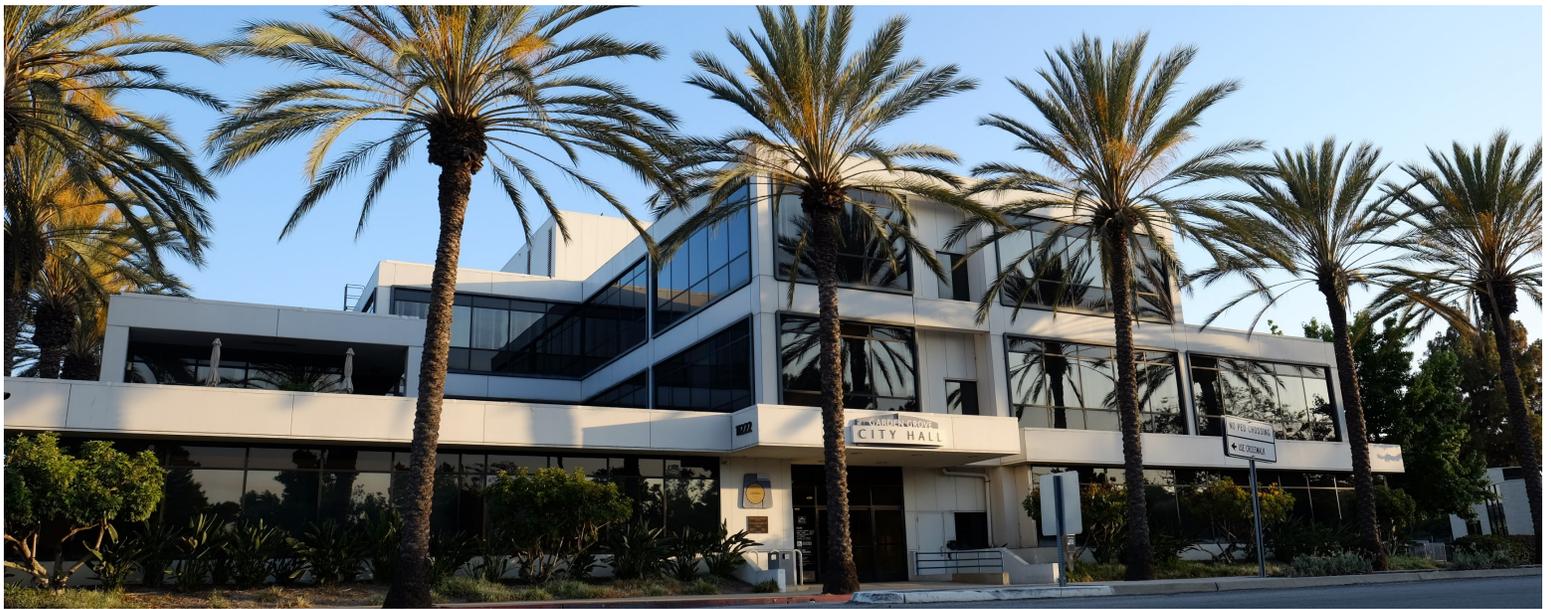




City of Garden Grove, California



ANNUAL COMPREHENSIVE FINANCIAL REPORT

JULY 1, 2020 - JUNE 30, 2021

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City of Garden Grove

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended

June 30, 2021

Finance Department

Patricia Song
Finance Director

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**CITY OF GARDEN GROVE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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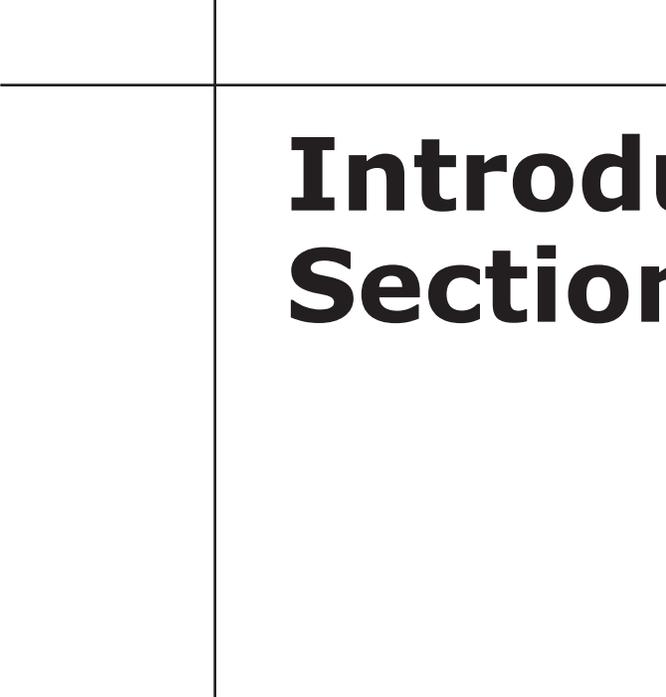
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Introductory Section

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CITY OF GARDEN GROVE, CA

February 1, 2022

To the Honorable Mayor, City Council, and Citizens of the City Garden Grove:

It is with great pleasure that we present to you the City of Garden Grove's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. The ACFR is published to serve two purposes. First, it outlines accountability for public tax dollars and the services that are funded by these resources. Second, it communicates the results of operations and the City's financial position to its constituents, and provides a vital framework for future decisions about programs and services.

In order to ensure the reliability of the information contained herein, the City contracted with an independent audit firm, Davis Farr LLP, to perform the annual financial audit. The goal of the audit is to provide reasonable assurance that the City's financial statements are free from material misstatement. Davis Farr LLP issued an unmodified opinion for the City's financial statements for the fiscal year ended June 30, 2021.

Management is responsible for both the accuracy of the financial report and the completeness and fairness of the presentation. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects, including all disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial activities.

The ACFR is prepared using the financial reporting requirements outlined by the Governmental Accounting Standards Board (GASB) statements. Three sections are presented: the *Introductory Section*, the *Financial Section*, and the *Statistical Section*. This transmittal letter is included in the *Introductory Section*, and is designed to complement and should be read in conjunction with the Management's Discussion and Analysis (MD&A), which is included in the *Financial Section*. The MD&A provides an overview of the City's operations and how we performed financially. The auditor's opinion letter and a complete set of financial statements are presented in the *Financial Section*. The *Statistical Section* presents historical

information about the City's finances and operations, as well as demographic and economic data.

The independent audit of the financial statements of the City of Garden Grove was part of a broader, federally mandated audit of state and local governments (the "Single Audit") designed to meet the special needs of federal granting agencies. The standards governing the Single Audit require the auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements. These reports are available in the City of Garden Grove's separately issued Single Audit Report.

The ACFR is a required component of continuing disclosure to the bond holders as covenanted by certain City bond issues.

Community Profile

The City of Garden Grove is located in central Orange County approximately 25 miles southeast of downtown Los Angeles. With a current population of approximately 171,949, it is the fifth largest city in Orange County and the 31st largest in the State of California. The City incorporated on June 18, 1956.

The City spans an area of 17.9 square miles and is a general law city in the State of California. It has a Council-Manager form of government. On May 10, 2016, the City of Garden Grove adopted Ordinance No. 2866 changing the City's at-large system of electing City Council members to a By-District election system and established the boundary lines of the six districts. While the Mayor continues to be elected at-large for a two-year term, the six City Council members are elected by districts 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 directors and for administering the City's programs in accordance with the policies adopted by the City Council.

City Service and Budgetary Control

Garden Grove is a full service city. The services provided by the City include police, street and park maintenance, water, sewer, recreation, traffic/transportation, public improvements, planning, zoning, and general administrative services. The City began contracting with Orange County Fire Authority to provide fire protection and paramedic services since August 16, 2019. Also included in the City's overall operations are the Garden Grove Housing Authority, the Garden Grove Sanitary District, Garden Grove Successor Agency, and the Garden Grove Public Financing Authority. Additional information on these component units is available in the *Notes to the Basic Financial Statements*.

A key element of the City's financial management process is the development and approval of a biennial budget. Garden Grove Municipal Code requires the City Manager to prepare and submit the proposed budget and salary plan to the City Council for approval. The City Council conducts multiple public budget review

sessions to obtain taxpayer input, prior to adopting the budget at a public meeting. The legal level of budgetary control is at the fund level. The City Council may amend the budget to increase or decrease appropriations or move appropriations between funds. The City Manager is authorized to transfer appropriations within a fund between the various programs and/or departments.

Demographic and Economic Information

Demographically, the City of Garden Grove has one of the highest population density in the County. The community is highly diversified with a median age of 40.1 years. With a 2021 population of 171,949, the City is the 31st largest city in California and the 154th largest city in the United States. The median household income in 2019 was \$69,278, slightly above the national average. The City is benefiting from higher education levels. In 2019, 74.7% of the population completed high school, and 22.3% received bachelor degree or higher. This is an increase of 40.4% comparing to 2000.

Between 2007 and 2017, total jobs in the City grew 12.6% (to 58,163). The City's largest job sector is in Education, which accounts for 24% of total jobs, followed by Leisure and Hospitality (15.7%), Professional and Management (13.1%), and Manufacturing (12.3%).

With limited opportunities for large-scale new development, Garden Grove continues to facilitate reinvestment of underutilized commercial properties. Through its ongoing commitment to stimulate the local economy, improve essential services, and expand its public safety labor force, the City of Garden Grove will continue to provide excellent services to its constituents and neighboring communities.

Financial Condition of the City

Economy nationwide has shown strong recovery from early COVID-19 pandemic slowdowns. Unemployment rate at the end of the fiscal year nationwide decreased to 5.9% from 11.2% in last year. However, improvement in overall economic condition does not directly translate to improved financial condition for local governments. For example, Transient and Occupancy Tax (TOT) has been one of the three main revenue sources for the City, with the leisure and hospitality industry being impacted the hardest during the pandemic, the City's TOT revenue for the current fiscal year was down by over 74.1%, or \$19.5 million from the pre-pandemic level.

The retail industry has been performing strong, resulting in a 14.3% increase in sales tax revenue. Home prices have seen a steady increase over the past year, property tax, the largest revenue source for the City, showed an 8.4% increase over the previous year. However, despite higher sales and property tax revenues, the City's overall general governmental revenue declined by 9.1%, or \$12.0 million, comparing to the previous fiscal year.

In addition to the declining revenue, the City is also seeing an increase in fixed cost for operating the city government. Pension cost is one of the primary contributors towards the overall cost increase. In addition to the discount rate decrease over the past few years, a new amortization policy was adopted by CalPERS Board of Administration which went into effective in the June 30, 2019 actuarial valuation. The new policy shortened the period over which actuarial gains and losses are amortized by 10 years, and removed the 5-year ramp for unfunded accrued liability (UAL) bases attributable to assumption changes and non-investment gains and losses. The steep increase in pension cost and other operating costs, such as contractual services, places significant financial pressure on the City. The Measure O local sales tax measure that was passed by the community in 2018 alleviated some of these financial pressures, yet with the negative economic impact from the pandemic, and the continued decline in state and federal funding for key local infrastructure, the City is still facing serious challenges in creating fiscal sustainability and maintaining service levels the community demands.

In May 2021, the City received \$24.2 million of the State and Local Fiscal Recovery Funds (SLFRF). This amount represented 50% of the total SLFRF allocated to the City, as a part of the American Rescue Plan Act (ARPA). The ARPA delivered \$350 billion to state, local and tribal governments across the nation to support their response to and recovery from the COVID-19 public health emergency. The funds are intended to help the state and local governments fight the pandemic, support communities and businesses, maintain vital public services, and recover from the pandemic. The \$48.4 million SLFRF were programmed within the City's fiscal years 2022 and 2023 biennial budget, to fund essential government services including public safety and other critical general services, such as public works and community services. The much needed SLFRF also enabled the City to plan for two major infrastructure-based programs that will support the long-term growth of the community. These programs are the Pavement Management Acceleration Plan, and Public Facilities and Infrastructure Program with focuses on improving the Garden Grove police facility and civic center.

On the budget front, we were able to adopt a balanced biennial budget for fiscal years 2022 and 2023 with the one-time SLFRF money. Overall City budget is \$337.3 million for Fiscal Year 2021-22 and \$302.7 million for Fiscal Year 2022-23. The General Fund operating budget is \$140.8 million and \$145.0 million for each year respectively.

As a commitment to fiscal stewardship, following the establishment of the Garden Grove Pension Funding Policy and General Fund Reserve Policy last fiscal year, the City Council approved another important financial policy, the Infrastructure Funding Policy in June 2021. The Infrastructure Funding Policy will preserve the influx of federal funds and future one-time revenue sources by setting a framework on standards and funding priorities, and address the sustainability of critical City infrastructure assets.

The City is committed to continue to improve on fiscal policy and standard setting, implement best financial management practices, and manage spending in a prudent manner by improving efficiency and identifying cost saving/recovery opportunities.

Long-term Financial Planning

The City has consistently demonstrated responsible fiscal management practices. In accordance with the provisions of the City's municipal code, a five-year forecast covering operating revenue and expenditures, labor usage, and capital improvement plan is incorporated in the biennial budget process. The forecast includes analysis of key revenue and expenditure components, and proposed measures to address any anticipated funding gaps. The City's biennial budget is developed in the context of the five-year financial forecast.

To foster a culture of long-term fiscal sustainability, the City has started the process of adopting a series of important fiscal policies in recent years. These policies set a framework to ensure a balanced budget, maintain healthy reserves, appropriately fund the City's pension liabilities, as well as planning for future infrastructure needs. In August 2019, the City adopted the Pension Funding Policy, formally committing to proactively addressing its unfunded pension liability. With the close of Fiscal Year 2018-19, a General Fund reserve policy was added, setting a standard for a contingency reserve. During the adoption of fiscal years 2021-23 biennial budget, an Infrastructure Funding Policy was formally adopted by the City Council, establishing a framework to address the City's infrastructure needs and enable strategic investments to accommodate future growth.

Together, these important policies will guide the City in formulating its budget responsibly and standardizing practices to achieve best use of City resources. In the future, policies on user fees and cost recovery and cost allocation for administrative and support functions, will also be developed and incorporated into the comprehensive financial policy framework.

Financial Policies and Practices

The City adopted various critical financial policies and practices with the goal of building a fiscally resilient government over the long-term.

Infrastructure Funding Policy

The Infrastructure Funding Policy sets a framework for policy standards and provides direction to systematically address the infrastructure deficit. It calls out several critical fiscal and asset planning or management practices to be developed over the next few years, including a Capital Replacement Reserves Policy, asset management plans for each major infrastructure type, and a comprehensive infrastructure plan.

Pension Funding Policy

The purpose of the Pension Funding Policy is to establish a systematic and disciplined method to accumulate resources to be used towards funding pension liability and future benefit payments, and to provide reasonable assurance that the cost of pension benefits will be funded in an equitable and sustainable manner.

General Fund Reserve Policy

The City is committed to prudent fiscal practices and maintaining adequate General Fund reserves to ensure consistent, uninterrupted municipal services in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures, as well as the credit worthiness of the City. In December 2019 the City Council adopted the General Fund Reserve Policy, which established the appropriate level of unassigned fund balance in the General Fund, set conditions warranting its use, and outlined the plan to replenish it if the balance fell below the policy level.

