reserved for debt service	4,388,861	-	4,388,861	4,493,757
<b>Total liabilities and fund balances</b>	<b>\$ 4,611,546</b>	<b>\$ -</b>	<b>\$ 4,611,546</b>	<b>\$ 4,493,757</b>

CITY OF GARDEN GROVE  
DEBT SERVICE FUNDS

Schedule D-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2000  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1999

	Community Project	Buena-Clinton Project	Totals	
			2000	1999
<b>Revenues:</b>				
Taxes	\$ 9,185,321	\$ 226,523	\$ 9,411,844	\$ 8,071,162
From use of money and property	-	-	-	57,301
From other agencies	-	-	-	38,753
<b>Total revenues</b>	<u>9,185,321</u>	<u>226,523</u>	<u>9,411,844</u>	<u>8,167,216</u>
<b>Expenditures:</b>				
Principal retirement	1,110,000	-	1,110,000	1,060,000
Interest and fiscal charges	3,253,369	-	3,253,369	3,305,950
<b>Total expenditures</b>	<u>4,363,369</u>	<u>-</u>	<u>4,363,369</u>	<u>4,365,950</u>
Excess of revenues over expenditures	4,821,952	226,523	5,048,475	3,801,266
<b>Other Financing (Uses):</b>				
Operating transfer out: Capital projects funds	(4,926,732)	(226,639)	(5,153,371)	(3,694,566)
Excess of revenues over expenditures and other financing uses	(104,780)	(116)	(104,896)	106,700
<b>Fund balances, July 1</b>	<u>4,493,641</u>	<u>116</u>	<u>4,493,757</u>	<u>4,387,057</u>
<b>Fund balances, June 30</b>	<u>\$ 4,388,861</u>	<u>\$ -</u>	<u>\$ 4,388,861</u>	<u>\$ 4,493,757</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 is this fund.

### Housing Set-Aside Fund

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

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**CITY OF GARDEN GROVE  
CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2000  
WITH COMPARATIVE TOTALS FOR JUNE 30, 1999**

Schedule E-1

	Community Project	Buena-Clinton Project	Housing Set-Aside	Totals	
				2000	1999
<b>ASSETS</b>					
Cash and investments	\$ 2,033,121	\$ 93,307	\$ 883,070	\$ 3,009,498	\$ 4,349,543
Taxes receivable	-	-	55,671	55,671	26,195
Accounts receivable	313,180	-	246	313,426	446,833
Accrued interest receivable	89,965	3,817	6,145	99,927	68,276
Notes receivable	40,235,064	146,200	3,939,181	44,320,445	28,968,700
Due from Debt Service fund	222,685	-	-	222,685	-
Due from Housing Set-aside fund	3,655,796	-	-	3,655,796	273,479
Land held for resale	7,049,716	-	6,240,007	13,289,723	21,492,218
Allowance for decline in value of land held for resale	(540,439)	-	-	(540,439)	(614,443)
Deposits	486,650	-	-	486,650	-
<b>Total assets</b>	<b>\$ 53,545,738</b>	<b>\$ 243,324</b>	<b>\$ 11,124,320</b>	<b>\$ 64,913,382</b>	<b>\$ 55,010,801</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 6,569	\$ 6,569	\$ 22,272
Other accrued liabilities	-	-	13,522	13,522	12,017
Refundable deposits	1,084,739	-	-	1,084,739	2,111,989
Due to Community Project fund	-	-	3,655,796	3,655,796	273,479
Deferred revenue	40,235,064	146,200	3,939,181	44,320,445	28,968,700
Intercity loans payable	5,774,773	-	-	5,774,773	4,639,750
<b>Total liabilities</b>	<b>47,094,576</b>	<b>146,200</b>	<b>7,615,068</b>	<b>54,855,844</b>	<b>36,028,207</b>
<b>Fund balances:</b>					
<b>Reserved:</b>					
Reserved for encumbrances	217,863	-	505,588	723,451	134,171
Reserved for continuing projects	-	9,600	-	9,600	1,207,247
Reserved for land held for resale	6,509,277	-	6,240,007	12,749,284	20,877,775
Reserved for contractual commitments	-	87,524	670,000	757,524	621,365
Unreserved	(275,978)	-	(3,906,343)	(4,182,321)	(3,857,964)
<b>Total fund balances</b>	<b>6,451,162</b>	<b>97,124</b>	<b>3,509,252</b>	<b>10,057,538</b>	<b>18,982,594</b>
<b>Total liabilities and fund balances</b>	<b>\$ 53,545,738</b>	<b>\$ 243,324</b>	<b>\$ 11,124,320</b>	<b>\$ 64,913,382</b>	<b>\$ 55,010,801</b>

**CITY OF GARDEN GROVE  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2000  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1999**

Schedule E-2

	Community Project	Buena-Clinton Project	Housing Set-Aside	Totals	
				2000	1999
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ 2,328,430	\$ 2,328,430	\$ 2,017,791
From use of money and property	875,283	15,879	51,259	942,421	848,766
From other agencies	-	-	12,068	12,068	9,688
Sale of land	2,679,642	-	-	2,679,642	2,464,173
Other	58,285	-	392,684	450,969	808,137
<b>Total revenues</b>	<b>3,613,210</b>	<b>15,879</b>	<b>2,784,441</b>	<b>6,413,530</b>	<b>6,148,555</b>
<b>Expenditures:</b>					
Capital outlay:					
Police	-	53,105	-	53,105	93,604
Public right of way	11,636	-	-	11,636	181,879
Drainage	-	-	-	-	40,627
Community buildings	2,330	-	-	2,330	2,853
Community planning and development	3,807,453	166,381	2,371,577	6,345,411	8,647,152
Municipal support	246,343	-	46,948	293,291	301,862
Cost of land sold	11,999,739	-	-	11,999,739	13,318,410
Debt service:					
Principal retirement	1,210,225	-	620,000	1,830,225	2,587,633
Interest and fiscal charges	309,422	-	67,985	377,407	581,812
<b>Total expenditures</b>	<b>17,587,148</b>	<b>219,486</b>	<b>3,106,510</b>	<b>20,913,144</b>	<b>25,755,832</b>
Excess (deficiency) of revenues over (under) expenditures	(13,973,938)	(203,607)	(322,069)	(14,499,614)	(19,607,277)
<b>Other financing sources (uses):</b>					
Operating transfer in:					
Special revenue funds	-	-	-	-	1,231,504
Debt service funds	4,926,732	226,639	-	5,153,371	3,694,566
Community projects fund	-	-	-	-	1,241,076
Operating transfer out:					
Housing set-aside fund	-	-	-	-	(1,241,076)
Mobilehome parks fund	-	-	(78,813)	(78,813)	(183,079)
Proceeds of long term debt	500,000	-	-	500,000	-
<b>Total other financing sources (uses)</b>	<b>5,426,732</b>	<b>226,639</b>	<b>(78,813)</b>	<b>5,574,558</b>	<b>4,742,991</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(8,547,206)	23,032	(400,882)	(8,925,056)	(14,864,286)
<b>Fund balances, July 1</b>	<b>16,849,113</b>	<b>74,092</b>	<b>2,059,389</b>	<b>18,982,594</b>	<b>37,677,076</b>
Prior period adjustment	(1,850,745)	-	1,850,745	-	(3,830,196)
<b>Adjusted fund balances, July 1</b>	<b>14,998,368</b>	<b>74,092</b>	<b>3,910,134</b>	<b>18,982,594</b>	<b>33,846,880</b>
<b>Fund balances, June 30</b>	<b>\$ 6,451,162</b>	<b>\$ 97,124</b>	<b>\$ 3,509,252</b>	<b>\$ 10,057,538</b>	<b>\$ 18,982,594</b>



CITY OF GARDEN GROVE  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2000

	Community Project		Variance- Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
From use of money and property	950,000	875,283	(74,717)
From other agencies	-	-	-
Sale of land	1,154,967	2,679,642	1,524,675
Other	1,000,000	58,285	(941,715)
<b>Total revenues</b>	<b>3,104,967</b>	<b>3,613,210</b>	<b>508,243</b>
<b>Expenditures:</b>			
Capital outlay:			
Police	-	-	-
Public right of way	12,110	11,636	474
Community buildings	10,025	2,330	7,695
Community planning and development	7,160,106	3,807,453	3,352,653
Municipal support	263,341	246,343	16,998
Cost of land sold	-	11,999,739	(11,999,739)
Debt service:			
Principal retirement	1,210,225	1,210,225	-
Interest and fiscal charges	309,422	309,422	-
<b>Total expenditures</b>	<b>8,965,229</b>	<b>17,587,148</b>	<b>(8,621,919)</b>
Excess (deficiency) of revenues over (under) expenditures	(5,860,262)	(13,973,938)	(8,113,676)
<b>Other financing sources (uses):</b>			
Operating transfer in:			
Debt service fund	4,926,732	4,926,732	-
Operating transfer out:			
Mobilehome parks fund	-	-	-
Proceeds of long term debt	-	500,000	500,000
<b>Total other financing sources (uses)</b>	<b>4,926,732</b>	<b>5,426,732</b>	<b>500,000</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(933,530)	(8,547,206)	(7,613,676)
<b>Fund balances, July 1</b>	<b>16,849,113</b>	<b>16,849,113</b>	<b>-</b>
Prior period adjustment	-	(1,850,745)	(1,850,745)
<b>Adjusted fund balances, July 1</b>	<b>16,849,113</b>	<b>14,998,368</b>	<b>(1,850,745)</b>
<b>Fund balances, June 30</b>	<b>\$ 15,915,583</b>	<b>\$ 6,451,162</b>	<b>\$ (9,464,421)</b>