Enterprise Fund Business Principles

The City maintains a set of business principles for managing its enterprise fund operations. These principles are to ensure the funds break even and operate efficiently, maintain two months cash flow and \$500,000 in reserves for contingencies, approach 5 percent of system value for replacement sinking funds, and maintain system and facilities up to industry standards by adequately funding new Capital Improvement Programs.

Investment Policy

The City maintains an investment policy that is updated annually and reviewed and approved by the City Council. The City's investment objectives as outlined in the policy are in the following order: safety of principal, liquidity, and yield. To meet these objectives, the City attempts to obtain the highest yield on its investments consistent with the preservation of principal and liquidity. The yield benchmark for the City is the 24-month moving average of the 2-year Constant Maturity Treasury. The Investment Policy was certified by the California Municipal Treasurer's Association in November 2020.

Purchasing Policy

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

Debt Management Policy

On January 24, 2017, the City Council adopted a debt management policy in compliance with Senate Bill 1029 to improve public debt financial transparency. The objective of the debt policy is to achieve sound administration of City debt by minimizing debt service and issuance costs, maintaining the highest reasonable credit rating, and ensuring complete financial disclosure and compliance with State and Federal laws.

Major Initiatives

The City's underlying credit rating was upgraded by two notches to AA by Standard & Poor's (S&P) in September 2021. The two-notch upgrade is a reflection of the City's "very strong" (S&P's highest qualitative category) financial management, liquidity, budgetary flexibility and debt and contingent liabilities. The City has taken active steps to strengthen our financial management practices and enhance budget performance in the recent years. In addition to adopting various fiscal policies, efforts have been invested in reducing unfunded pension liability, funding infrastructure gap, improving operational efficiency, and promoting transparency. An Internal Revenue Code Section 115 Trust was created to accumulate funds necessary to pay down our pension liability; an Infrastructure Funding Policy was established to comprehensively address our infrastructure deficit situation; an Enterprise Resources Planning (ERP) system was implemented to improve internal control and process efficiency; and various community outreach programs were launched on major initiatives, such as the development of Parks Master Plan, the 2021-2029 Garden Grove Housing Element Update, and the upcoming Civic Center Community Engagement.

Despite the economic challenges brought on by the COVID-19 pandemic, the City continued to advance its economic development initiatives in areas of local investment enhancement, job creation and retention priorities, and small business sustainability. With the help of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, the City launched JOBS 1st Grant and Loan programs, Micro Business Grant program, D1 Small Business Grants, and the JOBS 1st To-Go Program that collectively sustained over 600 small businesses in the City.

The City is committed to providing programs and services designed to improve neighborhoods with support from the Neighborhood Improvement and Conservation Commission and funding from the federal and state agencies. Such funds are comprised of Community Development Block Grant, HOME Investment Partnerships Program, Emergency Solutions Grants, and the CARES Act funds. During the pandemic, additional resources were deployed to support family meal programs, street outreach, rapid rehousing and homeless prevention programs. One of the City's key initiatives during the year was the creation of the Workforce Activation & Readiness (WARP) program focusing on employment development. The City also continues several existing programs that have shown much success in the past, including the First-time Homebuyer Program, the Home Repair Program, Re-Roof Grant Program, and the Homeless Emergency Assistance and Rental Transition (HEART) Program. Several key affordable housing projects are near completion, such as Garden Brook Senior Village, which comprises of 394 affordable senior units with ancillary retail uses, and the City's first permanent supportive housing project by American Family Housing.

A few notable development projects that commenced construction included: Home2Suite by Hilton, Pavilions Plaza West to be anchored by Sprouts Famers Market and the Habit, Phase 2 of the West Grove Center with a new bowling alley, redevelopment of the Main Street Pavilion, Rally's Burger, Raising Cane's, 7 Leaves Café, Phuc Long Coffee & Tea, and AUM Beer.

The Re-Imagine Garden Grove efforts incorporated extensive active transportation activities that successfully resulted in the opening of the City's newest open space amenity, the Medal of Honor Bike and Pedestrian Trail. The trail connects the City's downtown areas that will soon be home to Cottage Industries, an adaptive reuse of the twelve properties for retail, office, artesian and makers' space. The first phase of the Farm Block will begin construction in 2022.

There remains high demand in the City's industrial area with Rexford Industrial nearing completion of a 140,000 square feet of new industrial space, approval of multi-level mini storage facility, and expansion of House Foods West Coast operations.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Garden Grove for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. This was the 36th consecutive year that the City has received this prestigious award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the award program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of the ACFR on a timely basis was made possible by the efficient and dedicated service of the staff in Finance. Staff members have our sincere appreciation for their contributions to this report. We also acknowledge the assistance of Davis Farr LLP, in completing the ACFR.

We thank the Mayor, City Council, and the City's executive management team for their strong leadership and support of the financial operations of the City and for maintaining the highest standards of professionalism in managing the City's finances for the best interest of the citizens of Garden Grove.

Respectfully submitted,



Scott C. Stiles, City Manager



Patricia Song, Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Garden Grove
California**

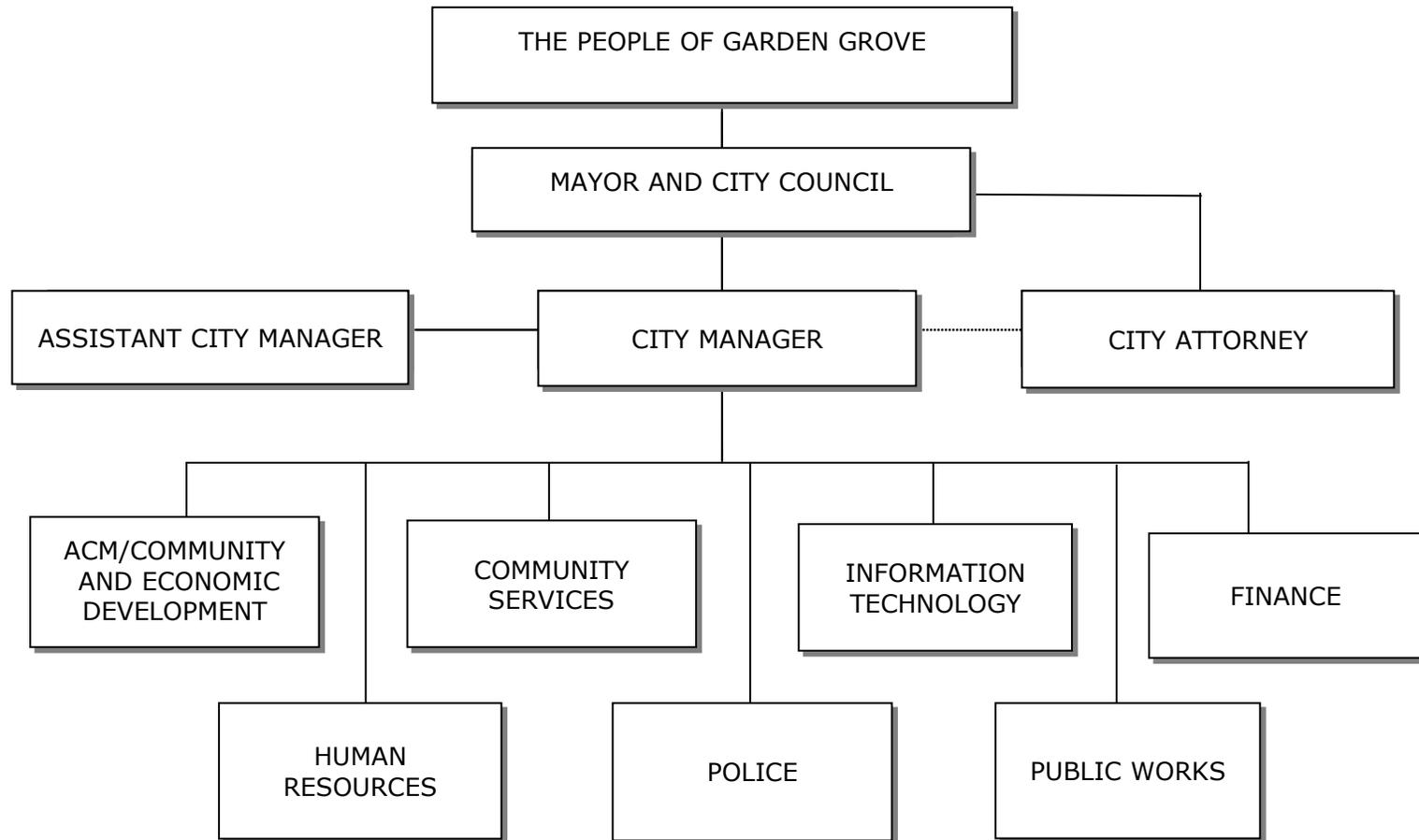
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

City of Garden Grove



CITY OF GARDEN GROVE

City Council

Steve Jones
Mayor

Diedre Thu-Ha Nguyen
Mayor Pro Tem - District 3

George S. Brietigam III
Council Member - District 1

John R. O'Neill
Council Member - District 2

Patrick Phat Bui
Council Member - District 4

Stephanie Klopfenstein
Council Member - District 5

Kim B. Nguyen
Council Member - District 6

City Officials

Scott Stiles
City Manager

Maria Stipe
Assistant City Manager

Lisa Kim
*Assistant City Manager/ Community
& Economic Development Director*

Omar Sandoval
City Attorney

Anand Rao
Information Technology Director

Laura Stover
Human Resources Director

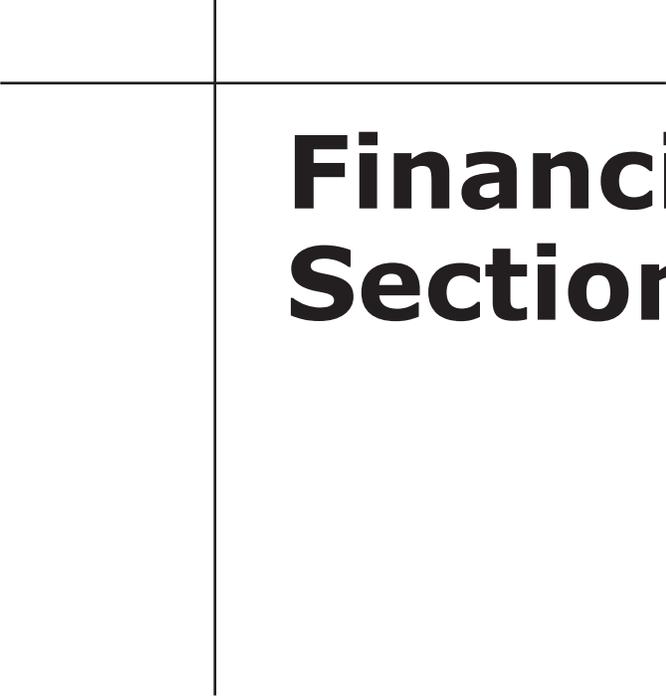
John Montanez
Community Services Director

Patricia Song
Finance Director

William Murray
Public Works Director

Tom DaRé
Police Chief

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Financial Section

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Independent Auditor's Report

City Council
City of Garden Grove
Garden Grove, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Garden Grove, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Garden Grove, California, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, certain budgetary comparison information, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Pension Contributions and the Schedule of Changes in Total OPEB liability and Related Ratios* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *combining and individual nonmajor fund financial statements, certain budgetary comparison schedules, the introductory section and the statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual nonmajor fund financial statements* and certain *budgetary comparison schedules* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual nonmajor fund financial statements* and certain *budgetary comparison schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section* and the *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2022 on our consideration of the City of Garden Grove's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Garden Grove's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
February 3, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2021

The City of Garden Grove's Finance team has prepared this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021, to assist users of this report to gain a better understanding of the City's financial health and history. The information presented here should be considered in conjunction with additional information furnished in the letter of transmittal and the accompanying financial statements.

FINANCIAL HIGHLIGHTS

The City of Garden Grove's financial statements prepared for the fiscal year ended June 30, 2021 comply with all applicable statements issued by the Governmental Accounting Standards Board (GASB). GASB Statement No. 84, Fiduciary Activities, was implemented by the City during the fiscal year ended June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement will improve consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship.

Government-Wide

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2021 by \$782.4 million (*net position*).
- The overall City's net position increased by \$29.2 million from the previous fiscal year largely due to the receipt of \$24.2 million in the State and Local Fiscal Recovery Funds (SLFRF). This amount represented 50% of the total SLFRF allocated to the City, as a part of the American Rescue Plan Act (ARPA).
- Total expenses for governmental activities were \$170.3 million for fiscal year ended June 30, 2021. The sources for these expenses came from program revenues of \$66.3 million, taxes in the amount of \$117.4 million, and other general revenue of \$1.9 million. For the current year, revenues from governmental activities exceeded expenses by \$15.3 million, with a net transfer of \$0.2 million, net position for governmental activities increased by \$15.5 million from the previous year to \$598.3 million at June 30, 2021.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2021

- For business-type activities, program revenues exceeded expenses by \$12.8 million. Among the total program revenue of \$99.2 million, \$58.0 million was from charges for services, and \$41.2 million from operating grants and contributions. Combined with investment earnings and other general revenues of \$1.1 million, and net against the transfer to governmental activities in the amount of \$0.2 million, net position for business-type activities increased by \$13.7 million from the previous year to \$184.1 million at June 30, 2021.

Fund Based

- As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$181.9 million, an increase of \$34.1 million from the previous year. The net increase was primarily due to the SLFRF allocation to the City as well as other financial aides provided related to the COVID-19 pandemic from the federal and state governments.
- Among the total fund balance of \$181.9 million reported at the close of the fiscal year, \$86.7 million, or 47.7% are either non-spendable or restricted for specific purposes. The City also committed \$22.5 million as Stability Reserves in the General Fund. Please refer to *Notes to Basic Financial Statements (Note 1)* for additional information on the categorization of the governmental funds' fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements are designed to give users a broad overview of the City's finances, similar to a private-sector business. They present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting.

There are two statements in the government-wide financial statements, the statement of net position, and the statement of activities. The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net difference between the total of assets and deferred outflows and the total of liabilities and deferred inflows is reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's infrastructure assets. The statement of activities shows how the City's net position changed during the fiscal year.

Both government-wide financial statements distinguish between functions that are primarily supported by taxes and intergovernmental revenues, and functions that are intended to recover all or a significant portion of their costs through user fees and charges. The first function is identified in the statements as governmental activities, while the latter is reported as business-type activities.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2021

Most of the City's basic services are reported in the governmental activities category, including fire, police, traffic safety, public right of way, community buildings, community services, economic development, parks and greenbelts, community planning and development, and municipal support functions. Property and sales taxes, transient occupancy tax, business licenses and permits, investment income, and state and federal grants finance these activities. The City operates its sewer utility through its component unit, the Garden Grove Sanitary District, and federal Section 8 housing program through another component unit, the Garden Grove Housing Authority. These activities are reported in the business-type activities category along with water utility and solid waste disposal services.