(Continued)

**CITY OF GARDEN GROVE  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2000**

Schedule E-3  
Continued

	Buena-Clinton Project			Housing Set-Aside		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 2,337,150	\$ 2,328,430	\$ (8,720)
From use of money and property	12,000	15,879	3,879	53,350	51,259	(2,091)
From other agencies	-	-	-	10,500	12,068	1,568
Sale of land	-	-	-	3,300,000	-	(3,300,000)
Other	-	-	-	400,000	392,684	(7,316)
<b>Total revenues</b>	<b>12,000</b>	<b>15,879</b>	<b>3,879</b>	<b>6,101,000</b>	<b>2,784,441</b>	<b>(3,316,559)</b>
<b>Expenditures:</b>						
Capital outlay:						
Police	143,500	53,105	90,395	-	-	-
Public right of way	-	-	-	-	-	-
Community buildings	-	-	-	-	-	-
Community planning and development	186,500	166,381	20,119	5,627,319	2,371,577	3,255,742
Municipal support	-	-	-	55,883	46,948	8,935
Cost of land sold	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	620,000	620,000	-
Interest and fiscal charges	-	-	-	67,985	67,985	-
<b>Total expenditures</b>	<b>330,000</b>	<b>219,486</b>	<b>110,514</b>	<b>6,371,187</b>	<b>3,106,510</b>	<b>3,264,677</b>
Excess (deficiency) of revenues over (under) expenditures	(318,000)	(203,607)	114,393	(270,187)	(322,069)	(51,882)
<b>Other financing sources (uses):</b>						
Operating transfer in:						
Debt service fund	-	226,639	226,639	-	-	-
Operating transfer out:						
Mobilehome parks fund	-	-	-	(78,813)	(78,813)	-
Proceeds of long term debt	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>226,639</b>	<b>226,639</b>	<b>(78,813)</b>	<b>(78,813)</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(318,000)	23,032	341,032	(349,000)	(400,882)	(51,882)
<b>Fund balances, July 1</b>	<b>74,092</b>	<b>74,092</b>	<b>-</b>	<b>2,059,389</b>	<b>2,059,389</b>	<b>-</b>
Prior period adjustment	-	-	-	-	1,850,745	1,850,745
<b>Adjusted fund balances, July 1</b>	<b>74,092</b>	<b>74,092</b>	<b>-</b>	<b>2,059,389</b>	<b>3,910,134</b>	<b>1,850,745</b>
<b>Fund balances, June 30</b>	<b>\$ (243,908)</b>	<b>\$ 97,124</b>	<b>\$ 341,032</b>	<b>\$ 1,710,389</b>	<b>\$ 3,509,252</b>	<b>\$ 1,798,863</b>

(Continued)

**CITY OF GARDEN GROVE  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2000**

Schedule E-3  
Continued

	Totals		
	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 2,337,150	\$ 2,328,430	\$ (8,720)
From use of money and property	1,015,350	942,421	(72,929)
From other agencies	10,500	12,068	1,568
Sale of land	4,454,967	2,679,642	(1,775,325)
Other	1,400,000	450,969	(949,031)
<b>Total revenues</b>	<b>9,217,967</b>	<b>6,413,530</b>	<b>(2,804,437)</b>
<b>Expenditures:</b>			
Capital outlay:			
Police	143,500	53,105	90,395
Public right of way	12,110	11,636	474
Community buildings	10,025	2,330	7,695
Community planning and development	12,973,925	6,345,411	6,628,514
Municipal support	319,224	293,291	25,933
Cost of land sold	-	11,999,739	(11,999,739)
Debt service:			
Principal retirement	1,830,225	1,830,225	-
Interest and fiscal charges	377,407	377,407	-
<b>Total expenditures</b>	<b>15,666,416</b>	<b>20,913,144</b>	<b>(5,246,728)</b>
Excess (deficiency) of revenues over (under) expenditures	(6,448,449)	(14,499,614)	(8,051,165)
<b>Other financing sources (uses):</b>			
Operating transfer in:			
Debt service fund	4,926,732	5,153,371	226,639
Operating transfer out:			
Mobilehome parks enterprise fund	(78,813)	(78,813)	-
Proceeds of long term debt	-	500,000	500,000
<b>Total other financing sources (uses)</b>	<b>4,847,919</b>	<b>5,574,558</b>	<b>726,639</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,600,530)	(8,925,056)	(7,324,526)
<b>Fund balances, July 1</b>	<b>18,982,594</b>	<b>18,982,594</b>	<b>-</b>
Prior period adjustment	-	-	-
<b>Adjusted fund balances, July 1</b>	<b>18,982,594</b>	<b>18,982,594</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ 17,382,064</b>	<b>\$ 10,057,538</b>	<b>\$ (7,324,526)</b>

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## ENTERPRISE FUNDS

### Water Utility Fund

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

### 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 mobilehome parks were purchased as a way to help further the City's goal of preservation and protection of low and moderate income housing.

### Garden Grove Sanitary District Funds

The Sanitary District comprises of two funds, the Sewage Collection Fund and the Solid Waste Disposal Fund. Resources of the Sewage Collection Fund are applied to the operation and maintenance of the City's sewage collection system. The Solid Waste Disposal Fund accounts for the operation of the trash and solid waste collections and disposal services.

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**CITY OF GARDEN GROVE  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2000  
WITH COMPARATIVE TOTALS FOR JUNE 30, 1999**

Schedule F-1

	Water Utility	Mobilehome Parks	Sanitary District	Totals	
				2000	1999
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 9,682,572	\$ 547,936	\$ 2,867,841	\$ 13,098,349	\$ 14,243,242
Cash with fiscal agent	1,376,032	1,554,532	815,000	3,745,564	3,536,125
Taxes receivable	-	-	67,975	67,975	68,678
Accounts receivable	2,505,902	40,887	1,113,784	3,660,573	1,850,649
Accrued interest receivable	198,328	36,132	53,145	287,605	166,133
Intercity loans receivable	1,355,439	-	-	1,355,439	1,318,487
Notes receivable, current portion	2,653	300,775	57,129	360,557	33,595
Deposits	15,000	-	-	15,000	15,000
<b>Total current assets</b>	<b>15,135,926</b>	<b>2,480,262</b>	<b>4,974,874</b>	<b>22,591,062</b>	<b>21,231,909</b>
Restricted cash	1,310,285	-	33,035	1,343,320	1,287,528
Notes receivable, less current portion	-	-	-	-	57,129
Fixed assets:					
Land	499,103	11,695,000	6,000	12,200,103	12,203,423
Buildings	76,186	624,310	-	700,496	690,186
Water utility plant	70,287,510	-	-	70,287,510	67,672,511
Sewer subsurface lines	-	-	8,399,590	8,399,590	7,508,706
Sewer pump stations	-	-	127,500	127,500	127,500
Improvements	-	563,115	-	563,115	582,712
Solid waste trucks and barrels	-	-	-	-	5,813,307
Furniture and equipment	474,458	7,543	123,563	605,564	564,823
Less: accumulated depreciation	(23,475,035)	(487,084)	(2,528,985)	(26,491,104)	(29,451,521)
<b>Total fixed assets</b>	<b>47,862,222</b>	<b>12,402,884</b>	<b>6,127,668</b>	<b>66,392,774</b>	<b>65,711,647</b>
Deferred issuance costs	363,347	585,310	-	948,657	989,384
<b>Total assets</b>	<b>\$ 64,671,780</b>	<b>\$ 15,468,456</b>	<b>\$ 11,135,577</b>	<b>\$ 91,275,813</b>	<b>\$ 89,277,597</b>
<b>LIABILITIES AND FUND EQUITY</b>					
Current liabilities:					
Accounts payable	\$ 2,381,730	\$ -	\$ 710,734	\$ 3,092,464	\$ 4,214,847
Accrued interest payable	40,024	334,198	-	374,222	419,928
Other accrued liabilities	151,431	-	16,412	167,843	129,824
Refundable deposits	346,623	161	8,383	355,167	346,160
Due to other funds	-	-	-	-	1,224,402
Deferred revenue	2,653	301,878	776,525	1,081,056	722,225
Intercity loans payable	-	-	605,439	605,439	588,059
Revenue bonds payable, current portion	415,000	-	-	415,000	395,000
Certificates of participation, current portion	-	305,000	815,000	1,120,000	1,045,000
<b>Total current liabilities</b>	<b>3,337,461</b>	<b>941,237</b>	<b>2,932,493</b>	<b>7,211,191</b>	<b>9,085,445</b>
Long-term liabilities:					
Intercity loan from General fund	13,159,801	-	-	13,159,801	13,136,095
Revenue bonds payable, less current portion	17,778,933	-	-	17,778,933	18,188,781
Certificates of participation payable, less current portion	-	13,943,877	-	13,943,877	15,061,023
<b>Total long-term liabilities</b>	<b>30,938,734</b>	<b>13,943,877</b>	<b>-</b>	<b>44,882,611</b>	<b>46,385,899</b>
<b>Total liabilities</b>	<b>34,276,195</b>	<b>14,885,114</b>	<b>2,932,493</b>	<b>52,093,802</b>	<b>55,471,344</b>
Fund equity:					
Contributed capital	13,481,052	-	5,328,970	18,810,022	18,129,232
Retained earnings:					
Reserved for COP retirement	-	-	-	-	188,883
Reserved for bond retirement	52,529	-	-	52,529	52,529
Reserved for continuing projects	1,959,064	-	-	1,959,064	2,168,961
Unreserved	14,902,940	583,342	2,874,114	18,360,396	13,266,648
<b>Total retained earnings</b>	<b>16,914,533</b>	<b>583,342</b>	<b>2,874,114</b>	<b>20,371,989</b>	<b>15,677,021</b>
<b>Total fund equity</b>	<b>30,395,585</b>	<b>583,342</b>	<b>8,203,084</b>	<b>39,182,011</b>	<b>33,806,253</b>
<b>Total liabilities and fund equity</b>	<b>\$ 64,671,780</b>	<b>\$ 15,468,456</b>	<b>\$ 11,135,577</b>	<b>\$ 91,275,813</b>	<b>\$ 89,277,597</b>