The government-wide financial statements can be found on the pages immediately following this discussion in the Basic Financial Statements section.

Fund Financial Statements

A fund is a set of related accounts that is used to control resources that have been segregated to carry on specific activities or to attain certain objectives in accordance with special regulations, restrictions, or limitations. The City, like the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All City funds are divided into one of three categories: governmental funds, proprietary funds, or fiduciary funds.

The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary and fiduciary activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help manage and report money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement. The governmental fund financial statements can be found in the *Basic Financial Statements* section of this report.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2021

Proprietary funds

When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of revenues, expenses and changes in fund net position. The City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the City's self-insured worker's compensation and risk management, fleet management, employee benefits, information systems, warehouse operation, and communication replacement funds. The internal service funds are reported with governmental activities in the government-wide financial statements. The proprietary fund financial statements can be found in the *Basic Financial Statements* section of this report.

Fiduciary funds

The City is the trustee, or fiduciary, for certain funds held to account for activities reported in this category which includes the Successor Agency. The City's fiduciary activities are reported in separate *statements of fiduciary net position* and *statement of changes in fiduciary net position*.

Notes to Basic Financial Statements

Notes to basic financial statements provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. They are presented immediately following the *Basic Financial Statements* section of this report.

Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* on the City's budget process and the General Fund budgetary comparison schedule, the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

Combining and individual statements for non-major governmental and proprietary funds, internal service funds and the agency fiduciary fund are also presented in the *Supplementary Information* section of this report.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2021

GOVERNMENT- WIDE FINANCIAL ANALYSIS

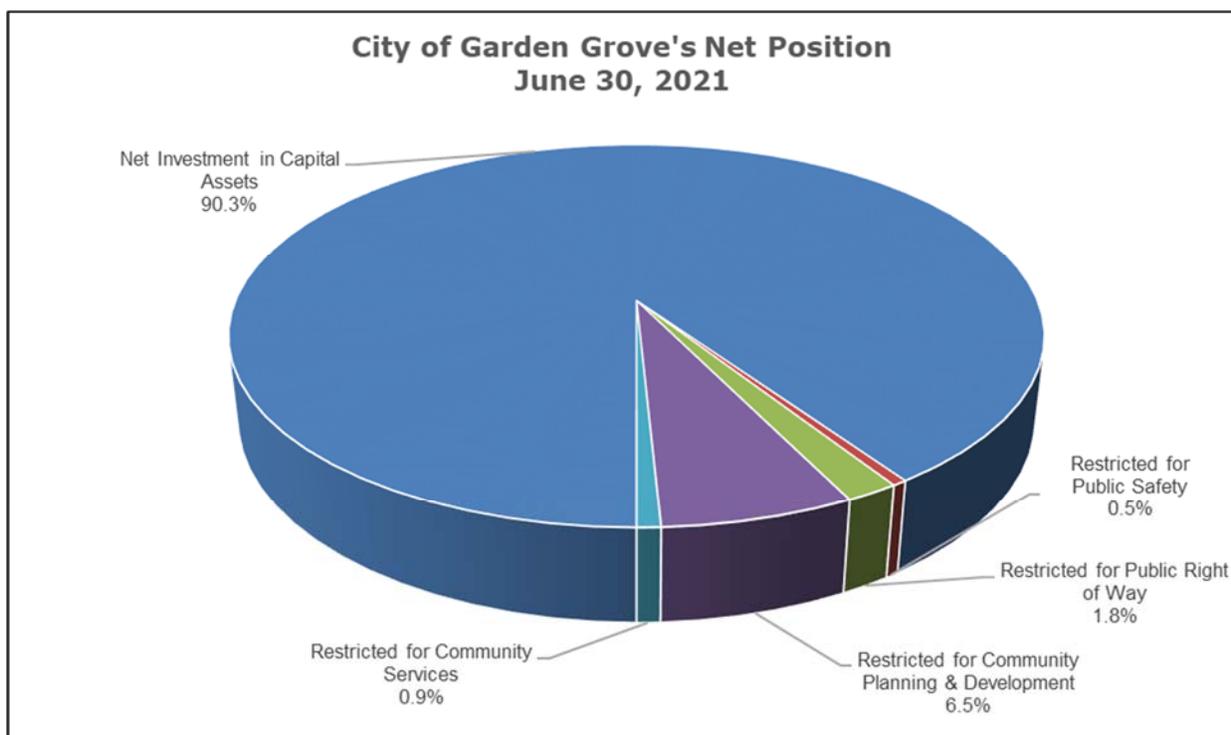
The government-wide financial analysis focus on the City's net position and changes in net position of the governmental and business-type activities during the fiscal year.

As noted earlier, the City's net position as a whole increased by \$29.2 million from the previous year. This is primarily due to the one-time infusion of federal aid in light of the COVID-19 pandemic. The City has been allocated \$48.4 million of SLFRF, \$24.4 million was received in May 2021. The government-wide net position reported \$782.4 million as of June 30, 2021.

Among the total net position, \$737.7 million represents net investment in capital assets. These capital assets are essential for City operations, which include land, buildings, machinery and equipment, and infrastructure. Net position invested in capital assets is not available for spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to pay for the liabilities.

The remaining \$44.7 million of total government-wide net position are composed of \$75.6 million restricted funds and (\$30.9) million unrestricted. Net position may be restricted for capital projects, debt payments, and/or special programs such as public safety and public right of way.

The graph below illustrates the various components of the City's net position at fiscal year ended June 30, 2021.



CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2021

The schedule below is a condensed version of the City's statement of net position for fiscal year ended June 30, 2021 with comparative data from the previous fiscal year:

City of Garden Grove's Net Position (in millions)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 314.9	\$ 281.4	\$ 104.4	\$ 74.6	\$ 419.3	\$ 356.0
Capital assets	638.9	641.2	164.1	162.4	803.0	803.6
Total assets	953.8	922.6	268.5	237.0	1,222.3	1,159.6
Deferred charges on refunding	-	-	0.1	0.1	0.1	0.1
Deferred OPEB related items	26.2	21.9	3.4	2.8	29.6	24.7
Deferred pension related items	32.0	32.4	4.4	3.9	36.4	36.3
Total deferred outflows	58.2	54.3	7.9	6.8	66.1	61.1
Long-term debt	73.9	73.2	44.5	29.6	118.4	102.8
Net OPEB liability	48.9	40.5	6.3	5.2	55.2	45.7
Net pension liability	277.3	261.3	32.0	30.6	309.3	291.9
Other liabilities	11.0	13.0	8.9	6.9	19.9	19.9
Total liabilities	411.1	388.0	91.7	72.3	502.8	460.3
Deferred unamortized gain on refunding	-	-	0.2	0.2	0.2	0.2
Deferred OPEB related items	0.8	0.8	0.1	0.1	0.9	0.9
Deferred pension related items	1.8	5.3	0.3	0.9	2.1	6.2
Total deferred inflows	2.6	6.1	0.6	1.2	3.2	7.3
Net investment in capital assets	617.3	619.1	120.4	132.7	737.7	751.8
Restricted	75.6	72.5	-	-	75.6	72.5
Unrestricted	(94.6)	(108.8)	63.7	37.7	(30.9)	(71.1)
Total net position	\$ 598.3	\$ 582.8	\$ 184.1	\$ 170.4	\$ 782.4	\$ 753.2

A condensed statement of change in net position with comparative amounts on revenues and expenses for the current and prior year is presented on the following page.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2021

City of Garden Grove's Changes in Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 14.7	\$ 14.5	\$ 58.0	\$ 54.2	\$ 72.7	\$ 68.7
Operating contributions and grants	49.7	22.1	41.2	37.4	90.9	59.5
Capital contributions and grants	1.9	3.0	-	-	1.9	3.0
General revenues:						
Taxes:						
Property taxes	55.0	50.8	-	-	55.0	50.8
Sales and use taxes	49.3	43.1	-	-	49.3	43.1
Transient occupancy taxes	7.1	18.8	-	-	7.1	18.8
Other taxes	6.0	7.6	-	-	6.0	7.6
Investment earnings	1.7	9.1	0.3	2.7	2.0	11.8
Other income	0.2	1.7	0.8	0.2	1.0	1.9
Total revenues	185.6	170.7	100.3	94.5	285.9	265.2
Expenses:						
Public safety - Fire	29.8	32.9	-	-	29.8	32.9
Public safety - Police	78.7	76.2	-	-	78.7	76.2
Traffic safety	5.9	5.7	-	-	5.9	5.7
Public right of way	18.4	17.5	-	-	18.4	17.5
Community buildings & drainage	6.5	6.2	-	-	6.5	6.2
Parks & community services	7.4	8.5	-	-	7.4	8.5
Community & economic development	13.1	12.3	-	-	13.1	12.3
Municipal support	9.4	9.9	-	-	9.4	9.9
Water utility	-	-	36.2	37.9	36.2	37.9
Sewer utility	-	-	6.6	7.4	6.6	7.4
Solid waste disposal	-	-	2.4	2.1	2.4	2.1
Housing program	-	-	39.6	37.1	39.6	37.1
Golf course	-	-	1.6	1.5	1.6	1.5
Interest on long-term debt	1.1	1.1	-	-	1.1	1.1
Total Expenses	170.3	170.3	86.4	86.0	256.7	256.3
Income (loss) before transfers	15.3	0.4	13.9	8.5	29.2	8.9
Transfers	0.2	-	(0.2)	-	-	-
Change in net position	15.5	0.4	13.7	8.5	29.2	8.9
Net position - beginning of year	582.8	586.0	170.4	158.3	753.2	744.3
Restatement	-	(3.6)	-	3.6	-	-
Net position - end of year	\$ 598.3	\$ 582.8	\$ 184.1	\$ 170.4	\$ 782.4	\$ 753.2

CITY OF GARDEN GROVE

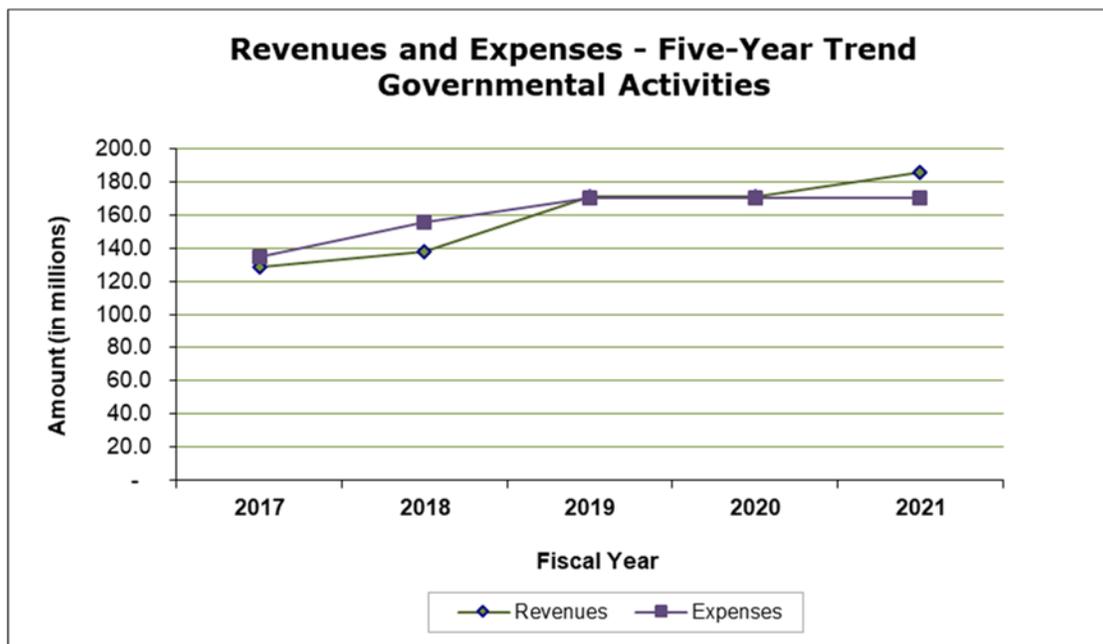
Management's Discussion and Analysis (continued)

June 30, 2021

Governmental Activities

Total resources available during the year to finance governmental operations were \$768.6 million. This amount consists of the beginning net position of \$582.8 million, program revenues of \$66.3 million and general revenues of \$119.3 million. Total uses in governmental activities during the year totaled \$170.3 million. With a net transfer of \$0.2 million, the net position for governmental activities increased by \$15.5 million and ended at \$598.3 million as of June 30, 2021.

The chart below presents governmental activity revenues and expenses for the past five years. Transfers and extraordinary items were not included in the revenues and expenses.



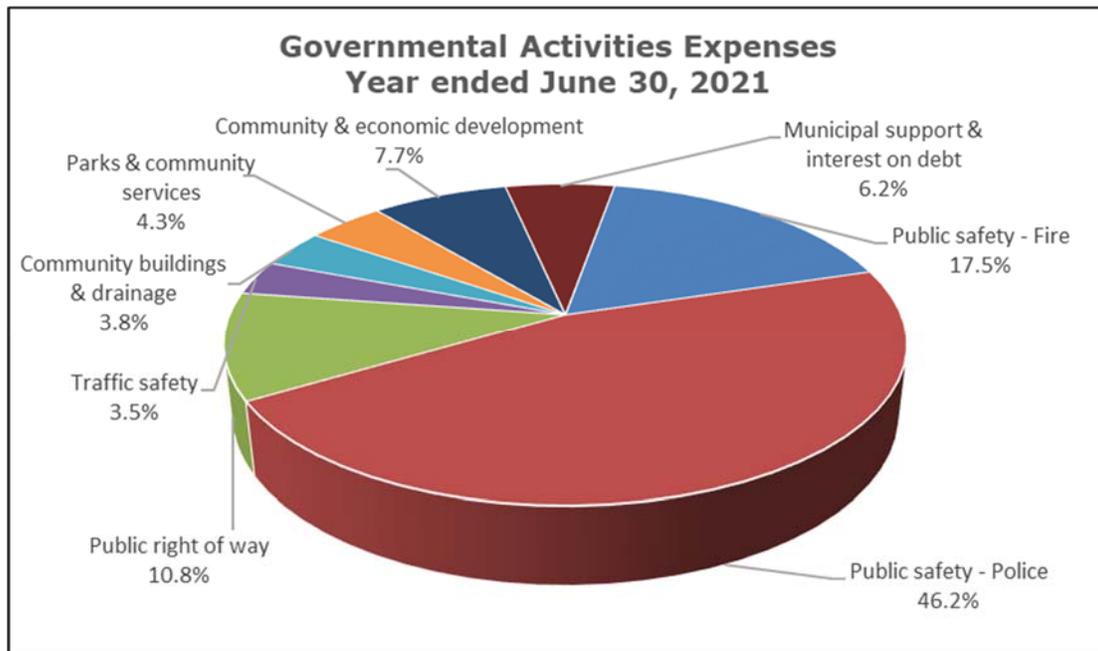
Total revenues from governmental activities was \$15.3 million higher than total expenses for the year, due to the one-time COVID-19 relief funds received from the federal and state governments. General revenues from taxes declined by \$2.9 million. Revenues from Transient Occupancy Tax (TOT) decreased by \$11.7 million. The impact is partially offset by the combined increase in sales and property taxes by \$10.4 million, thanks to the strong performance in retail industry and steady increase in property value within the City.

Total cost of governmental activities for fiscal year ended June 30, 2021 was \$170.3 million, consistent with the previous fiscal year. A total of \$108.5 million, or 63.7% was for providing public safety police and fire services. The chart on next page shows a breakdown of the cost of each major municipal function.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2021



The public safety function (police and fire) is primarily funded by property taxes, sales tax, transient occupancy tax, and other general revenues. Traffic safety, public right of way, community buildings and drainage programs are responsible for maintenance and construction of transportation system as well as city facilities, with funding provided by gas tax, Measure M2, various federal, state and local grants, special assessment, as well as other general revenues. The funding source for parks and community services is primarily general revenues and some program fees. Community and economic development functions are funded by development related revenues as well as general revenues such as taxes, fees and investment income. Municipal support services (administration, legal, human resources, financial, and information technology) are primarily funded by charges to the direct operating functions they support through a cost allocation program.

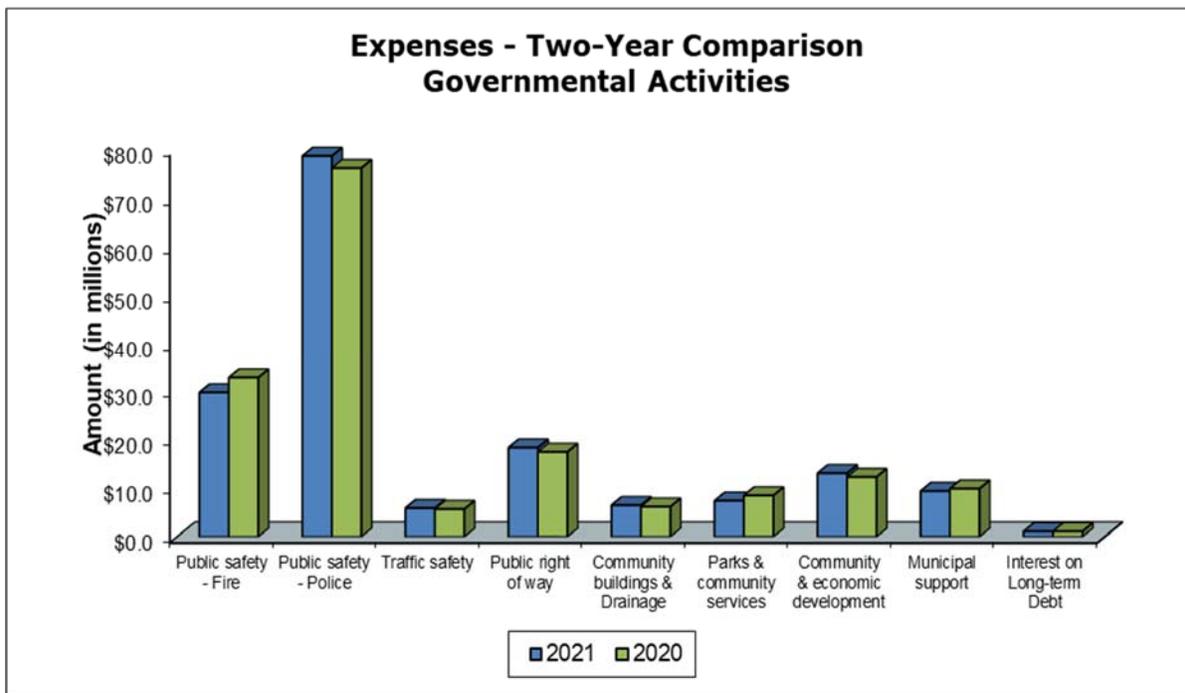
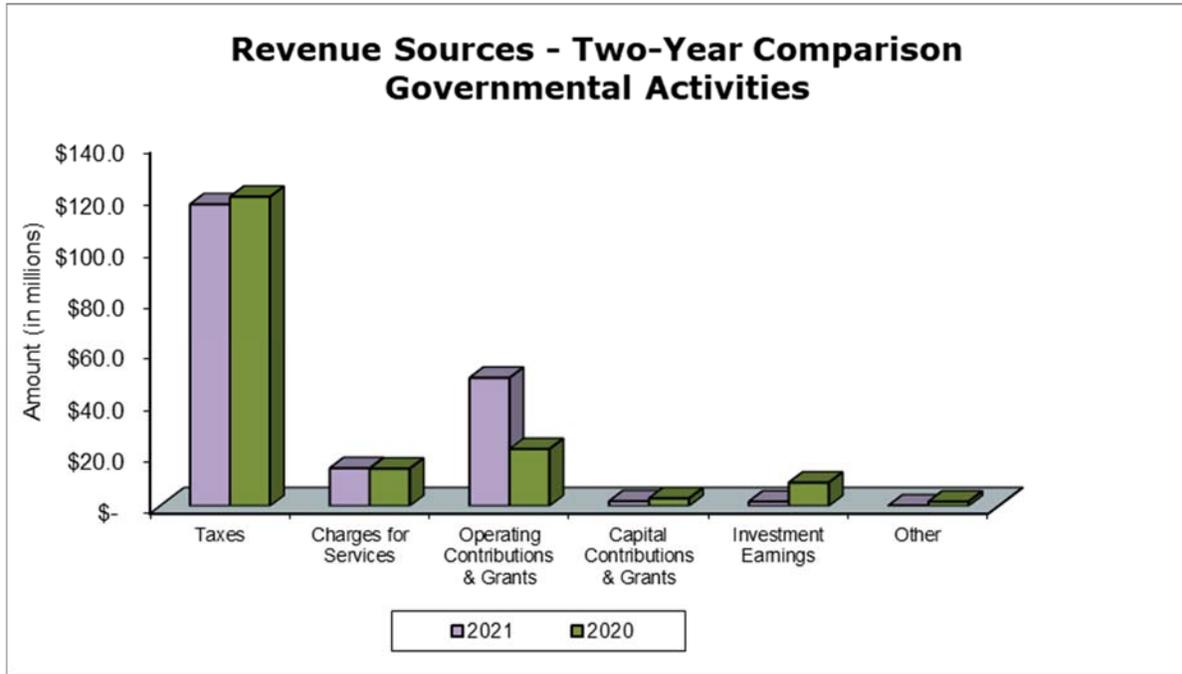
Of the total cost of the governmental activities, the amount the taxpayers ultimately funded was \$117.4 million, the remaining balance was paid by various program revenues, including \$14.7 million by those who directly benefited from the programs, \$49.7 million from other governments and organizations that subsidized certain programs with operating grants and contributions, and \$1.9 million from capital grants and contributions.

CITY OF GARDEN GROVE

Management’s Discussion and Analysis (continued)

June 30, 2021

The following two charts illustrate the total revenue and expense for the governmental activities, excluding transfers for the fiscal years ended June 30, 2021 and June 30, 2020 respectively.



CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2021

Highlights of the major revenue sources and expenses for governmental activities are listed below:

- Program revenues represent 35.7% of total revenues generated by governmental activities. Total program revenues for governmental activities in the current year were \$66.3 million, an increase of \$26.7 million from the previous year, primarily due to the inclusion of \$24.2 million SLFRF received from the U.S. Department of Treasury in May 2021. These funds were programmed to pay for public safety personnel cost, Category E1.9 outlined in the Treasury's SLFRF reporting guidelines.
- Taxes comprised 63.3% of the total revenues from governmental activities. Total tax revenues were \$117.4 million for the current year. Despite the sharp decline in TOT revenue in the amount of \$11.7 million, overall tax revenues reported a slight decrease of \$2.9 million of 2.4% comparing to the previous year. This was due to the \$4.2 million increase in property taxes and \$6.2 million in sales taxes comparing to Fiscal Year 2019-20. Property tax revenue represents 46.8% of total taxes, remain the largest general revenue source for the City. Sales tax totaled \$49.3 million for the current year, including \$23.3 million Measure O local sales tax revenue. The remaining \$6.0 million revenue from taxes included franchise tax, business operations tax, and motor vehicle taxes.
- Total governmental expenses was \$170.3 million, consistent with the prior year. Cost for Fire protection and emergency medical response services was \$29.8 million, representing 17.5% of total governmental expenses. Cost to provide police services was \$78.7 million for fiscal year ended June 30, 2021, an increase of \$2.5 million from the previous year, a direct result of the pandemic. More police workforce were allocated to respond to the public health and safety issues directly related to the pandemic, such as the early prisoner release and increased homelessness and mental health cases. Accordingly, the SLFRF were allocated to fund for the Police operations under the Treasury's guidelines.

Business-Type Activities

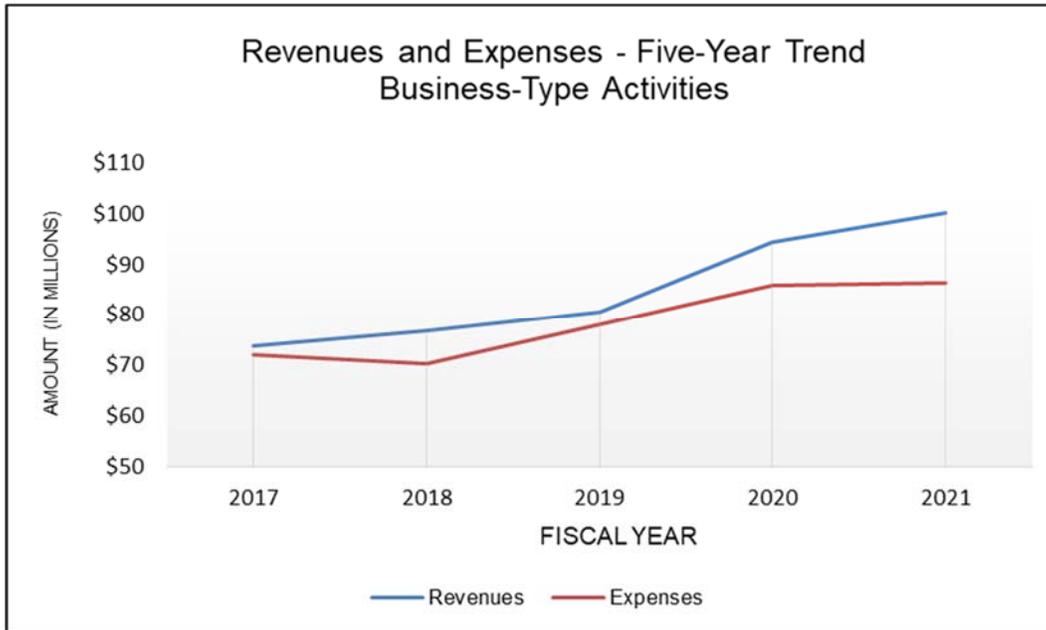
The City's net position in the business-type activities increased by \$13.7 million, primarily due to increased operating revenue as a result of scheduled rate increase in Water and Sewer utilities. The overall net position reported in the business-type activities was \$184.1 million as of June 30, 2021.

CITY OF GARDEN GROVE

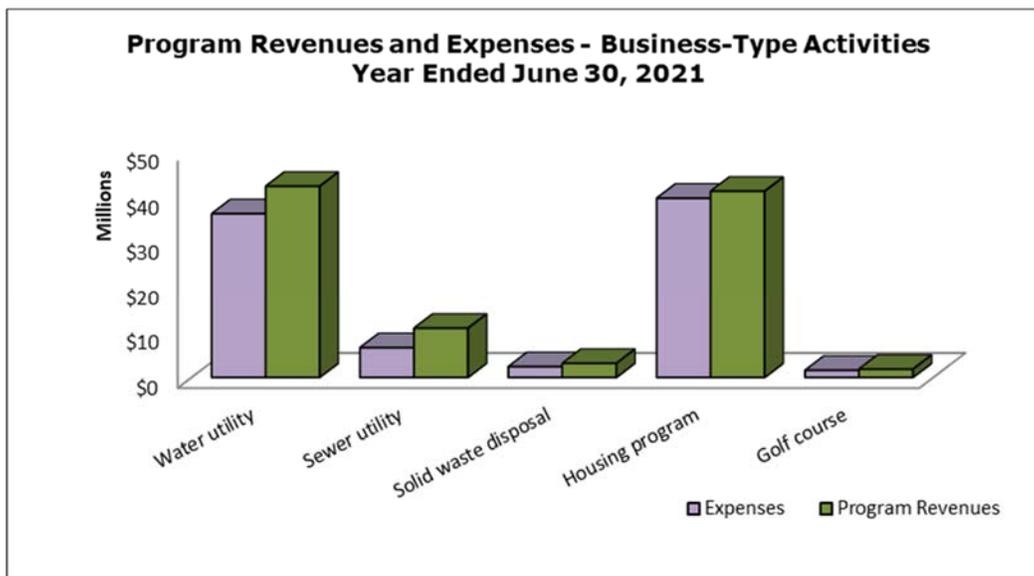
Management’s Discussion and Analysis (continued)

June 30, 2021

The chart below presents revenues and expenses in the business-type activities for the past five years, excluding transfers and extraordinary items.



The graph below shows the expenses of each business-type function compared to the program revenues generated specifically from its operations.



Total expenses of all business-type activities for the fiscal year ended June 30, 2021 were \$86.4 million, consistent with the previous year. As shown in the statement of activities, the amount paid by users of the systems was \$58.0 million, reported as charge for services. Revenues from operating grants and contributions were \$41.2 million, for the City’s Housing Section 8 program. Total program revenue reported for the year was \$99.2 million.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2021

Total resources available during the year to finance business type activities were \$270.7 million. This amount consists of net position at July 1, 2020 in the amount of \$170.4 million, total revenues of \$100.3 million, and a net transfer of \$0.2 million to the governmental activities. After funding total expenses of \$86.4 million, net position for business-type activities increased by \$13.7 million to \$184.1 million at June 30, 2021.

FUND FINANCIAL ANALYSIS

General Fund

The General Fund is the primary operating fund of the City. Fund balance increased by \$30.1 million for the fiscal year ended June 30, 2021, with an ending balance of \$112.4 million.

Below is a three-year trend analysis on the fund balance of the General Fund. For additional information, please refer to the *Notes to Basic Financial Statements*.