**CITY OF GARDEN GROVE  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
YEAR ENDED JUNE 30, 2000  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1999**

Schedule F-2

	Water Utility	Mobilehome Parks	Sanitary District	Totals	
				2000	1999
<b>Operating revenues:</b>					
Water sales	\$ 15,107,955	\$ -	\$ -	\$ 15,107,955	\$ 14,195,247
Mobilehome parks operation	-	1,689,741	-	1,689,741	1,554,104
Solid waste disposal fees	-	-	5,885,501	5,885,501	5,652,608
Property assessments	-	-	1,894,175	1,894,175	1,767,842
Sewer user fees	-	-	1,773,233	1,773,233	138,140
Equipment lease	-	-	350,576	350,576	885,478
Other	303,685	-	291,062	594,747	292,581
<b>Total operating revenues</b>	<b>15,411,640</b>	<b>1,689,741</b>	<b>10,194,547</b>	<b>27,295,928</b>	<b>24,486,000</b>
<b>Operating expenses:</b>					
Salaries and wages	3,002,387	-	570,465	3,572,852	3,275,532
Contractual services	2,249,232	-	5,852,691	8,101,923	9,439,262
Materials and supplies	949,404	-	102,802	1,052,206	1,015,757
Water production expenses	6,442,258	-	-	6,442,258	6,226,604
Mobilehome parks on-site operation	-	548,318	-	548,318	488,321
Depreciation	1,525,053	81,530	783,497	2,390,080	2,323,487
Amortization	20,613	28,119	-	48,732	48,732
<b>Total operating expenses</b>	<b>14,188,947</b>	<b>657,967</b>	<b>7,309,455</b>	<b>22,156,369</b>	<b>22,817,695</b>
<b>Operating income</b>	<b>1,222,693</b>	<b>1,031,774</b>	<b>2,885,092</b>	<b>5,139,559</b>	<b>1,668,305</b>
<b>Nonoperating revenues (expenses):</b>					
Interest income	767,843	86,128	165,951	1,019,922	1,871,264
Rent	-	41,580	60,000	101,580	59,000
Gain on disposal of assets	-	-	-	-	121,686
Loss on disposal of assets	-	-	(462,810)	(462,810)	(18,868)
Interest expense	(1,798,314)	-	(80,812)	(1,879,126)	(2,867,722)
Fiscal charges	(3,343)	(3,120)	-	(6,463)	(6,425)
<b>Total nonoperating revenues (expenses)</b>	<b>(1,033,814)</b>	<b>(678,615)</b>	<b>(317,671)</b>	<b>(2,030,100)</b>	<b>(841,065)</b>
<b>Income before transfers</b>	<b>188,879</b>	<b>353,159</b>	<b>2,567,421</b>	<b>3,109,459</b>	<b>827,240</b>
<b>Transfers from (to) other funds:</b>					
Transfer from other funds:					
General fund	-	-	-	-	1,098,288
Capital projects fund	-	78,813	-	78,813	183,079
Internal service fund	-	-	130,000	130,000	-
Transfer to other funds:					
General fund	-	(70,000)	-	(70,000)	(70,000)
<b>Total transfers</b>	<b>-</b>	<b>8,813</b>	<b>130,000</b>	<b>138,813</b>	<b>1,211,367</b>
<b>Net Income</b>	<b>188,879</b>	<b>361,972</b>	<b>2,697,421</b>	<b>3,248,272</b>	<b>2,038,607</b>
<b>Retained earnings, July 1</b>	<b>15,380,229</b>	<b>235,467</b>	<b>61,325</b>	<b>15,677,021</b>	<b>27,033,506</b>
Prior period adjustment	1,345,425	(14,097)	115,368	1,446,696	(13,395,092)
<b>Adjusted retained earnings, July 1</b>	<b>16,725,654</b>	<b>221,370</b>	<b>176,693</b>	<b>17,123,717</b>	<b>13,638,414</b>
<b>Retained earnings, June 30</b>	<b>\$ 16,914,533</b>	<b>\$ 583,342</b>	<b>\$ 2,874,114</b>	<b>\$ 20,371,989</b>	<b>\$ 15,677,021</b>



**CITY OF GARDEN GROVE  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2000  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1999**

Schedule F-3

	Water	Mobilehome	Sanitary	Totals	
	Utility	Parks	District	2000	1999
<b>Cash flows from operating activities:</b>					
Cash received from users	\$ 15,115,751	\$ 1,367,990	\$10,001,910	\$ 26,485,651	\$ 23,962,643
Cash received from quasi-external transactions	-	-	-	-	756,153
Cash paid to suppliers	(9,977,411)	(253,793)	(7,882,758)	(18,113,962)	(15,551,114)
Cash paid to employees	(3,002,387)	-	(570,465)	(3,572,852)	(3,275,532)
Net cash provided by operating activities	<u>2,135,953</u>	<u>1,114,197</u>	<u>1,548,687</u>	<u>4,798,837</u>	<u>5,892,150</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfer in - Capital Projects fund	-	78,813	-	78,813	183,079
Transfers out - General fund	-	(70,000)	-	(70,000)	(70,000)
Transfers in - Internal Service fund	-	-	130,000	130,000	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>8,813</u>	<u>130,000</u>	<u>138,813</u>	<u>113,079</u>
<b>Cash flows from investing activities:</b>					
Interest on investments	<u>767,843</u>	<u>86,128</u>	<u>165,951</u>	<u>1,019,922</u>	<u>1,871,264</u>
<b>Cash flows from capital and related financing activities:</b>					
Loan principal payments	-	-	-	-	(433,322)
Certificates of participation principal payments	-	(285,000)	(760,000)	(1,045,000)	(985,000)
Bond principal payments	(395,000)	-	-	(395,000)	(380,000)
Rent	-	-	60,000	60,000	59,000
Purchase of fixed assets	(2,342,170)	(12,354)	(544,564)	(2,899,088)	(2,508,195)
Intercity loan payoff from General fund	-	-	-	-	1,098,288
Gain on disposal of assets	-	-	-	-	121,686
Cash capital contributions	55,471	-	-	55,471	102,453
Notes receivable principal payments	-	41,580	33,595	75,175	31,144
Interest paid	(1,798,314)	(803,203)	(80,812)	(2,682,329)	(2,759,945)
Fiscal charges	(3,343)	(3,120)	-	(6,463)	(6,425)
Net cash (used) by capital and related financing activities	<u>(4,483,356)</u>	<u>(1,062,097)</u>	<u>(1,291,781)</u>	<u>(6,837,234)</u>	<u>(5,660,316)</u>
Net increase (decrease) in cash and cash equivalents	(1,579,560)	147,041	552,857	(879,662)	2,216,177
<b>Cash and cash equivalents, July 1</b>	<u>13,948,449</u>	<u>1,955,427</u>	<u>3,163,019</u>	<u>19,066,895</u>	<u>16,850,718</u>
<b>Cash and cash equivalents, June 30</b>	<u>\$ 12,368,889</u>	<u>\$ 2,102,468</u>	<u>\$ 3,715,876</u>	<u>\$ 18,187,233</u>	<u>\$ 19,066,895</u>

(Continued)

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

Schedule F-3  
Continued

	Water Utility	Mobilehome Parks	Sanitary District	Totals	
				2000	1999
<b>Operating income</b>	<b>\$ 1,222,693</b>	<b>\$ 1,031,774</b>	<b>\$ 2,885,092</b>	<b>\$ 5,139,559</b>	<b>\$ 1,668,305</b>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>					
Depreciation expense	1,525,053	81,530	783,497	2,390,080	2,323,487
Amortization expense	20,613	28,119	-	48,732	48,732
<b>Changes in assets and liabilities:</b>					
Decrease in taxes receivable	-	-	10,357	10,357	11,289
(Increase) in accounts receivable	(187,401)	(16,434)	(59,250)	(263,085)	(338,423)
(Increase) decrease in accrued interest receivable	(68,884)	(4,542)	(143,747)	(217,173)	23,973
(Increase) in intercity loans receivable	(36,952)	-	-	(36,952)	(220,199)
(Increase) in notes receivable	(2,653)	(300,775)	-	(303,428)	-
(Decrease) increase in accounts payable	(386,194)	(610)	(735,578)	(1,122,382)	1,616,433
(Decrease) in accrued interest payable	(691)	(5,640)	(39,375)	(45,706)	(25,715)
Increase (decrease) in intercity loan payable	-	-	17,380	17,380	(19,571)
Increase (decrease) in other accrued liabilities	38,709	-	(690)	38,019	11,713
Increase in refundable deposits	9,007	-	-	9,007	16,582
(Decrease) increase in due to other funds	-	-	(1,224,402)	(1,224,402)	756,153
Increase in deferred revenue	2,653	300,775	55,403	358,831	19,391
<b>Total adjustments</b>	<b>913,260</b>	<b>82,423</b>	<b>(1,336,405)</b>	<b>(340,722)</b>	<b>4,223,845</b>
<b>Net cash provided by operating activities</b>	<b>\$ 2,135,953</b>	<b>\$ 1,114,197</b>	<b>\$ 1,548,687</b>	<b>\$ 4,798,837</b>	<b>\$ 5,892,150</b>