City of Garden Grove's General Fund Fund Balance Three-Year Trend Information (in millions)

	<u>FY 2020-21</u>	<u>FY 2019-20</u>	<u>FY 2018-19</u>
Fund Balances:			
Nonspendable	\$ 11.3	\$ 14.4	\$ 12.8
Restricted	6.0	5.0	3.8
Committed	22.5	22.5	-
Assigned	2.7	3.2	3.1
Unassigned	69.9	37.2	47.4
Total Fund Balance	<u>\$ 112.4</u>	<u>\$ 82.3</u>	<u>\$ 67.1</u>
Fund Balance - Beginning	\$ 82.3	\$ 67.1	\$ 49.7
Excess revenues over expenditures	29.5	15.2	17.1
Transfers	0.6	(0.9)	0.3
Gain on sale of capital assets	-	0.9	-
Fund Balance - Ending	<u>\$ 112.4</u>	<u>\$ 82.3</u>	<u>\$ 67.1</u>

For fiscal year ended June 30, 2021, operating revenues exceeded expenditures by \$29.5 million. This was primarily due to the receipt of \$24.2 million in SLFRF in May 2021. The SLFRF is a component of the American Rescue Plan Act (ARPA). The ARPA delivered \$350 billion to state, local and tribal governments across the nation to support their response to and recovery from the COVID-19 public health emergency. The amount allocated to the City was \$48.4 million, and would be distributed in two equal installments. The City received 50% of the total allocation during the current fiscal year, and reported as current year's revenues. The funds were used to fund for the City's Police safety personnel costs and other essential governmental services provided during the current year.

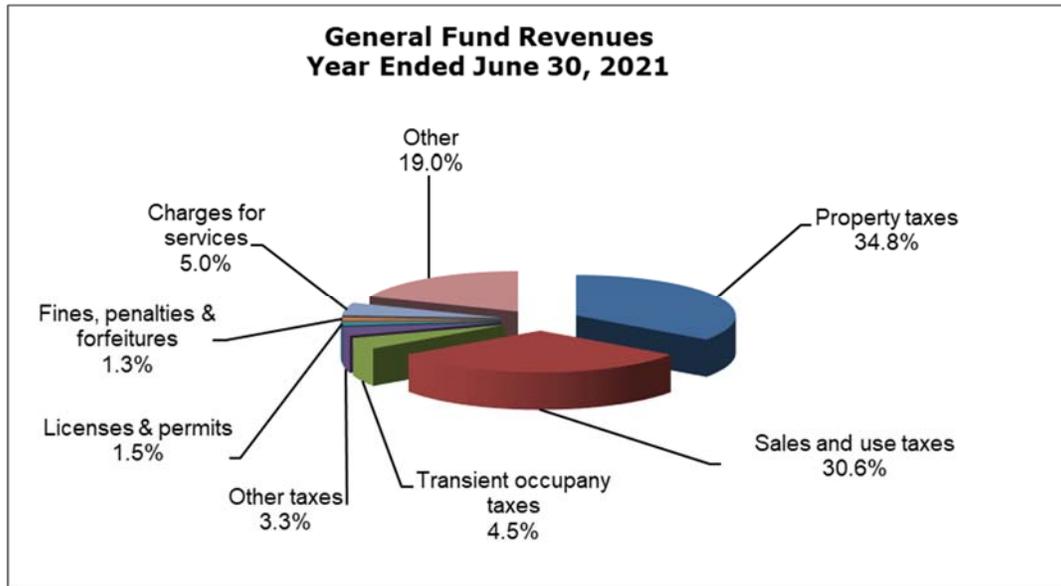
CITY OF GARDEN GROVE

Management’s Discussion and Analysis (continued)

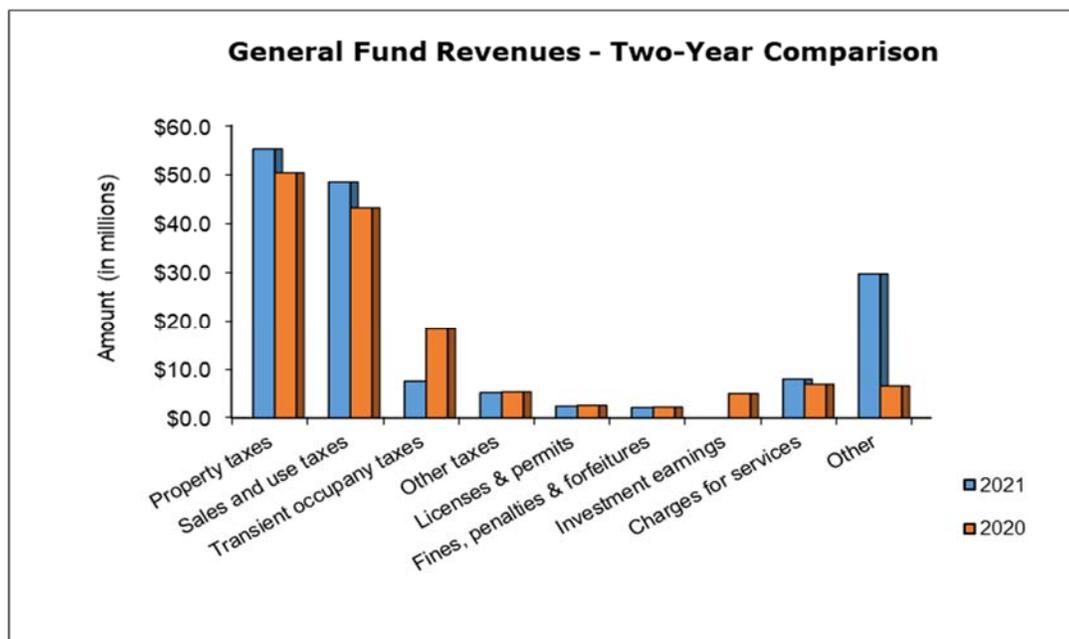
June 30, 2021

Overall General Fund revenues increased by \$18.3 million or 13.5%, comparing to the previous year. In addition to the one-time COVID-19 relief funds received from the Treasury Department, property and sales tax enjoyed a \$4.9 million and \$5.3 million increase thanks to the steady increase in property value and strong retail market during the year. However, TOT revenue decreased by \$11.1 million, or 61.0% from the prior year, a direct result of the statewide shutdown during the pandemic.

The graph below illustrates General Fund revenues by major sources:



A two-year comparison of each General Fund revenue source for the fiscal years ended June 30, 2021 and June 30, 2020 is presented below:



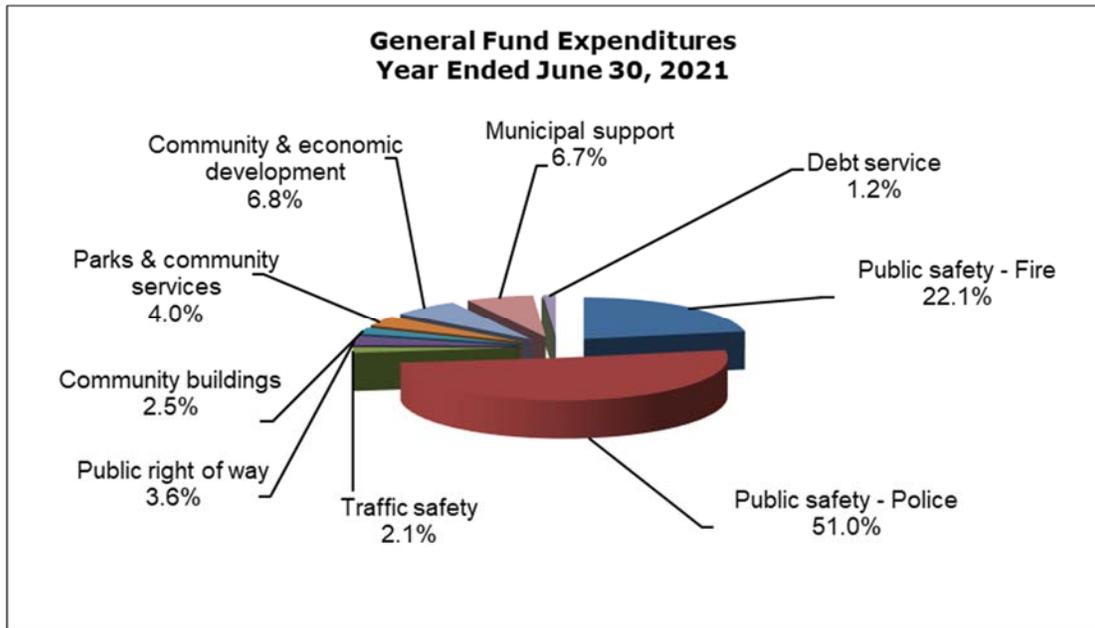
CITY OF GARDEN GROVE

Management’s Discussion and Analysis (continued)

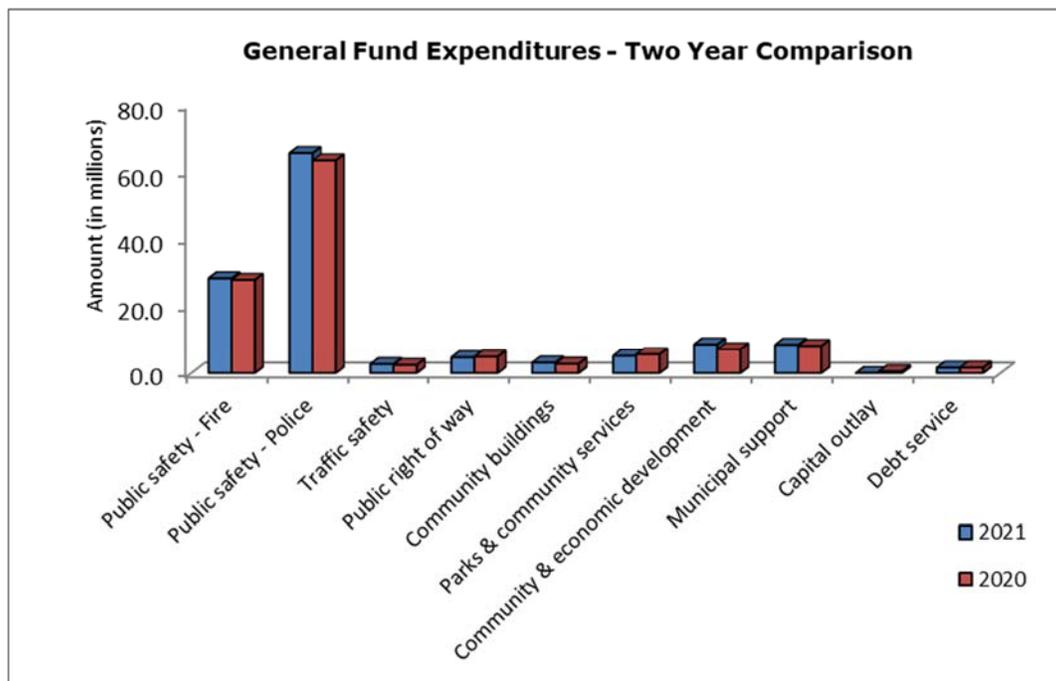
June 30, 2021

Overall General Fund expenditures increased by \$4.0 million compared to the previous year. The largest increase was in the Public Safety – Police and Community and Economic Development areas. Both functional areas had devoted significant amount of resources during the pandemic to maintain safety, provide assistance and support local businesses.

The graph below illustrates General Fund expenditures by category:



A two-year comparison of each General Fund expenditure category is shown below:



CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2021

Other Major Governmental Fund

The Housing Successor Agency capital project fund reported a fund balance of \$20.8 million as of June 30, 2021, reflecting a slight increase of \$0.3 million from the previous year. The majority of the fund balance of the Housing Successor Agency fund reflected an amount due from the Successor Agency for \$7.1 million, and long-term receivables from various housing organizations in the amount of \$5.7 million as of June 30, 2021.

CAPITAL ASSETS

The capital assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets, buildings and facilities, furniture, machinery and equipment, land, and construction in progress. At June 30, 2021, net capital assets totaled \$638.9 million for the governmental activities, and \$164.1 million for the business-type activities respectively. Depreciation on capital assets is recognized in the government-wide financial statements. Please refer to *Notes to Basic Financial Statements (Note 7)* for additional information.

The table below presents comparative summary information on the City's capital assets:

City of Garden Grove's Capital Assets
Net of Depreciation (in millions)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 413.0	\$ 413.0	\$ 5.1	\$ 5.1	\$ 418.1	\$ 418.1
Streets	155.9	155.0	-	-	155.9	155.0
Storm drainage	25.1	26.6	-	-	25.1	26.6
Water system	-	-	89.5	90.2	89.5	90.2
Sewer system	-	-	67.2	66.0	67.2	66.0
Buildings and improvements	25.1	26.2	0.3	0.3	25.4	26.5
Furniture, machinery & equipment	16.7	15.0	0.3	0.2	17.0	15.2
Construction in progress	3.1	5.4	1.7	0.5	4.8	5.9
Total Capital Assets	<u>\$ 638.9</u>	<u>\$ 641.2</u>	<u>\$ 164.1</u>	<u>\$ 162.3</u>	<u>\$ 803.0</u>	<u>\$ 803.5</u>

DEBT ADMINISTRATION

The City continued its efforts to reduce its long-term debt obligation. In addition to steadily paying down its outstanding long term obligations, the City implemented a Pension Funding Policy in August 2019 to proactively and effectively manage its unfunded pension liability. An IRC Section 115 Trust was established in November 2019 accordingly.

In November 2020, the City refunded its 2010 Water Revenues Bonds, and realized a net present value savings of \$1.6 million, or 15.3% of the refunded debt.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2021

The schedule of outstanding long-term debt with comparative amounts for the previous fiscal year is presented below. For additional information on the City's long-term debt, please refer to *Notes to Basic Financial Statements (Note 8)*.

City of Garden Grove's Outstanding Debt (in millions)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Lease revenue bonds	\$ 21.8	\$ 22.3	\$ -	\$ -	\$ 21.8	\$ 22.3
Capital leases payable	0.1	0.2	0.1	-	0.2	0.2
Revenue bonds	-	-	36.4	24.4	36.4	24.4
Certificates of participation	-	-	2.9	3.8	2.9	3.8
Unamortized bond premium	1.3	1.3	4.4	1.4	5.7	2.7
Total Outstanding Debt	<u>\$ 23.2</u>	<u>\$ 23.8</u>	<u>\$ 43.8</u>	<u>\$ 29.6</u>	<u>\$ 67.0</u>	<u>\$ 53.4</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund appropriations were originally adopted at \$133.4 million for Fiscal Year 2020-21. Final appropriations were increased by \$0.3 million to \$133.6 million. The additional appropriation was to fund the cost of a redistricting study as the result of the new census, the purchase of a police vehicle and the landscaping contract for the newly completed Medal of Honor bike trail.

Below is a summary of changes made to the adopted budget:

Original Budget	\$ 133,373,299
Supplemental Changes	<u>268,827</u>
Final Budget	<u>\$ 133,642,126</u>

At June 30, 2021, the City's General Fund concluded the fiscal year with a net favorable variance of \$44.2 million. The net favorable variance was a combination of one-time revenue not originally expected and budget savings on expenditures. Included in the actual revenues were SLFRF money received during the year in the amount of \$24.2 million, and the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding that had been programmed by the City and would be carried over to the next fiscal year to complete the various projects and programs that were incorporated in the City's fiscal years 2021-2023 biennial budget.

CITY OF GARDEN GROVE

Management’s Discussion and Analysis (continued)

June 30, 2021

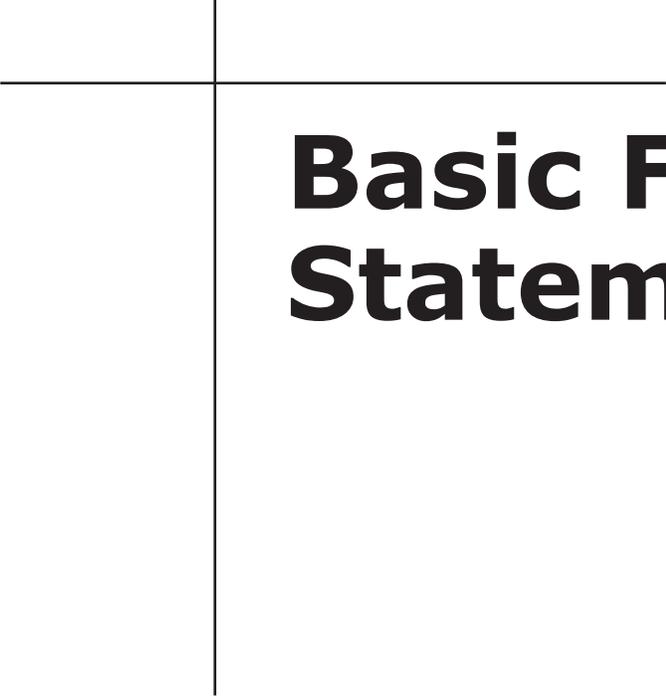
Table below shows the budget variance in each category, revenue, expenditure and transfers:

City of Garden Grove Budget to Actual Comparison
(in millions)

	<u>Revenue</u>	<u>Expenditure</u>	<u>Transfer & Other Sources</u>	<u>Budget Variance</u>
Final Budget	\$ 119.4	\$ 133.6	\$ -	
Actual	158.3	128.9	0.6	
Favorable/(Unfavorable) Budget Variance	<u>\$ 38.9</u>	<u>\$ 4.7</u>	<u>\$ 0.6</u>	<u>\$ 44.2</u>

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact the City of Garden Grove’s Finance Department at 11222 Acacia Parkway, Garden Grove, California, 92840, phone number 714-741-5060, or e-mail finance@ggcity.gov.



Basic Financial Statements

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CITY OF GARDEN GROVE
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 239,729,363	\$ 88,187,833	\$ 327,917,196
Cash and investments with fiscal agents	1,564,255	15,558,211	17,122,466
Cash and investments with pension trust	1,634,947	-	1,634,947
Taxes receivable	13,557,128	233,998	13,791,126
Accounts receivable	783,204	8,439,152	9,222,356
Interest receivable	1,017,992	377,748	1,395,740
Intergovernmental receivable	7,050,071	-	7,050,071
Internal balances	8,533,674	(8,533,674)	-
Inventory	429,835	7,671	437,506
Deposits and prepaid items	429,483	125,358	554,841
Notes receivable, net	30,188,400	4,041	30,192,441
Due from Successor Agency	7,054,260	-	7,054,260
Land held for resale	2,819,063	-	2,819,063
Prepaid bond insurance costs	98,898	-	98,898
Capital assets:			
Land	412,953,682	5,142,500	418,096,182
Construction in progress	3,127,854	1,662,122	4,789,976
Depreciable capital assets, net	222,840,548	157,273,681	380,114,229
Total assets	<u>953,812,657</u>	<u>268,478,641</u>	<u>1,222,291,298</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding of debt	-	97,723	97,723
OPEB related items	26,237,550	3,377,977	29,615,527
Pension related items	31,945,193	4,425,796	36,370,989
Total deferred outflows	<u>58,182,743</u>	<u>7,901,496</u>	<u>66,084,239</u>
LIABILITIES			
Accounts payable	4,897,038	6,900,582	11,797,620
Accrued liabilities	2,896,495	525,772	3,422,267
Refundable deposits	2,687,217	1,391,388	4,078,605
Interest payable	330,927	61,937	392,864
Unearned revenue	155,492	-	155,492
Noncurrent liabilities:			
Due within one year	16,071,195	2,504,776	18,575,971
Due in more than one year	57,770,731	42,005,949	99,776,680
OPEB liability	48,943,774	6,301,301	55,245,075
Net pension liability	277,337,072	32,046,089	309,383,161
Total liabilities	<u>411,089,941</u>	<u>91,737,794</u>	<u>502,827,735</u>
DEFERRED INFLOWS OF RESOURCES			
Unamortized gain on refunding of debt	-	161,039	161,039
OPEB related items	793,437	102,152	895,589
Pension related items	1,747,469	325,885	2,073,354
Total deferred inflows	<u>2,540,906</u>	<u>589,076</u>	<u>3,129,982</u>
NET POSITION			
Net investment in capital assets	617,315,666	120,399,516	737,715,182
Restricted for:			
Public safety	4,179,977	-	4,179,977
Public right of way	13,717,256	-	13,717,256
Drainage	128,954	-	128,954
Community planning and development	50,928,007	-	50,928,007
Community services	6,577,201	-	6,577,201
Municipal support and services	137,862	-	137,862
Unrestricted	(94,620,370)	63,653,751	(30,966,619)
Total net position	<u>\$ 598,364,553</u>	<u>\$ 184,053,267</u>	<u>\$ 782,417,820</u>

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

**CITY OF GARDEN GROVE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
Fire	\$ 29,809,787	\$ 596,068	\$ 2,804,673
Police	78,689,226	3,058,357	28,521,526
Traffic safety	5,947,430	1,356,413	114,378
Public right of way	18,389,135	272,442	13,742,841
Drainage	1,547,050	-	-
Community buildings	4,957,639	230,336	34,612
Community services	5,250,355	682,138	-
Economic development	2,594,984	-	36,506
Parks and greenbelts	2,161,318	754,604	73,994
Community planning and development	10,520,579	4,252,437	2,993,476
Municipal support	9,359,965	3,456,379	1,423,532
Interest on long term debt	1,082,691	-	-
Total governmental activities	<u>170,310,159</u>	<u>14,659,174</u>	<u>49,745,538</u>
Business-type activities:			
Water utility	36,220,147	42,245,543	-
Sewage collection	6,576,637	10,842,741	-
Housing authority	39,631,198	-	41,155,458
Solid waste disposal	2,407,481	3,115,922	-
Golf course	1,588,619	1,836,535	-
Total business-type activities	<u>86,424,082</u>	<u>58,040,741</u>	<u>41,155,458</u>
Total	<u>\$ 256,734,241</u>	<u>\$ 72,699,915</u>	<u>\$ 90,900,996</u>

General revenues:

Taxes:

- Sales taxes
- Property taxes, levied for general purposes
- Franchise taxes
- Business operation taxes
- Transient occupancy taxes
- Motor vehicle taxes, unrestricted
- Investment income
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ -	\$ (26,409,046)	\$ -	\$ (26,409,046)
-	(47,109,343)	-	(47,109,343)
626,180	(3,850,459)	-	(3,850,459)
-	(4,373,852)	-	(4,373,852)
90,463	(1,456,587)	-	(1,456,587)
-	(4,692,691)	-	(4,692,691)
-	(4,568,217)	-	(4,568,217)
-	(2,558,478)	-	(2,558,478)
1,189,040	(143,680)	-	(143,680)
-	(3,274,666)	-	(3,274,666)
-	(4,480,054)	-	(4,480,054)
-	(1,082,691)	-	(1,082,691)
<u>1,905,683</u>	<u>(103,999,764)</u>	<u>-</u>	<u>(103,999,764)</u>
-	-	6,025,396	6,025,396
-	-	4,266,104	4,266,104
-	-	1,524,260	1,524,260
-	-	708,441	708,441
-	-	247,916	247,916
<u>-</u>	<u>-</u>	<u>12,772,117</u>	<u>12,772,117</u>
<u>\$ 1,905,683</u>	<u>\$ (103,999,764)</u>	<u>\$ 12,772,117</u>	<u>\$ (91,227,647)</u>
	49,305,114	-	49,305,114
	55,004,385	-	55,004,385
	2,331,476	-	2,331,476
	3,534,201	-	3,534,201
	7,136,525	-	7,136,525
	128,205	-	128,205
	1,738,696	253,458	1,992,154
	232,638	809,628	1,042,266
	177,901	(177,901)	-
	<u>119,589,141</u>	<u>885,185</u>	<u>120,474,326</u>
	15,589,377	13,657,302	29,246,679
	<u>582,775,176</u>	<u>170,395,965</u>	<u>753,171,141</u>
	<u>\$ 598,364,553</u>	<u>\$ 184,053,267</u>	<u>\$ 782,417,820</u>

**CITY OF GARDEN GROVE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Housing Successor			Total Governmental Funds
	General Fund	Agency Capital Project Fund	Nonmajor Governmental Funds	
ASSETS				
Cash and cash investments	\$ 92,107,943	\$ 7,460,224	\$ 22,073,035	\$ 121,641,202
Cash and cash investments with fiscal agents	46	-	1,564,209	1,564,255
Cash and investments with pension trust	1,634,947	-	-	1,634,947
Taxes receivable	12,623,639	-	933,489	13,557,128
Accounts receivable	648,446	-	83,172	731,618
Interest receivable	367,618	32,165	108,613	508,396
Intergovernmental receivable	1,331,197	-	5,718,874	7,050,071
Intercity loans receivable, net	11,382,206	-	-	11,382,206
Due from Successor Agency	-	7,054,260	-	7,054,260
Deposits and prepaid items	89,964	-	238,457	328,421
Notes receivable, net	2,353,227	5,728,457	22,106,716	30,188,400
Land held for resale	2,300,000	519,063	-	2,819,063
Total assets	<u>\$ 124,839,233</u>	<u>\$ 20,794,169</u>	<u>\$ 52,826,565</u>	<u>\$ 198,459,967</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,630,452	\$ 29,344	\$ 1,894,304	\$ 3,554,100
Accrued liabilities	1,942,676	931	497,191	2,440,798
Refundable deposits	2,687,217	-	-	2,687,217
Intercity loan payable	2,509,289	-	-	2,509,289
Unearned revenue	-	-	155,492	155,492
Due to other funds	2,115,021	1,013	375,685	2,491,719
Total liabilities	<u>10,884,655</u>	<u>31,288</u>	<u>2,922,672</u>	<u>13,838,615</u>
Deferred inflows of resources:				
Unavailable revenue	1,522,941	-	1,190,981	2,713,922
Total Deferred inflows	<u>1,522,941</u>	<u>-</u>	<u>1,190,981</u>	<u>2,713,922</u>
Fund balances:				
Non-Spendable:				
Intercity loan	8,872,917	-	-	8,872,917
Prepaid items	89,964	-	238,457	328,421
Land held for resale	2,300,000	519,063	-	2,819,063
Restricted:				
Public safety	90,596	-	4,064,586	4,155,182
Public right of way	280	-	12,194,919	12,195,199
Drainage	-	-	128,954	128,954
Community planning and development	4,038,775	20,243,818	25,703,750	49,986,343
Community services	176,535	-	6,400,666	6,577,201
Municipal support and services	47,566	-	-	47,566
Pension trust	1,634,947	-	-	1,634,947
Committed:				
Stability reserve	22,500,000	-	-	22,500,000
Assigned:				
Post-employment benefits	1,000,000	-	-	1,000,000
Building improvements	1,300,000	-	-	1,300,000
General plan	428,622	-	-	428,622
Unassigned	69,951,435	-	(18,420)	69,933,015
Total fund balances	<u>112,431,637</u>	<u>20,762,881</u>	<u>48,712,912</u>	<u>181,907,430</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 124,839,233</u>	<u>\$ 20,794,169</u>	<u>\$ 52,826,565</u>	<u>\$ 198,459,967</u>

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

CITY OF GARDEN GROVE
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

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

Fund balances - total governmental funds (page 26)	\$ 181,907,430
Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet.	
Capital assets	971,366,859
Accumulated depreciation	(345,851,312)
Certain notes, grants, and accounts receivables are not available to pay for current period expenditures, and therefore are offset by deferred inflows of resources in the governmental funds.	2,713,922
Internal service funds are used by management to charge the costs of various city activities to individual governmental and business-like funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	74,493,620
The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long term debt and related items.	
Bonds payable	(21,770,000)
Bond premium	(1,286,662)
Capital lease payable	(924)
Prepaid bond issuance costs	98,898
Accrued interest payable	(330,908)
The OPEB liability is not due and payable in the current period and, therefore, is not reported in the balance sheet of the governmental funds. Also, deferred inflows and outflows of resources related to OPEB costs are deferred and amortized in the statement of activities. This amount is the net effect of the treatment of OPEB liability and deferred outflows of resources from OPEB contributions.	(22,523,696)
The pension liability is not due and payable in the current period and, therefore, is not reported in the balance sheet of the governmental funds. Also, deferred inflows and outflows of resources related to pension costs are deferred and amortized in the statement of activities. This amount is the net effect of the treatment of net pension liability, deferred outflows of resources from pension contributions and deferred inflows of resources for the net difference between projected and actual earnings on pension plan investments.	(240,452,674)
Net position of governmental activities	\$ 598,364,553

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

CITY OF GARDEN GROVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Housing Successor			Total Governmental Funds
	General Fund	Agency Capital Project Fund	Nonmajor Governmental Funds	
REVENUES:				
Taxes	\$ 116,343,879	\$ -	\$ 1,699,899	\$ 118,043,778
Licenses and permits	2,371,876	-	47,538	2,419,414
Fines, forfeits and penalties	2,120,682	-	738,138	2,858,820
Investment earnings	19,190	225,656	547,766	792,612
Charges for current services	7,938,035	-	3,731,491	11,669,526
From other agencies	27,210,933	-	20,518,391	47,729,324
Other revenues	2,427,898	271,697	303,517	3,003,112
Total revenues	<u>158,432,493</u>	<u>497,353</u>	<u>27,586,740</u>	<u>186,516,586</u>
EXPENDITURES:				
Current:				
Fire	28,470,151	-	-	28,470,151
Police	65,733,881	-	2,298,549	68,032,430
Traffic safety	2,702,044	-	2,294,735	4,996,779
Public right of way	4,741,813	-	12,801,652	17,543,465
Community buildings	3,163,726	-	-	3,163,726
Community services	3,867,459	-	971,696	4,839,155
Economic development	2,236,894	-	372,361	2,609,255
Parks and greenbelts	1,348,492	-	1,258,476	2,606,968
Community planning and development	6,440,473	226,393	3,920,771	10,587,637
Municipal support	8,572,019	-	111,452	8,683,471
Debt service:				
Principal retirement	493,697	-	-	493,697
Interest	1,111,907	-	-	1,111,907
Total expenditures	<u>128,882,556</u>	<u>226,393</u>	<u>24,029,692</u>	<u>153,138,641</u>
Excess of revenues over expenditures	<u>29,549,937</u>	<u>270,960</u>	<u>3,557,048</u>	<u>33,377,945</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	948,996	-	397,369	1,346,365
Transfers out	(397,369)	-	(231,386)	(628,755)
Total other financing (uses)	<u>551,627</u>	<u>-</u>	<u>165,983</u>	<u>717,610</u>
Net change in fund balances	30,101,564	270,960	3,723,031	34,095,555
Fund balances, beginning of year	<u>82,330,073</u>	<u>20,491,921</u>	<u>44,989,881</u>	<u>147,811,875</u>
Fund balances, end of year	<u>\$ 112,431,637</u>	<u>\$ 20,762,881</u>	<u>\$ 48,712,912</u>	<u>\$ 181,907,430</u>

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

CITY OF GARDEN GROVE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Net change in fund balances - total governmental funds (page 28) \$ 34,095,555

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expenses exceeded capital outlays in the current period.