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

*The Water Utility Fund received contributed capital from developers valued at \$337,790.*

*The Sanitary District Sewage Collection Fund received contributed capital from developers valued at \$343,000*

**CITY OF GARDEN GROVE  
WATER UTILITY ENTERPRISE FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2000 and 1999**

Schedule F-4

	2000	1999
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 9,682,572	\$ 11,304,208
Cash with fiscal agent	1,376,032	1,376,031
Accounts receivable	2,505,902	973,076
Accrued interest receivable	198,328	129,445
Intercity loans receivable	1,355,439	1,318,487
Note receivable	2,653	-
Deposits	15,000	15,000
Total current assets	15,135,926	15,116,247
Restricted cash	1,310,285	1,268,210
Water plant in service:		
Land	499,103	499,103
Buildings	76,186	76,186
Utility plant	70,287,510	67,672,511
Furniture and equipment	474,458	441,260
Less: accumulated depreciation	(23,475,035)	(21,949,982)
Total water plant in service	47,862,222	46,739,078
Deferred issuance costs	363,347	378,809
Total assets	\$ 64,671,780	\$ 63,502,344
<b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,381,730	\$ 2,767,924
Accrued interest payable	40,024	40,715
Other accrued liabilities	151,431	112,722
Refundable deposits	346,623	337,616
Deferred revenue	2,653	-
Revenue bonds payable - current portion	415,000	395,000
Total current liabilities	3,337,461	3,653,977
Long-term liabilities:		
Intercity loan from General fund	13,159,801	13,136,095
Revenue bonds payable - less current portion	17,778,933	18,188,781
Total long-term liabilities	30,938,734	31,324,876
Total liabilities	34,276,195	34,978,853
Fund equity:		
Contributed capital	13,481,052	13,143,262
Retained earnings:		
Reserved for bond retirement	52,529	52,529
Reserved for continuing projects	1,959,064	2,168,961
Unreserved	14,902,940	13,158,739
Total retained earnings	16,914,533	15,380,229
Total fund equity	30,395,585	28,523,491
Total liabilities and fund equity	\$ 64,671,780	\$ 63,502,344

**CITY OF GARDEN GROVE**  
**WATER UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**YEARS ENDED JUNE 30, 2000 and 1999**

Schedule F-5

	2000	1999
<b>Operating revenues:</b>		
Water sales	\$ 15,107,955	\$ 14,195,247
Other	303,685	222,354
Total operating revenues	15,411,640	14,417,601
<b>Operating expenses:</b>		
Salaries and wages	3,002,387	2,790,996
Contractual services	2,249,232	2,132,584
Materials and supplies	949,404	869,432
Water production expenses	6,442,258	6,226,604
Depreciation	1,525,053	1,465,702
Amortization	20,613	20,613
Total operating expenses	14,188,947	13,505,931
Operating income	1,222,693	911,670
<b>Nonoperating revenues (expenses):</b>		
Interest income	767,843	1,768,986
Proceeds from disposal of assets	-	121,686
Loss on disposal of assets	-	(18,868)
Interest expense	(1,798,314)	(1,903,558)
Fiscal charges	(3,343)	(3,380)
Total nonoperating revenues (expenses)	(1,033,814)	(35,134)
Income before transfers	188,879	876,536
<b>Transfers from other funds:</b>		
Transfer from General Fund	-	1,098,288
<b>Net income</b>	188,879	1,974,824
<b>Retained earnings, July 1</b>	15,380,229	26,800,497
Prior period adjustment	1,345,425	(13,395,092)
<b>Adjusted retained earnings, July 1</b>	16,725,654	13,405,405
<b>Retained earnings, June 30</b>	\$ 16,914,533	\$ 15,380,229

**CITY OF GARDEN GROVE  
WATER UTILITY ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2000 AND 1999**

Schedule F-6

	2000	1999
<b>Cash flows from operating activities:</b>		
Cash received from users	\$ 15,115,751	\$ 14,204,161
Cash paid to suppliers	(9,977,411)	(8,382,408)
Cash paid to employees	(3,002,387)	(2,790,996)
Net cash provided by operating activities	2,135,953	3,030,757
<b>Cash flows from investing activities:</b>		
Interest on Investments	767,843	1,768,986
<b>Cash flows from capital and related financing activities:</b>		
Bond principal payments	(395,000)	(380,000)
Purchase of fixed assets	(2,342,170)	(2,483,966)
Intercity loan payoff from General fund	-	1,098,288
Intercity loan to Sanitary District Enterprise fund	-	(550,000)
Gain on disposal of assets	-	121,686
Cash capital contributions	55,471	102,453
Interest paid	(1,798,314)	(1,814,268)
Fiscal charges	(3,343)	(3,380)
Net cash (used) by capital and related financing activities	(4,483,356)	(3,909,187)
Net increase (decrease) in cash and cash equivalents	(1,579,560)	890,556
Cash and cash equivalents, July 1	13,948,449	13,057,893
Cash and cash equivalents, June 30	\$ 12,368,889	\$ 13,948,449

(Continued)

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

Schedule F-6  
Continued

	2000	1999
<b>Operating income</b>	<b>\$ 1,222,693</b>	<b>\$ 911,670</b>
 <b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation expense	1,525,053	1,465,702
Amortization expense	20,613	20,613
 Changes in assets and liabilities:		
(Increase) in accounts receivable	(187,401)	(18,809)
(Increase) decrease in accrued interest receivable	(68,884)	25,566
(Increase) in intercity loans receivable	(36,952)	(220,199)
(Increase) in note receivable	(2,653)	-
(Decrease) increase in accounts payable	(386,194)	824,049
(Decrease) in accrued interest payable	(691)	(632)
Increase in other accrued liabilities	38,709	6,215
Increase in refundable deposits	9,007	16,582
Increase in deferred revenue	2,653	-
	913,260	2,119,087
<b>Net cash provided by operating activities</b>	<b>\$ 2,135,953</b>	<b>\$ 3,030,757</b>

**CITY OF GARDEN GROVE  
MOBILEHOME PARKS ENTERPRISE FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2000 and 1999**

Schedule F-7

	2000	1999
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 547,936	\$ 400,895
Cash with fiscal agent	1,554,532	1,554,532
Accounts receivable	40,887	24,453
Accrued interest receivable	36,132	31,590
Note receivable	300,775	-
Total current assets	2,480,262	2,011,470
Mobilehome parks		
Land	11,695,000	11,695,000
Buildings	624,310	614,000
Improvements	563,115	582,712
Furniture, Fixtures, Equipment	7,543	-
Less: accumulated depreciation	(487,084)	(405,554)
Total mobilehome parks	12,402,884	12,486,158
Deferred issuance costs	585,310	610,575
Total assets	\$ 15,468,456	\$ 15,108,203
<b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ -	\$ 611
Accrued interest payable	334,198	339,838
Refundable deposits	161	161
Deferred revenue	301,878	1,103
Certificates of participation payable - current portion	305,000	285,000
Total current liabilities	941,237	626,713
Long-term liabilities:		
Certificates of participation payable - less current portion	13,943,877	14,246,023
Total liabilities	14,885,114	14,872,736
Fund equity (deficit):		
Retained earnings (deficit):		
Unreserved	583,342	235,467
Total liabilities and fund equity	\$ 15,468,456	\$ 15,108,203

**CITY OF GARDEN GROVE**  
**MOBILEHOME PARKS ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**YEARS ENDED JUNE 30, 2000 and 1999**

Schedule F-8

	2000	1999
<b>Operating revenues:</b>		
Mobilehome parks operation	\$ 1,689,741	\$ 1,554,104
<b>Operating expenses:</b>		
On-site operation	548,318	488,321
Depreciation	81,530	81,530
Amortization	28,119	28,119
Total operating expenses	657,967	597,970
Operating income	1,031,774	956,134
<b>Nonoperating revenues (expenses):</b>		
Interest income	86,128	80,124
Rent guarantee	41,580	-
Interest expense	(803,203)	(816,674)
Fiscal charges	(3,120)	(3,045)
Total nonoperating revenue (expenses)	(678,615)	(739,595)
Income before transfers	353,159	216,539
<b>Transfers from (to) other funds:</b>		
Transfer from Capital Projects fund	78,813	183,079
Transfer to General fund	(70,000)	(70,000)
Total transfers	8,813	113,079
<b>Net income</b>	361,972	329,618
<b>Retained earnings (deficit), July 1</b>	235,467	(94,151)
Prior year adjustment	(14,097)	-
<b>Adjusted retained earnings (deficit), July 1</b>	221,370	(94,151)
<b>Retained earnings, June 30</b>	\$ 583,342	\$ 235,467



**CITY OF GARDEN GROVE  
MOBILEHOME PARKS ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2000 AND 1999**

**Schedule F-9**

	<b>2000</b>	<b>1999</b>
<b>Cash flows from operating activities:</b>		
Cash received from users	\$ 1,367,990	\$ 1,551,918
Cash used by quasi-external transactions	-	(68,246)
Cash paid to suppliers	(253,793)	(495,149)
Net cash provided by operating activities	1,114,197	988,523
<b>Cash flows from noncapital financing activities:</b>		
Transfer in - Capital Projects fund	78,813	183,079
Transfer out - General fund	(70,000)	(70,000)
Net cash provided by noncapital financing activities	8,813	113,079
<b>Cash flows from investing activities:</b>		
Interest on investments	86,128	80,124
<b>Cash flows from capital and related financing activities:</b>		
Principal payment - Certificates of participation	(285,000)	(280,000)
Principal payments-Note receivable	41,580	-
Purchase of fixed assets	(12,354)	(21,395)
Interest paid	(803,203)	(816,674)
Fiscal charges	(3,120)	(3,045)
Net cash (used) by capital and related financing activities	(1,062,097)	(1,121,114)
Net increase in cash and cash equivalents	147,041	60,612
<b>Cash and cash equivalents, July 1</b>	<b>1,955,427</b>	<b>1,894,815</b>
<b>Cash and cash equivalents, June 30</b>	<b>\$ 2,102,468</b>	<b>\$ 1,955,427</b>