Capital outlay	12,451,936
Depreciation expense	(14,429,908)
Disposition of capital assets	(281,958)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond principal payment	490,000
Capital lease principal payments	3,697
Change in accrued interest	8,167
Other debt related items	50,187

Some revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,827,137)

Internal service funds are used by management to charge the costs of certain activities, such as workers compensation, fleet management, employee benefits, telephones, information systems, risk management and warehouse operations to individual funds. The net expenses of these internal service funds are reported with governmental activities. 2,298,551

OPEB costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (3,871,722)

Pension costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (13,397,991)

Change in net position of governmental activities \$ 15,589,377

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

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**CITY OF GARDEN GROVE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Water Utility	Sewage Collection	Housing Authority	Total Nonmajor Funds		
ASSETS						
Current assets:						
Cash and cash investments	\$ 26,968,573	\$ 46,206,460	\$ 2,883,148	\$ 12,129,652	\$ 88,187,833	\$ 118,088,161
Cash and cash investments with fiscal agents	15,558,211	-	-	-	15,558,211	-
Taxes receivable	-	38,123	-	195,875	233,998	-
Accounts receivable	6,807,449	1,434,417	8,120	189,166	8,439,152	51,586
Interest receivable	116,671	199,224	11,012	50,841	377,748	509,596
Due from other funds	-	-	-	-	-	2,992,088
Inventory	-	-	-	7,671	7,671	429,835
Prepaid items	1,187	13,607	13,319	97,245	125,358	101,062
Total current assets	<u>49,452,091</u>	<u>47,891,831</u>	<u>2,915,599</u>	<u>12,670,450</u>	<u>112,929,971</u>	<u>122,172,328</u>
Noncurrent assets:						
Intercity loans receivable, net	-	-	-	-	-	4,511,819
Notes receivable	-	4,041	-	-	4,041	-
Capital assets:						
Land	1,471,805	537,984	-	3,132,711	5,142,500	-
Construction in progress	801,002	861,120	-	-	1,662,122	577,976
Depreciable capital assets, net	89,886,485	67,223,197	14,757	149,242	157,273,681	12,828,561
Total noncurrent assets	<u>92,159,292</u>	<u>68,626,342</u>	<u>14,757</u>	<u>3,281,953</u>	<u>164,082,344</u>	<u>17,918,356</u>
Total assets	<u>141,611,383</u>	<u>116,518,173</u>	<u>2,930,356</u>	<u>15,952,403</u>	<u>277,012,315</u>	<u>140,090,684</u>
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized loss on refunding of debt	97,723	-	-	-	97,723	-
OPEB related items	2,104,035	421,222	626,072	226,648	3,377,977	1,089,703
Pension related items	2,246,921	1,066,047	830,722	282,106	4,425,796	1,058,958
Total deferred outflows	<u>4,448,679</u>	<u>1,487,269</u>	<u>1,456,794</u>	<u>508,754</u>	<u>7,901,496</u>	<u>2,148,661</u>
LIABILITIES						
Current liabilities:						
Accounts payable	5,921,294	719,623	17,546	242,119	6,900,582	1,342,938
Accrued liabilities	217,115	229,748	55,300	23,609	525,772	455,697
Refundable deposits	507,853	-	329,005	554,530	1,391,388	-
Interest payable	37,682	24,255	-	-	61,937	19
Due to other funds	206,403	82,958	51,682	21,750	362,793	137,576
Current portion of long-term obligations						
Capital leases	-	-	-	25,498	25,498	113,039
Accrued compensated absences	594,603	129,027	-	-	723,630	7,870,625
Claims payable	-	-	-	-	-	7,517,241
Long-term debt	1,068,192	687,456	-	-	1,755,648	-
Total current liabilities	<u>8,553,142</u>	<u>1,873,067</u>	<u>453,533</u>	<u>867,506</u>	<u>11,747,248</u>	<u>17,437,135</u>
Noncurrent liabilities:						
Noncurrent portion of long-term obligations:						
Capital leases	-	-	-	83,116	83,116	-
Accrued compensated absences	18,391	3,991	-	-	22,382	243,422
Claims payable	-	-	-	-	-	35,040,013
Intercity loans payable	11,382,206	-	-	-	11,382,206	2,002,530
Long-term debt	28,342,104	13,558,347	-	-	41,900,451	-
Net pension liability	16,269,395	7,718,981	6,015,057	2,042,656	32,046,089	7,667,658
OPEB liability	3,924,864	785,738	1,167,903	422,796	6,301,301	2,032,715
Total noncurrent liabilities	<u>59,936,960</u>	<u>22,067,057</u>	<u>7,182,960</u>	<u>2,548,568</u>	<u>91,735,545</u>	<u>46,986,338</u>
Total liabilities	<u>68,490,102</u>	<u>23,940,124</u>	<u>7,636,493</u>	<u>3,416,074</u>	<u>103,482,793</u>	<u>64,423,473</u>
DEFERRED INFLOWS OF RESOURCES						
Unamortized gain on refunding of debt	-	161,039	-	-	161,039	-
OPEB related items	63,627	12,738	18,933	6,854	102,152	32,953
Pension related items	165,448	78,496	61,169	20,772	325,885	77,974
Total deferred inflows	<u>229,075</u>	<u>252,273</u>	<u>80,102</u>	<u>27,626</u>	<u>589,076</u>	<u>110,927</u>
NET POSITION						
Net investment in capital assets	62,846,719	54,215,459	14,757	3,322,581	120,399,516	13,293,498
Unrestricted	14,494,166	39,597,586	(3,344,202)	9,694,876	60,442,426	64,411,447
Total net position	<u>\$ 77,340,885</u>	<u>\$ 93,813,045</u>	<u>\$ (3,329,445)</u>	<u>\$ 13,017,457</u>	<u>180,841,942</u>	<u>\$ 77,704,945</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					3,211,325	
Net position of business-type activities					<u>\$ 184,053,267</u>	

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

CITY OF GARDEN GROVE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities	
	- Enterprise Funds	
	Water Utility	Sewage Collection
Operating revenues:		
Charges for services	\$ -	\$ -
Water sales	42,153,357	-
Section 8 grant revenue	-	-
Solid waste disposal fees	-	-
Property assessments	-	3,635,698
Sewer user fees	-	7,207,043
Other	92,186	-
Total operating revenues	<u>42,245,543</u>	<u>10,842,741</u>
Operating expenses:		
Salaries and benefits	7,894,814	2,478,471
Contractual services	7,591,654	1,522,551
Liability claims	-	-
Materials and supplies	604,533	112,896
Water production expenses	15,348,165	-
Housing	-	-
Golf course operations	-	-
Depreciation and amortization	3,769,423	1,838,358
Total operating expenses	<u>35,208,589</u>	<u>5,952,276</u>
Operating income	<u>7,036,954</u>	<u>4,890,465</u>
Nonoperating revenues (expenses):		
Investment income	128,145	25,324
(Loss) on disposal of assets	(48,048)	(241,147)
Other nonoperating revenues	11,989	-
Interest expense	(1,036,866)	(527,144)
Total nonoperating (expenses) revenues	<u>(944,780)</u>	<u>(742,967)</u>
Income before transfers and capital contributions	6,092,174	4,147,498
Capital contributions	-	-
Transfers in	-	-
Transfers out	(47,132)	-
Change in net position	6,045,042	4,147,498
Total net position (deficit), beginning of year	<u>71,295,843</u>	<u>89,665,547</u>
Total net position (deficit), end of year	<u>\$ 77,340,885</u>	<u>\$ 93,813,045</u>

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

Change in net position of business-type activities.

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

Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Housing Authority	Total Nonmajor Funds	Total Enterprise Funds	
\$ -	\$ 1,836,535	\$ 1,836,535	\$ 69,596,490
-	-	42,153,357	-
41,123,464	-	41,123,464	-
-	2,620,353	2,620,353	-
-	495,569	4,131,267	-
-	-	7,207,043	-
31,994	666,870	791,050	772
<u>41,155,458</u>	<u>5,619,327</u>	<u>99,863,069</u>	<u>69,597,262</u>
2,641,738	1,267,800	14,282,823	52,819,817
153,514	1,132,600	10,400,319	1,686,037
-	-	-	9,228,816
88,330	7,081	812,840	1,542,531
-	-	15,348,165	-
36,641,340	-	36,641,340	-
-	1,578,407	1,578,407	-
3,690	10,212	5,621,683	1,783,782
<u>39,528,612</u>	<u>3,996,100</u>	<u>84,685,577</u>	<u>67,060,983</u>
<u>1,626,846</u>	<u>1,623,227</u>	<u>15,177,492</u>	<u>2,536,279</u>
38,757	61,232	253,458	919,611
(102,586)	-	(391,781)	(551,243)
-	-	11,989	-
-	-	(1,564,010)	(29,138)
<u>(63,829)</u>	<u>61,232</u>	<u>(1,690,344)</u>	<u>339,230</u>
1,563,017	1,684,459	13,487,148	2,875,509
-	-	-	295,364
-	-	-	47,132
-	-	(47,132)	(717,610)
1,563,017	1,684,459	13,440,016	2,500,395
<u>(4,892,462)</u>	<u>11,332,998</u>		<u>75,204,550</u>
<u>\$ (3,329,445)</u>	<u>\$ 13,017,457</u>		<u>\$ 77,704,945</u>
		<u>217,286</u>	
		<u>\$ 13,657,302</u>	

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and user departments	\$ 41,400,619	\$ 10,907,278
Payments to suppliers	(21,485,148)	(1,894,053)
Payments to employees	(6,499,346)	(2,708,863)
Payments for employee benefits	-	-
Net cash provided by operating activities	<u>13,416,125</u>	<u>6,304,362</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from other funds	23,608	3,839
Cash paid to other funds	<u>(719,742)</u>	<u>-</u>
Net cash (used) provided by noncapital financing activities	<u>(696,134)</u>	<u>3,839</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(3,875,497)	(3,559,050)
Proceeds from sale of capital assets	-	-
Payment on refunded debt	(10,939,689)	-
Issuance of capital debt	26,615,757	-
Principal paid on capital debt	(935,000)	(590,000)
Interest paid on capital debt	<u>(1,072,688)</u>	<u>(611,626)</u>
Net cash (used) by capital and related financing activities	<u>9,792,883</u>	<u>(4,760,676)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	298,958	631,917
Increase (decrease) in fair value of investments	<u>(206,356)</u>	<u>(625,991)</u>
Net cash provided by investing activities	<u>92,602</u>	<u>5,926</u>
Net (decrease) increase in cash and cash equivalents	22,605,476	1,553,451
Cash and cash equivalents, beginning of year	<u>19,921,308</u>	<u>44,653,009</u>
Cash and cash equivalents, end of year	<u>\$ 42,526,784</u>	<u>\$ 46,206,460</u>

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

Business-Type Activities - Enterprise Funds			Governmental Activities -
Housing Authority	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
\$ 40,834,393	\$ 5,858,043	\$ 99,000,333	\$ 69,648,468
(37,035,405)	(2,610,933)	(63,025,539)	(11,205,550)
(2,561,160)	(880,255)	(12,649,624)	(14,312,113)
-	-	-	(39,088,335)
1,237,828	2,366,855	23,325,170	5,042,470
-	3,324	30,771	2,945,033
(10,311)	-	(730,053)	(844,096)
(10,311)	3,324	(699,282)	2,100,937
-	(31,725)	(7,466,272)	(2,203,145)
-	-	-	160,564
-	-	(10,939,689)	-
-	-	26,615,757	-
-	(19,115)	(1,544,115)	(112,268)
-	(139)	(1,684,453)	(29,158)
-	(50,979)	4,981,228	(2,184,007)
33,785	156,485	1,121,145	1,632,575
(2,521)	(108,276)	(943,144)	(1,024,961)
31,264	48,209	178,001	607,614
1,258,781	2,367,409	27,785,117	5,567,014
1,624,367	9,762,243	75,960,927	112,521,147
\$ 2,883,148	\$ 12,129,652	\$ 103,746,044	\$ 118,088,161

(continued)

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 7,036,954	\$ 4,890,465
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	3,769,423	1,838,358
Interest on capital debt	-	-
Other nonoperating revenues (expenses)	(35,143)	(28,183)
Decrease (increase) in taxes receivable	-	4,216
Decrease (increase) in accounts receivable	(862,728)	59,721
Decrease (increase) in notes receivable	-	600
Decrease (increase) in inventory	-	-
Decrease (increase) in prepaid expenses	676	6,758
Increase (decrease) in accounts payable	2,086,870	(290,284)
Increase (decrease) in accrued compensated absences	612,994	133,018
Increase (decrease) in accrued liabilities	18,790	53,103
Increase (decrease) in refundable deposits	5,815	-
Increase (decrease) in other current liabilities	-	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in OPEB liability and related changes in deferred outflows and inflows of resources	402,636	29,076
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	379,838	(392,486)
Total adjustments	<u>6,379,171</u>	<u>1,413,897</u>
Net cash provided by operating activities	<u>\$ 13,416,125</u>	<u>\$ 6,304,362</u>
Non-cash capital and related financing activities		
Refunding of capital related debt	<u>\$ 10,862,923</u>	
Issuance of capital lease		

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

Business-Type Activities - Enterprise Funds			Governmental Activities-
Housing Authority	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
\$ 1,626,846	\$ 1,623,227	\$ 15,177,492	\$ 2,536,279
3,690	10,212	5,621,683	1,783,782
-	139	139	-
(102,586)	-	(165,912)	(670,478)
-	(155,895)	(151,679)	-
(2,062)	5,581	(799,488)	51,206
-	-	600	-
-	1,063	1,063	26,108
21,149	(45,832)	(17,249)	110,205
(41,680)	183,808	1,938,714	1,720
-	-	746,012	108,156
(15,785)	(62,851)	(6,743)	297,315
65,107	389,030	459,952	34,832
(397,429)	-	(397,429)	-
-	-	-	1,025,096
85,664	35,450	552,826	219,466
(5,086)	382,923	365,189	(481,217)
(389,018)	743,628	8,147,678	2,506,191
\$ 1,237,828	\$ 2,366,855	\$ 23,325,170	\$ 5,042,470

\$ 127,729

**CITY OF GARDEN GROVE
STATEMENT OF FIDUCIARY NET POSITION
CITY OF GARDEN GROVE AS SUCCESSOR AGENCY
TO THE GARDEN GROVE REDEVELOPMENT AGENCY
PRIVATE PURPOSE TRUST FUND
JUNE 30, 2021**

ASSETS

Current assets:

Cash and cash investments	\$ 26,006,060
Cash and cash investments with fiscal agents	4,089,955
Accounts receivable	10,000
Interest receivable	112,128
Total current assets	30,218,143

Noncurrent assets:

Prepaid bond insurance costs	457,725
Land held for resale	25,249,639
Total noncurrent assets	25,707,364

Total assets	55,925,507
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DEFERRED OUTFLOWS OF RESOURCES

Unamortized loss on refunding of debt	285,418
Total deferred outflows	285,418

LIABILITIES

Current liabilities:

Accounts payable	124,359
Accrued liabilities	8,247
Interest payable	666,325
Current portion of long-term obligations	5,676,557
Total current liabilities	6,475,488

Noncurrent liabilities:

Noncurrent portion of long-term obligations:	
Long-term debt	65,202,566
Total noncurrent liabilities	65,202,566

Total liabilities	71,678,054
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NET POSITION

Held in trust for redevelopment dissolution	\$ (15,467,129)
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The notes to basic financial statements are an integral part of this statement.