(Continued)

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

**Schedule F-9  
Continued**

	2000	1999
<b>Operating income</b>	<b>\$ 1,031,774</b>	<b>\$ 956,134</b>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation expense	81,530	81,530
Amortization expense	28,119	28,119
<b>Changes in assets and liabilities:</b>		
(Increase) in accounts receivable	(16,434)	(5,417)
(Increase) decrease in accrued interest receivable	(4,542)	3,231
(Increase) in notes receivable	(300,775)	-
(Decrease) in accounts payable	(610)	(1,519)
(Decrease) in accrued interest payable	(5,640)	(5,309)
Increase (decrease) in deferred revenue	300,775	(68,246)
Total adjustments	82,423	32,389
<b>Net cash provided by operating activities</b>	<b>\$ 1,114,197</b>	<b>\$ 988,523</b>

**CITY OF GARDEN GROVE  
SANITARY DISTRICT ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2000  
WITH COMPARATIVE TOTALS FOR JUNE 30, 1999**

Schedule F-10

	Sewage Collection	Solid Waste Disposal	Totals	
			2000	1999
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 2,716,994	\$ 148,847	\$ 2,867,841	\$ 2,538,139
Cash with fiscal agent	-	815,000	815,000	605,562
Taxes receivable	20,811	47,164	67,975	68,678
Accounts receivable	202,632	911,152	1,113,784	853,120
Accrued interest receivable	53,145	-	53,145	5,098
Notes receivable, current portion	-	57,129	57,129	33,595
Total current assets	<u>2,995,582</u>	<u>1,979,292</u>	<u>4,974,874</u>	<u>4,104,192</u>
Restricted cash	<u>30,631</u>	<u>2,404</u>	<u>33,035</u>	<u>19,318</u>
Notes receivable, less current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,129</u>
Plant and Equipment:				
Land	6,000	-	6,000	9,320
Sewer subsurface lines	8,399,590	-	8,399,590	7,508,706
Pump stations	127,500	-	127,500	127,500
Trucks and barrels	-	-	-	5,813,307
Furniture and equipment	82,797	40,766	123,563	123,563
Less: accumulated depreciation	<u>(2,488,219)</u>	<u>(40,766)</u>	<u>(2,528,985)</u>	<u>(7,095,985)</u>
Net plant and equipment	<u>6,127,668</u>	<u>-</u>	<u>6,127,668</u>	<u>6,486,411</u>
Total assets	<u>\$ 9,153,881</u>	<u>\$ 1,981,696</u>	<u>\$ 11,135,577</u>	<u>\$ 10,667,050</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Current liabilities:				
Accounts payable	\$ 306,232	\$ 404,502	\$ 710,734	\$ 1,446,312
Accrued interest payable	-	-	-	39,375
Other accrued liabilities	10,087	6,325	16,412	17,102
Refundable deposits	8,383	-	8,383	8,383
Due to other funds	-	-	-	1,224,402
Deferred revenue	-	776,525	776,525	721,122
Intercity loans payable	605,439	-	605,439	588,059
Certificates of participation, current portion	-	815,000	815,000	760,000
Total current liabilities	<u>930,141</u>	<u>2,002,352</u>	<u>2,932,493</u>	<u>4,804,755</u>
Long-term liabilities:				
Certificates of participation, less current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>815,000</u>
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>815,000</u>
Total liabilities	<u>930,141</u>	<u>2,002,352</u>	<u>2,932,493</u>	<u>5,619,755</u>
Fund equity(deficit):				
Contributed capital	<u>5,328,970</u>	<u>-</u>	<u>5,328,970</u>	<u>4,985,970</u>
Retained earnings(deficit):				
Reserved for COP retirement	-	-	-	188,883
Unreserved	<u>2,894,770</u>	<u>(20,656)</u>	<u>2,874,114</u>	<u>(127,558)</u>
Total retained earnings (deficit)	<u>2,894,770</u>	<u>(20,656)</u>	<u>2,874,114</u>	<u>61,325</u>
Total fund equity (deficit)	<u>8,223,740</u>	<u>(20,656)</u>	<u>8,203,084</u>	<u>5,047,295</u>
Total liabilities and fund equity	<u>\$ 9,153,881</u>	<u>\$ 1,981,696</u>	<u>\$ 11,135,577</u>	<u>\$ 10,667,050</u>

CITY OF GARDEN GROVE  
SANITARY DISTRICT ENTERPRISE FUNDS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN RETAINED EARNINGS  
YEARS ENDED JUNE 30, 2000 and 1999

Schedule F-11

	Sewage Collection	Solid Waste Disposal	Totals	
			2000	1999
<b>Operating revenues:</b>				
Solid waste disposal fees	\$ -	\$ 5,885,501	\$ 5,885,501	\$ 5,652,608
Property assessments	1,158,361 ✓	735,814	1,894,175	1,767,842
Sewer user fees	1,435,004 ✓	338,229	1,773,233	138,140
Equipment lease	-	350,576	350,576	885,478
Other	173,099 ✓	117,963	291,062	70,227
<b>Total operating revenues</b>	<b>2,766,464</b>	<b>7,428,083</b>	<b>10,194,547</b>	<b>8,514,295</b>
<b>Operating expenses:</b>				
Salaries and wages	402,196 ✓	168,269	570,465	484,536
Contractual services	254,198 ✓	5,598,493	5,852,691	7,306,678
Materials and supplies	97,450 ✓	5,352	102,802	146,325
Depreciation	201,949	581,548	783,497	776,255
<b>Total operating expenses</b>	<b>955,793</b>	<b>6,353,662</b>	<b>7,309,455</b>	<b>8,713,794</b>
<b>Operating income (loss)</b>	<b>1,810,671</b>	<b>1,074,421</b>	<b>2,885,092</b>	<b>(199,499)</b>
<b>Nonoperating revenues (expenses):</b>				
Interest income	136,073 ✓	29,878	165,951	22,154
Rent	-	60,000	60,000	59,000
Loss on disposal of assets	-	(462,810)	(462,810)	-
Interest expense	-	(80,812)	(80,812)	(147,490)
<b>Total nonoperating revenues, (expenses)</b>	<b>136,073</b>	<b>(453,744)</b>	<b>(317,671)</b>	<b>(66,336)</b>
<b>Income (loss) before transfers</b>	<b>1,946,744</b>	<b>620,677</b>	<b>2,567,421</b>	<b>(265,835)</b>
<b>Transfer from Internal Service fund</b>	<b>130,000 ✓</b>	<b>-</b>	<b>130,000</b>	<b>-</b>
<b>Net Income (loss)</b>	<b>2,076,744</b>	<b>620,677</b>	<b>2,697,421</b>	<b>(265,835)</b>
<b>Retained earnings (deficit), July 1</b>	<b>702,658</b>	<b>(641,333)</b>	<b>61,325</b>	<b>327,160</b>
Prior period adjustment	115,368	-	115,368	-
<b>Adjusted retained earnings (deficit), July 1</b>	<b>818,026</b>	<b>(641,333)</b>	<b>176,693</b>	<b>327,160</b>
<b>Retained earnings (deficit), June 30</b>	<b>\$ 2,894,770</b>	<b>\$ (20,656)</b>	<b>\$ 2,874,114</b>	<b>\$ 61,325</b>

CITY OF GARDEN GROVE  
 SANITARY DISTRICT ENTERPRISE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 YEAR ENDED JUNE 30, 2000  
 WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1999

Schedule F-12

	Sewage Collection	Solid Waste Disposal	Totals	
			2000	1999
<b>Cash flows from operating activities:</b>				
Cash received from users	\$ 2,663,885	\$ 7,338,025	\$ 10,001,910	\$ 8,206,564
Cash received from quasi-external transactions	-	-	-	824,399
Cash paid to suppliers	(949,646)	(6,933,112)	(7,882,758)	(6,673,557)
Cash paid to employees	(402,196)	(168,269)	(570,465)	(484,536)
Net cash provided by operating activities	1,312,043	236,644	1,548,687	1,872,870
<b>Cash flows from noncapital financing activities:</b>				
Transfer in - Internal Service fund	130,000	-	130,000	-
Net cash provided by noncapital financing activities	130,000	-	130,000	-
<b>Cash flows from investing activities:</b>				
Interest on Investments	136,073	29,878	165,951	22,154
<b>Cash flows from capital and related financing activities:</b>				
Loan principal payments	-	-	-	(433,322)
Certificates of participation principal payments	-	(760,000)	(760,000)	(705,000)
Rent	-	60,000	60,000	59,000
Purchase of fixed asset	(544,564)	-	(544,564)	(2,834)
Intercity loans from Water Utility fund	-	-	-	550,000
Notes receivable principal payments	-	33,595	33,595	31,144
Interest paid	-	(80,812)	(80,812)	(129,003)
Net cash provided (used) by capital and related financing activities	(544,564)	(747,217)	(1,291,781)	(630,015)
Net increase (decrease) in cash and cash equivalents	1,033,552	(480,695)	552,857	1,265,009
Cash and cash equivalents, July 1	1,716,073	1,446,946	3,163,019	1,898,010
Cash and cash equivalents, June 30	\$ 2,749,625	\$ 966,251	\$ 3,715,876	\$ 3,163,019

(Continued)

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

Schedule F-12  
Continued

	Sewage Collection	Solid Waste Disposal	Totals	
			2000	1999
<b>Operating Income (loss)</b>	<b>\$ 1,810,671</b>	<b>\$ 1,074,421</b>	<b>\$ 2,885,092</b>	<b>\$ (199,499)</b>
<b>Adjustments to reconcile operating (loss) to net cash provided by operating activities:</b>				
Depreciation expense	201,949	581,548	783,497	776,255
<b>Changes in assets and liabilities:</b>				
Decrease in taxes receivable	5,259	5,098	10,357	11,289
(Increase) in accounts receivable	(54,694)	(4,556)	(59,250)	(314,197)
(Increase) in accrued interest receivable	(53,145)	(90,602)	(143,747)	(4,824)
(Decrease) in accounts payable	(193,662)	(541,916)	(735,578)	793,903
(Decrease) in accrued interest payable	-	(39,375)	(39,375)	(19,774)
Increase (decrease) in intercity loan payable	17,380	-	17,380	(19,571)
(Decrease) increase in other accrued liabilities	(1,663)	973	(690)	5,498
(Decrease) increase in due to other funds	(420,052)	(804,350)	(1,224,402)	824,399
Increase in deferred revenue	-	55,403	55,403	19,391
<b>Total adjustments</b>	<b>(498,628)</b>	<b>(837,777)</b>	<b>(1,336,405)</b>	<b>2,072,369</b>
<b>Net cash provided by operating activities</b>	<b>\$ 1,312,043</b>	<b>\$ 236,644</b>	<b>\$ 1,548,687</b>	<b>\$ 1,872,870</b>

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

*The Sewage Collection Fund received contributed capital from developers valued at \$343,000*

## 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. The fund is financed by charges to the various City department for actual cost plus a contributory sum for vehicle/equipment replacement. Actual costs include depreciation, maintenance and other factors necessary for the provision of the service.

### Employee Benefits Fund

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

### Information Systems Fund

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

### Warehouse Operations Fund

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

(Continued)

## INTERNAL SERVICE FUNDS(Continued)

### *Telephone System Fund*

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

### *Risk Management Fund*

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



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**CITY OF GARDEN GROVE  
INTERNAL SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2000  
WITH COMPARATIVE TOTALS FOR JUNE 30, 1999**

	<u>Workers' Compensation</u>	<u>Equipment Rental</u>	<u>Employee Benefits</u>	<u>Information Systems</u>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 7,318,233	\$ 2,309,294	\$ 10,189,499	\$ 800,000
Accounts receivable	-	42,881	729,477	-
Accrued interest receivable	175,241	-	-	-
Intercity loan receivable	-	222,441	-	-
Due from other funds	1,826,189	-	-	-
Inventory	-	39,011	-	-
Deposits	43,592	-	33,270	-
Total current assets	<u>9,363,255</u>	<u>2,613,627</u>	<u>10,952,246</u>	<u>800,000</u>
Fixed assets:				
Furniture and equipment	111,960	930,277	-	-
Automotive equipment	-	9,317,008	-	-
Accumulated depreciation	<u>(17,657)</u>	<u>(5,350,988)</u>	-	-
Total fixed assets	<u>94,303</u>	<u>4,896,297</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 9,457,558</u>	<u>\$ 7,509,924</u>	<u>\$ 10,952,246</u>	<u>\$ 800,000</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Current liabilities:				
Accounts payable	\$ 24,532	\$ 116,758	\$ 530,307	\$ -
Accrued compensated absences	-	-	4,235,337	-
Other accrued liabilities	55,172	22,988	133,844	-
Claims payable	8,885,714	-	-	-
Total liabilities	<u>8,965,418</u>	<u>139,746</u>	<u>4,899,488</u>	<u>-</u>
Fund equity:				
Contributed capital	-	3,519,426	-	-
Retained earnings:				
Unreserved	492,140	3,850,752	6,052,758	800,000
Total fund equity	<u>492,140</u>	<u>7,370,178</u>	<u>6,052,758</u>	<u>800,000</u>
Total liabilities and fund equity	<u>\$ 9,457,558</u>	<u>\$ 7,509,924</u>	<u>\$ 10,952,246</u>	<u>\$ 800,000</u>

Warehouse Operations	Telephone System	Risk Management	Totals	
			2000	1999
\$ 271,748	\$ 314,149	\$ 15,340,555	\$ 36,543,478	\$ 29,043,591
-	-	-	772,358	637,397
-	-	295,322	470,563	250,564
-	-	-	222,441	490,186
-	-	-	1,826,189	3,587,276
172,421	-	-	211,432	187,522
-	-	99,354	176,216	140,826
<u>444,169</u>	<u>314,149</u>	<u>15,735,231</u>	<u>40,222,677</u>	<u>34,337,362</u>
14,327	325,172	3,806	1,385,542	2,584,596
-	-	-	9,317,008	9,131,591
<u>(5,591)</u>	<u>(184,895)</u>	<u>(3,806)</u>	<u>(5,562,937)</u>	<u>(5,899,101)</u>
<u>8,736</u>	<u>140,277</u>	<u>-</u>	<u>5,139,613</u>	<u>5,817,086</u>
<u>\$ 452,905</u>	<u>\$ 454,426</u>	<u>\$ 15,735,231</u>	<u>\$ 45,362,290</u>	<u>\$ 40,154,448</u>
\$ 16,104	\$ 3,999	\$ 2,669	\$ 694,369	\$ 847,095
-	-	-	4,235,337	3,859,267
2,792	1,419	3,488	219,703	125,560
-	-	10,296,417	19,182,131	20,902,828
<u>18,896</u>	<u>5,418</u>	<u>10,302,574</u>	<u>24,331,540</u>	<u>25,734,750</u>
104,569	-	-	3,623,995	3,512,998
<u>329,440</u>	<u>449,008</u>	<u>5,432,657</u>	<u>17,406,755</u>	<u>10,906,700</u>
<u>434,009</u>	<u>449,008</u>	<u>5,432,657</u>	<u>21,030,750</u>	<u>14,419,698</u>
<u>\$ 452,905</u>	<u>\$ 454,426</u>	<u>\$ 15,735,231</u>	<u>\$ 45,362,290</u>	<u>\$ 40,154,448</u>

CITY OF GARDEN GROVE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
YEAR ENDED JUNE 30, 2000  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1999

	<u>Workers' Compensation</u>	<u>Equipment Rental</u>	<u>Employee Benefits</u>	<u>Information Systems</u>
<b>Operating revenue:</b>				
Charges for services	\$ 1,866,662	\$ 2,711,961	\$ 11,752,290	\$ -
<b>Operating expenses:</b>				
Salaries and wages	272,589	629,991	9,330,164	-
Contractual services	196,995	450,162	491,341	-
Liability claims	2,346,901	-	-	-
Materials and supplies	35,463	1,081,935	181,672	-
Depreciation	11,196	717,306	-	-
Total operating expenses	2,863,144	2,879,394	10,003,177	-
Operating income (loss)	(996,482)	(167,433)	1,749,113	-
<b>Nonoperating revenues (expenses):</b>				
Interest income	456,218	-	-	-
Gain on disposal of assets	-	62,284	-	-
Loss on disposal of assets	-	(2,634)	-	-
Other nonoperating revenues	-	476,900	-	-
Interest expense	-	-	-	-
Total nonoperating revenues (expenses)	456,218	536,550	-	-
Income (loss) before transfers	(540,264)	369,117	1,749,113	-
<b>Operating transfers from (to):</b>				
From (to) General fund	-	-	-	800,000
To Enterprise fund	-	(130,000)	-	-
Total transfers	-	(130,000)	-	800,000
Net Income (loss)	(540,264)	239,117	1,749,113	800,000
<b>Retained earnings, July 1</b>	1,032,404	3,611,635	4,303,645	-
Prior year adjustment	-	-	-	-
<b>Adjusted fund balance, July 1</b>	1,032,404	3,611,635	4,303,645	-
<b>Retained earnings, June 30</b>	<u>\$ 492,140</u>	<u>\$ 3,850,752</u>	<u>\$ 6,052,758</u>	<u>\$ 800,000</u>

Warehouse Operations	Telephone System	Risk Management	Totals	
			2000	1999
\$ 81,364	\$ 743,717	\$ 5,305,116	\$ 22,461,110	\$ 17,580,728
60,084	64,021	111,903	10,468,752	11,283,151
680	768,607	510,582	2,418,367	2,585,086
-	-	609,929	2,956,830	8,069,633
-	1,787	1,640	1,302,497	1,251,207
1,398	44,482	269	774,651	821,350
62,162	878,897	1,234,323	17,921,097	24,010,427
19,202	(135,180)	4,070,793	4,540,013	(6,429,699)
-	-	834,321	1,290,539	1,216,848
-	-	-	62,284	48,190
-	-	-	(2,634)	(14,309)
-	-	-	476,900	594,902
-	(11,460)	-	(11,460)	(26,772)
-	(11,460)	834,321	1,815,629	1,818,859
19,202	(146,640)	4,905,114	6,355,642	(4,610,840)
-	-	(100,000)	700,000	-
-	-	-	(130,000)	(1,500,000)
-	-	(100,000)	570,000	(1,500,000)
19,202	(146,640)	4,805,114	6,925,642	(6,110,840)
310,238	1,021,235	627,543	10,906,700	17,017,540
-	(425,587)	-	(425,587)	-
310,238	595,648	627,543	10,481,113	17,017,540
\$ 329,440	\$ 449,008	\$ 5,432,657	\$ 17,406,755	\$ 10,906,700

CITY OF GARDEN GROVE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2000  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1999

	Worker's Compensation	Equipment Rental	Employee Benefits	Information Systems
<b>Cash flow from operating activities:</b>				
Cash received from users	\$ 1,765,157	\$ 2,939,886	\$ 11,653,524	\$ -
Cash received from quasi-external transactions	1,761,087	-	-	-
Cash used for quasi-external transactions	-	-	-	-
Cash paid to suppliers	(1,102,081)	(1,505,518)	(4,817,240)	-
Cash paid to employees	(272,589)	(629,991)	(4,887,089)	-
Net cash provided (used) by operating activities	<u>2,151,574</u>	<u>804,377</u>	<u>1,949,195</u>	<u>-</u>
<b>Cash flow from noncapital financing activities:</b>				
Other revenue	-	45,827	-	-
Transfers in/out	-	(130,000)	-	800,000
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(84,173)</u>	<u>-</u>	<u>800,000</u>
<b>Cash flow from investing activities:</b>				
Interest on investments	<u>456,218</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Intercity loan payments	-	-	-	-
Purchase of fixed assets	-	(558,938)	-	-
Gain on disposal of assets	-	62,284	-	-
Loss on equipment disposal	-	(2,634)	-	-
Cash capital contributions	-	431,073	-	-
Interest paid	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(68,215)</u>	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,607,792</b>	<b>651,989</b>	<b>1,949,195</b>	<b>800,000</b>
<b>Cash and cash equivalents, July 1</b>	<b>4,710,441</b>	<b>1,657,305</b>	<b>8,240,304</b>	<b>-</b>
<b>Cash and cash equivalents, June 30</b>	<b><u>\$ 7,318,233</u></b>	<b><u>\$ 2,309,294</u></b>	<b><u>\$ 10,189,499</u></b>	<b><u>\$ 800,000</u></b>

Warehouse Operations	Telephone System	Risk Management	Totals	
			2000	1999
\$ 59,909	\$ 743,716	\$ 1,777,401	\$ 18,939,593	\$ 17,959,686
-	-	-	1,761,087	-
-	-	-	-	(1,630,916)
(9,029)	(629,413)	(929,966)	(8,993,247)	(11,423,091)
(60,085)	(64,021)	(111,903)	(6,025,678)	(5,603,004)
<u>(9,205)</u>	<u>50,282</u>	<u>735,532</u>	<u>5,681,755</u>	<u>(697,325)</u>
-	-	-	45,827	-
-	-	(100,000)	570,000	(1,500,000)
-	-	(100,000)	615,827	(1,500,000)
-	-	834,321	1,290,539	1,216,848
-	-	-	-	252,054
(7,338)	(1,221)	-	(567,497)	(794,649)
-	-	-	62,284	48,190
-	-	-	(2,634)	-
-	-	-	431,073	422,381
-	(11,460)	-	(11,460)	(26,772)
<u>(7,338)</u>	<u>(12,681)</u>	<u>-</u>	<u>(88,234)</u>	<u>(98,796)</u>
(16,543)	37,601	1,469,853	7,499,887	(1,079,273)
288,291	276,548	13,870,702	29,043,591	30,122,864
<u>\$ 271,748</u>	<u>\$ 314,149</u>	<u>\$ 15,340,555</u>	<u>\$ 36,543,478</u>	<u>\$ 29,043,591</u>

(Continued)

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

Schedule G-3  
Continued

	<u>Worker's Compensation</u>	<u>Equipment Rental</u>	<u>Employee Benefits</u>	<u>Information Systems</u>
<b>Operating income (loss)</b>	\$ (996,482)	\$ (167,433)	\$ 1,749,113	\$ -
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>				
Depreciation expense	11,196	717,306	-	-
Changes in assets and liabilities:				
(Increase) in accounts receivable	-	(37,365)	(97,596)	-
(Increase) in accrued interest receivable	(81,582)	-	-	-
Decrease (increase) in intercity loans receivable	-	267,745	-	-
Decrease in due to/from other funds	1,761,087	-	-	-
(Increase) in inventory	-	(2,455)	-	-
(Increase) decrease in deposits	(19,923)	-	(1,170)	-
(Decrease) increase in accounts payable	(17,280)	21,627	(122,562)	-
Increase in accrued compensated absences	-	-	376,070	-
Increase (decrease) in other accrued liabilities	45,082	4,952	45,340	-
Increase (decrease) in claims payable	1,449,476	-	-	-
Total adjustments	<u>3,148,056</u>	<u>971,810</u>	<u>200,082</u>	<u>-</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 2,151,574</u>	<u>\$ 804,377</u>	<u>\$ 1,949,195</u>	<u>\$ -</u>

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

*Equipment with a net book value of \$110,997 was transferred to the equipment rental fund from the general fixed assets account group.*



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

Schedule G-3  
Continued

Warehouse Operations	Telephone System	Risk Management	Totals	
			2000	1999
\$ 19,202	\$ (135,180)	\$ 4,070,793	\$ 4,540,013	\$ (6,429,699)
1,398	44,482	269	774,651	821,350
-	-	-	(134,961)	22,554
-	-	(138,417)	(219,999)	39,622
-	-	-	267,745	252,103
-	-	-	1,761,087	(1,630,916)
(21,455)	-	-	(23,910)	86,633
-	155,730	(14,298)	120,339	(13,604)
(6,311)	(15,438)	(12,762)	(152,726)	(673,452)
-	-	-	376,070	186,447
(2,039)	688	120	94,143	(22,556)
-	-	(3,170,173)	(1,720,697)	6,664,193
(28,407)	185,462	(3,335,261)	1,141,742	5,732,374
\$ (9,205)	\$ 50,282	\$ 735,532	\$ 5,681,755	\$ (697,325)

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## **GENERAL FIXED ASSETS ACCOUNT GROUP**

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

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CITY OF GARDEN GROVE  
 COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS  
 BY SOURCE  
 JUNE 30, 2000 and 1999

Schedule H-1

	2000	1999
<b>General Fixed Assets:</b>		
Land	\$ 6,784,011	\$ 12,365,052
Buildings	17,965,855	17,758,589
Improvements other than buildings	7,456,363	7,342,419
Furniture and equipment	10,451,570	8,761,444
Investment in joint venture	162,127	162,127
 Total general fixed assets	 \$ 42,819,926	 \$ 46,389,631
 <b>Investment in General Fixed Assets from:</b>		
General fund	\$ 26,812,219	\$ 27,645,544
County grants	1,250,046	1,250,046
Federal grants	3,373,690	8,922,589
State grants	3,914,387	3,126,603
Other special revenue funds	6,358,995	4,334,260
Gifts	1,110,589	1,110,589
 Total investment in general fixed assets	 \$ 42,819,926	 \$ 46,389,631

CITY OF GARDEN GROVE  
 SCHEDULE OF GENERAL FIXED ASSETS  
 BY PROGRAM  
 JUNE 30, 2000

Schedule H-2

Program	Land	Buildings	Improvements Other than Buildings	Furniture and Equipment	Investment in Joint Venture	Total
Fire	\$ 140,767	\$ 1,274,000	\$ 265,564	\$ 739,511	\$ -	\$ 2,419,842
Police	-	2,093,476	35,201	6,569,911	-	8,698,588
Traffic Safety	-	-	-	913,518	-	913,518
Community buildings	2,171,659	13,135,171	819,916	71,352	-	16,198,098
Community services	-	130,022	94,771	123,226	-	348,019
Parks and greenbelts	4,115,285	1,333,186	6,240,911	238,477	-	11,927,859
Community planning and development	356,300	-	-	320,366	-	676,666
Municipal support	-	-	-	1,475,209	-	1,475,209
Fire training authority	-	-	-	-	162,127	162,127
<b>Total general fixed assets</b>	<b>\$ 6,784,011</b>	<b>\$ 17,965,855</b>	<b>\$ 7,456,363</b>	<b>\$ 10,451,570</b>	<b>\$ 162,127</b>	<b>\$ 42,819,926</b>

CITY OF GARDEN GROVE  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
 BY PROGRAM  
 YEAR ENDED JUNE 30, 2000

Schedule H-3

<u>Program</u>	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2000</u>
Fire	\$ 2,389,066	\$ 62,288	\$ (31,512)	\$ -	\$ 2,419,842
Police	7,254,739	2,181,721	(737,872)	-	8,698,588
Traffic safety	-	913,518	-	-	913,518
Community buildings	16,079,098	119,000	-	-	16,198,098
Community services	247,468	100,551	-	-	348,019
Parks and greenbelts	11,927,859	-	-	-	11,927,859
Community planning and development	6,324,606	3,582	(5,651,522)	-	676,666
Municipal support	2,004,668	127,591	(546,053)	(110,997)	1,475,209
Fire training authority	162,127	-	-	-	162,127
<b>Total general fixed assets</b>	<b>\$ 46,389,631</b>	<b>\$ 3,508,251</b>	<b>\$ (6,966,959)</b>	<b>\$ (110,997)</b>	<b>\$ 42,819,926</b>

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# STATISTICAL SECTION

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

Exhibit A

Fiscal Year	Taxes	Licenses and Permits	Fines, Forfeits and Penalties	From Use of Money and Property	Charges for Current Services	From Other Agencies	Other	Total
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	778,585	4,696,853	10,086,122	29,322,418	9,075,753	90,007,563
1999	38,688,437	1,246,309	1,485,615	3,680,285	10,521,186	29,438,617	5,485,539	90,545,988
2000	43,066,325	1,529,432	1,475,528	4,034,092	11,433,428	35,286,938	5,059,530	101,885,273

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

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

<b>Fiscal Year</b>	<b>Fire</b>	<b>Police</b>	<b>Traffic Safety</b>	<b>Public Right of Way</b>	<b>Drainage</b>	<b>Community Buildings</b>
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
1999	10,045,706	23,536,643	2,776,520	5,924,733	2,157,947	1,979,080
2000	10,972,200	25,417,845	4,130,579	6,662,996	487,205	2,256,119

*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
\$ 1,534,256	\$ 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
1,650,549	1,586,564	38,732,103	6,538,216	9,578,191	104,506,252
1,885,048	1,400,354	38,020,506	7,193,657	8,219,956	106,646,465

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

**Exhibit C**

<b>Fiscal Year</b>	<b>City Tax Rate (Per \$100)</b>	<b>Total Tax Levied</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total tax Collections to Total Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Ratio of Delinquent Taxes to Total Tax Levy</b>
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	0.0025	7,347,609	7,084,765	96.4	235,421	7,320,186	99.6	150,644	2.0
1999	0.0025	7,624,720	7,320,554	96.0	168,499	7,489,053	98.2	151,995	2.0
2000	0.0025	8,160,303	8,013,833	98.2	161,248	8,175,081	100.1%	152,600	1.8

*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)
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
1999	4,784,032,451	253,572,578	5,037,605,029	5,037,605,029	0.9
2000	5,066,585,221	275,398,024	5,341,983,245	5,341,983,245	6.2

*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, 2000

Exhibit E

Taxpayer	Type of Business	2000 Assessed Valuation	Percent of Total Assessed Valuation
Swedlow Inc	Manufacturing Plastics	\$ 34,005,792	53%
Angeli LLC	Property Management/Hotel	29,752,537	47%
Hughes/Lyon	General Merchandise/Retail	28,993,440	45%
American Medical	Medical Center/Hospital	21,607,330	34%
Linfinity Microelectronics	Mfg. Linear Integrated Circuits	20,631,036	32%
Air Industries	Manufacturing/Aircraft Fasteners	19,340,103	30%
Choe Winston	General Merchandise/Retail	14,000,000	22%
Sunbelt Stores Inc	Retail Stores	13,276,871	21%
Mead Corp.	Manufacturing/Wholesale Stationery	12,117,868	19%
Food Corp of American Sanyo	Food Processing	<u>10,799,971</u>	17%
Total		<u><u>\$ 204,524,948</u></u>	3.38%

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
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
1999	N/A	0.02500	0.00890	-	-	-	1.00000	1.03390
2000	N/A	0.02500	0.00890	-	-	-	1.00000	1.03390

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

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

Source: Orange County Tax Rates Book

**CITY OF GARDEN GROVE  
DIRECT AND OVERLAPPING BONDS AND DEBT  
JUNE 30, 2000**

**Exhibit G**

1999-00 Assessed Valuation: \$6,388,707,028  
 Redevelopment Incremental Valuation: 1,046,723,783  
 Adjusted Assessed Valuation: \$5,341,983,245

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/00</u>
Orange County Teeter Plan Obligations	2.837%	\$3,697,320
Metropolitan Water District	0.585	3,215,248
Magnolia School District	0.200	9,700
City of Garden Grove 1915 Act Bonds	100.	480,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$7,402,268</b>

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/00</u>
Orange County General Fund Obligations	2.837%	\$30,168,488
Orange County Pension Obligations	2.837	8,555,496
Orange County Transit Authority	2.837	348,809
Orange County Water District Certificates of Participation	4.776	10,850,833
Municipal Water District of Orange County Water Facilities Corporation	4.258	2,737,894
Coast Community College District Certificates of Participation	6.179	1,030,966
Orange Unified School District Certificates of Participation	1.272	148,124
Anaheim Union High School District Certificates of Participation	0.075	20,250
Huntington Beach Union High School District Certificates of Participation	1.397	5,169
City of Garden Grove Certificates of Participation	100.	16,740,995
Garden Grove Sanitary District Certificates of Participation	95.972	782,172
Orange County Sanitation District No. 2 Certificates of Participation	5.856	6,934,181
Orange County Sanitation District No. 3 Certificates of Participation	10.228	11,529,308
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$89,852,685</b>
Less: Orange County Transit Authority (80% self-supporting)		279,047
Orange County Water District Certificates of Participation (100% self-supporting)		10,850,833
MWDOC Water Facilities Corporation (100% self-supporting)		2,737,894
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$75,984,911</b>

GROSS COMBINED TOTAL DEBT \$97,254,953 (1)  
 NET COMBINED TOTAL DEBT \$83,387,179

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

Ratios to 1999-00 Assessed Valuation:  
 Total Overlapping Tax and Assessment Debt .....0.12%

Ratios to Adjusted Assessed Valuation:  
 Combined Direct Debt (\$16,740,995) .....0.31%  
 Gross Combined Total Debt .....1.82%  
 Net Combined Total Debt .....1.56%

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

**CITY OF GARDEN  
COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2000**

**Exhibit H**

Assessed Valuation		\$ 5,341,983,245
Debt Limit: 3.75% os Assessed Value		\$ 200,324,371
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>\$ 200,324,371</u>

Source: City Controller's Office

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

Exhibit I

Fiscal Year	Gross Revenue	Expenses(1)	Resources Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
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
1999	16,308,273	12,038,484	4,269,789	395,000	968,865	1,363,865	3.13
2000	16,179,483	10,841,624	5,337,859	415,000	951,751	1,366,751	3.90

(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	
1991	\$ 4,161,904,006	2,578	-10.0%	\$ 40,581,474	-36.0%	\$ 1,298,215
1992	4,384,673,033	2,696	5.0	29,250,438	(28.0)	N/A
1993	4,635,566,466	2,817	4.0	27,533,020	(6.0)	1,359,674
1994	4,647,032,626	2,860	2.0	32,715,644	19.0	1,461,622
1995	4,650,058,496	2,495	(13.0)	23,466,959	(28.0)	1,406,779
1996	4,596,713,371	3,753	50.0	33,475,078	41.0	1,482,368
1997	4,569,482,092	2,311	(38.0)	31,400,077	(6.0)	1,295,235
1998	4,626,552,656	2,391	3.0	47,388,975	51.0	1,304,042
1999	4,784,032,451	2,411	0.4	94,475,067	99.4	1,323,390
2000	5,066,585,221	2,374	(2.0)	186,860,874	97.8	N/A

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

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

**Exhibit K**

<b>Fiscal Year</b>	<b>Population</b>	<b>Median Age of Population</b>	<b>Median Family Income</b>	<b>Unemployment Rate</b>	<b>School Enrollment</b>
<b>1991</b>	143,050	30.5	\$ 41,398	5.4 %	39,772
<b>1992</b>	148,065	30.5	45,077	6.7	41,162
<b>1993</b>	149,700	30.5	43,504	6.6	41,664
<b>1994</b>	151,800	30.5	43,530	5.9	42,423
<b>1995</b>	153,824	30.5	44,406	5.5	43,413
<b>1996</b>	151,376	31.7	44,406	4.9	44,661
<b>1997</b>	152,041	30.5	45,685	4.4	45,776
<b>1998</b>	154,398	30.5	47,703	3.8	46,916
<b>1999</b>	156,534	30.5	50,782	3.7	48,031
<b>2000</b>	158,332	30.5	52,733	2.9	48,742

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

CITY OF GARDEN GROVE  
INSURANCE IN FORCE  
JUNE 30, 2000

Exhibit L

TYPE COVERAGE	INSURANCE COMPANY	POLICY TERM	ANNUAL PREMIUM	POLICY LIMITS
Property	Public Entity Property Insurance Program (PEPIP) Various Companies	5/15/00-5/15/01	\$102,424	\$1,000,000,000 per occurrence \$13,500,000 per occurrence and annual aggregate as respects to earthquake and flood  Deductibles: 10% Earthquake Class "C" Bldgs 5% All Other Bldgs \$100,000 minimum \$5,000 AOP \$25,000 Flood
Boiler and Machinery	Public Entity Boiler and Machinery Program (PEPIP) CNA Insurance BM1077609612	5/15/00-5/15/01	\$4,568	\$50,000,000 Various deductibles
California Municipal Excess Workers Compensation Program (CAMEX)	Reliance National Indemnity Company NXCO15533400	5/1/00-7/1/01	\$43,592	Statutory Workers Compensation \$5,000,000 Employers Liability \$350,000 SIR per occurrence
Employee Dishonesty Bond including Faithful Performance and Computer Fraud	Great American Insurance Company GVT1243962	6/1/00-6/1/01	\$4,864	\$1,000,000 \$ 10,000 Deductible
Calif Municipal Excess Liability (CAMEL) Program	Sable Insurance Co. SGB0100042	7/1/99-7/1/00	\$ 71,876	\$10,000,000 per occurrence \$2,000,000 SIR per occurrence

Source: City Controller's Office

**CITY OF GARDEN GROVE  
MISCELLANEOUS STATISTICAL INFORMATION**

**Exhibit M**

<b>Incorporation</b>	.....	<b>June 18, 1956</b>
<b>Population</b>	.....	<b>158,332</b>
<b>Land Area</b>	.....	<b>17.9 square miles</b>
<b>Type of City</b>	.....	<b>General Law</b>
<b>Form of Government</b>	.....	<b>Council-Manager</b>
<b>Streets</b>	.....	<b>288 miles</b>
<b>Parks</b>	.....	<b>185 acres: over 22 sites</b>
<b>Water Systems</b>	.....	<b>10.3 billion gallons used per year</b>

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

Source: City Controller's office