**CITY OF GARDEN GROVE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CITY OF GARDEN GROVE AS SUCCESSOR AGENCY
TO THE GARDEN GROVE REDEVELOPMENT AGENCY
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

ADDITIONS

Taxes	\$	11,170,386
Investment earnings		560,905
Other revenues		12,000
Total additions		11,743,291

DEDUCTIONS

Program expenses		13,365
Administrative expenses		155,379
Interest and fiscal agency expenses		2,713,975
Total deductions		2,882,719

CHANGE IN NET POSITION		8,860,572
NET POSITION, BEGINNING OF YEAR		(24,327,701)
NET POSITION, END OF YEAR	\$	(15,467,129)

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

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**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Garden Grove (the "City") was incorporated June 18, 1956 as a general law full-service city. The City operates under a council-manager form of government and provides the following services: public safety (police, fire, and paramedics), highways and streets, social services, culture and recreation, parks, planning, zoning, housing, water, solid waste collection and disposal, sewage services and general administration. On May 10, 2016, the City of Garden Grove adopted Ordinance No. 2866 changing the City's current at-large system of electing City Council Members to a by-district system. It took effect in fiscal year 2016-2017. The Mayor is elected at-large. City Council members are elected by six districts, and he or she must reside within the designated district boundary.

1. Reporting Entity

Accounting principles, generally accepted in the United States of America, require that these financial statements present the City (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (e.g. the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The component units discussed in this note are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended component units:

- a. The Garden Grove Housing Authority (the "Housing Authority") was established in October 1975, pursuant to the provisions of the Housing and Community Development Act of 1974 and is reported as an enterprise fund as if it were part of the primary government because the governing board is comprised of the City Council, although acting in a different capacity, and two Housing Authority tenants. The Housing Authority governing board approves the Housing Authority budget and the City provides staffing.
- b. The Garden Grove Sanitary District (the "Sanitary District") began its operations in 1924 as a special district operating under the authority of the State of California. The Health and Safety Code of California (the Sanitary District Act of 1923) is the governing law. The Garden Grove Sanitary District provides the City of Garden Grove, a portion of the City of Santa Ana and County of Orange unincorporated areas with sewer maintenance services including cleaning of sewage collection line and inspection of sewage lines built within the district by developers. Garden Grove has an agreement with Republic Services to provide an exclusive franchise for Solid Waste Handling Services for residents and commercial establishments within the Garden Grove Sanitary District. The district became a subsidiary district and component unit of the City of Garden Grove on May 30, 1997. The Sanitary District is reported as two enterprise funds, the Sewage Collection enterprise fund and Solid Waste Disposal enterprise fund as if it were part of the primary government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Sanitary District budget and the City provides staffing.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting Entity (continued)

- c. The Garden Grove Public Financing Authority (the "Authority") was established on June 22, 1993 as a joint powers agency organized under the laws of the State of California. The Authority was formed to assist in the financing of public and capital improvements. The Authority's financial data and transactions are included within enterprise funds. The Authority is administered by the Board who are the members of the City Council and the Mayor. Council members approve the Authority budget and the City provides staffing.

Separate reports are not issued for the Garden Grove Housing Authority, the Garden Grove Sanitary District, or the Garden Grove Public Financing Authority.

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

2. Government-wide and Fund Financial Statements

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

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

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

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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

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

The City reports the following major governmental and enterprise funds:

General Fund

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

Housing Successor Agency Capital Project Fund

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

Water Utility Fund

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

Sewage Collection Fund

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

Housing Authority Fund

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)**

Additionally, the City reports the following fund types:

Nonmajor Enterprise Funds

Other nonmajor enterprise funds consists of the Solid Waste Disposal Fund and the Golf Course Fund. The Solid Waste Disposal Fund accounts for the operation of trash and solid waste collections, and disposal services. The Golf Course Fund was established to account for the operations of the Willowick Golf Course.

Internal Service Funds

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

Private-Purpose Trust Fund

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

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

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

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

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance

a. Deposits and Investments

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

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

The City Council adopted a Pension Funding Policy in 2019. Accordingly, an Internal Revenue Services Section 115 Trust was established to prefund pension obligations. The trust is a tax-exempt irrevocable trust, trust assets are to be used exclusive for payment of pension liabilities. Assets held in the trust are reported as restricted cash investments in the General Fund.

b. Receivables and Payables

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

Intercity loans receivable, as reported in the fund financial statements, are offset by a non-spendable fund balance in applicable governmental funds to indicate that they are not in spendable form.

Utility accounts are billed on a bi-monthly basis. Receivables for water and sewer are recorded when consumption is billed. Unbilled receivables are recorded at fiscal year-end to adjust for the billing cycle and are included as accounts receivable in the Water and Sewer Funds. Sanitary refuse collection accounts are billed quarterly by the refuse hauler and payments are received by the refuse hauler.

c. Taxes Receivable

Property taxes in California are levied in accordance with Article 13A of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to state law to appropriate units of local government. A voter-approved property tax of eight cents per hundred dollars actual value is levied against all property in the City for the purpose of providing emergency medical services. Furthermore, the voters approved a one-cent sale tax measure that commits 100% of the revenue to the City.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

c. Taxes Receivable (continued)

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

The property tax calendar is as follows:

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

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

November 13, 2020	7% - 10%
November 25, 2020	5% - 10%
December 23, 2020	30% - 35%
January 14, 2021	1% - 5%
March 11, 2021	5% - 7%
April 22, 2021	30% - 35%
May 20, 2021	1% - 5%
July 15, 2021	1% - 2% (Collections through June 30)

d. Inventory, Prepaid Items, and Land Held for Resale

Inventory is valued at cost using the first in, first out (FIFO) method. Inventory in the proprietary funds consists of expendable supplies held for future consumption. The cost is recorded as an expense as inventory items are consumed.

Land held for resale is valued at lower of cost or estimated net realizable value, determined upon execution of a disposition and development agreement, at June 30, 2021 and is located in the General Fund, Housing Successor Agency Capital Projects Fund, and the Successor Agency Trust Fund.

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

e. Capital Assets

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

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

e. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects when constructed. Prior to the implementation of GASB 89, the net interest costs incurred in the financing of projects during the construction period were only capitalized in the enterprise funds. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds of tax-exempt debt over the same period.

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

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	20
Street infrastructure:	
Pavement	30
Curbs & gutters	50
Sidewalks	50
Medians	50
Traffic signals	20
Walls	50
Driveways	50
Storm drain infrastructure	50
Water infrastructure:	
Fire hydrants	45
Pump stations	10
Reservoirs	65
Water mains	77
Water meters	25
Water pumps & meters	20
Wells	40
Sewer infrastructure	60
Vehicles	3-20
Furniture and equipment	10

f. Deferred Outflows/Inflows of Resources

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

f. Deferred Outflows/Inflows of Resources (continued)

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

g. Accrued Compensated Absences

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

h. Long-Term Obligation

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

i. Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

i. Fair Value Measurements (continued)

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive; inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

j. Classification of Net Position and Fund Balances

1. Government-wide Financial Statements

In the government-wide financial statements, net position is classified in the following categories:

- Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation on these assets and the outstanding principal of related debt reduce this category.
- Restricted Net Position – This category consists of restricted assets reduced by liabilities related to those assets.
- Unrestricted Net Position – This category represents the net position of the City that are not externally restricted for any project or other purpose.

Restricted resources are used first to fund appropriations.

2. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2021, fund balance for governmental funds are made up of the followings:

- Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

j. Classification of Net Position and Fund Balances (continued)

2. Fund Balances (continued)

- Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action via an ordinance that imposed the constraint originally.
- Assigned Fund Balance – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council to which the City Council has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

k. Estimates

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

l. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

l. Pensions (continued)

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframe. For this report, the following timeframes are used.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 - June 30, 2020

m. Other Post-Employment Benefits (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 - June 30, 2020

B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgetary Information

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

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

The legal level of budgetary control is considered to be at the fund level since management can reassign resources within a fund without special approval from City Council. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions which alter the total appropriations of any fund must be approved by City Council. During the year ended June 30, 2021, the Street Lighting and Park Maintenance Special Revenue Funds reported expenditure in excess of appropriations of \$174,590 and \$13,065, respectively.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

2. Deficit Fund Balance

The following funds had a deficit at June 30, 2021:

<u>Fund</u>	<u>Type of Fund</u>	<u>Deficit Fund Balance</u>
Housing Authority	Enterprise	\$ (3,329,445)
Successor Redevelopment Agency	Fiduciary	\$ (15,467,129)

The Housing Authority fund, an enterprise fund, has a deficit fund balance of \$3,329,445. The deficit is due to prior period costs related to the revised allocation of the net pension liability in accordance with GASB 68 and due to prior period costs related to the revised allocation of the OPEB liability in accordance with GASB 75. Until Section 8 administrative revenue granted to the Housing Authority from the Department of Housing and Urban Development increases to enable the Housing Authority to pay down its pension and OPEB liability, there will continue to be a deficit in the Housing Authority Fund.

The City of Garden Grove as Successor Agency to the Garden Grove Redevelopment Agency Private Purpose Trust Fund (Successor Agency), a fiduciary fund, has a deficit balance of \$15,467,129. The deficit is due to covenant obligations pursuant to developer disposition agreements and Education Revenue Augmentation Fund and Supplemental Education Revenue Augmentation Fund payables to the Housing Successor Agency.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (RPTTF) for each Successor Agency. The deposit in the RPTTF is used to pay Successor Agency obligations. It is expected that this deficit will be eliminated with future resources obtained from the RPTTF.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and investments	\$ 327,917,196
Cash and investments with fiscal agent	17,122,466
Cash and investments for pension trust	<u>1,634,947</u>
	<u>346,674,609</u>
 Successor Agency (Private Purpose Trust Fund)	
Cash and investments	26,006,060
Cash and investments with fiscal agent	<u>4,089,955</u>
	<u>30,096,015</u>
 Total Cash and Investments	 <u>\$ 376,770,624</u>
 Cash on hand	 \$ 44,623
Deposits with financial institutions	8,843,387
Investments	<u>367,882,614</u>
 Total Cash and Investments	 <u>\$ 376,770,624</u>

Investments Authorized by the City's Investment Policy

The following table identifies the investment types that are authorized by the California Government Code and the City's investment policy. The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provision of the Government Code and City's investment policy.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

1. Cash and Investments (continued)

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

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

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

The City investment policy allows for other investments that are, or may become, legal investments through the California Government Code

Investments Authorized by the Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
U.S. Treasury	None	None	None
Money Market Funds	N/A	None	None
Investment Contracts	30 years	None	None
Securities of the U.S. Government or its Agencies	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosures Relating to Interest Rate Risk

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

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021

C. DETAILED NOTES ON ALL FUNDS (continued)

1. Cash and Investments (continued)

<u>Authorized Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
U.S. Treasury	\$ 49,260,621	1.85
U.S. Agency Securities		
FHLB	56,612,012	2.49
FFCB	51,926,808	2.27
FNMA	13,014,587	2.91
FHLMC	3,343,403	2.13
FMCC	3,547,038	4.01
Money Market Funds	291,473	0.08
Commercial Paper	11,953,941	0.08
Corporate Bonds	15,876,921	3.33
Municipal Bonds	18,046,180	3.51
Supranationals	12,435,549	4.21
Local Agency Investment Fund (LAIF)	108,726,715	0.50
Restricted cash and investments:		
Investment Pool (PARS)	1,634,947	2.10
Held by fiscal Agent:		
Money Market Funds	21,212,419	0.50
Total	\$ 367,882,614	

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Ratings as of Year End</u>			
				<u>AAA - Aaa</u>	<u>AA+ - AA-</u>	<u>A - A+</u>	<u>Not Rated</u>
U.S. Treasury	\$ 49,260,621	N/A	\$ 49,260,621	-	-	-	-
U.S. Agency Securities							
FHLB	56,612,012	N/A	-	-	56,612,012	-	-
FFCB	51,926,808	N/A	-	-	51,926,808	-	-
FNMA	13,014,587	N/A	-	-	13,014,587	-	-
FHLMC	3,343,403	N/A	-	-	3,343,403	-	-
FMCC	3,547,038	N/A	-	-	3,547,038	-	-
Money Market Funds	291,473	AA	-	-	291,473	-	-
Commercial Paper	11,953,941	A	-	-	-	11,953,941	-
Corporate Bonds	15,876,921	A	-	2,972,730	4,914,391	7,989,800	-
Municipal Bonds	18,046,180	A	-	7,676,600	7,869,805	2,499,775	-
Supranationals	12,435,549	A	-	4,942,950	7,492,599	-	-
Local Agency Investment Fund (LAIF)	108,726,715	N/A	-	-	-	-	108,726,715
Restricted cash and investments:							
Investment Pool (PARS)	1,634,947	N/A	-	-	-	-	1,634,947
Held by fiscal agent:							
Money Market Fund	21,212,419	AAA	-	21,212,419	-	-	-
Total	\$ 367,882,614		\$ 49,260,621	\$ 36,804,699	\$149,012,116	\$22,443,516	\$ 110,361,662

**CITY OF GARDEN GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

1. Cash and Investments (continued)

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Investment Amount</u>
FHLB	U.S. Agency Securities	\$ 56,612,012
FFCB	U.S. Agency Securities	51,926,808
FNMA	U.S. Agency Securities	13,014,587

Custodial Credit Risk

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

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

1. Cash and Investments (continued)

Investment in State Investment Pool

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

The total amount invested by all public agencies in LAIF as of June 30, 2021 was \$37.1 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2021 had a balance of \$193.3 billion.

Investment in Pension Trust Pool

The City has established a Section 115 Trust to accumulate resources to stabilize the City's pension liability and offset potential volatility in annual contributions to CalPERS. As of June 30, 2021, the City reported \$1,634,947 in cash and investments for pension trust. The pension trust assets are managed by with the City's pension trust administrator, Public Agency Retirement Services (PARS). PARS is an external investment pool, is not rated and is not registered with the Securities Exchange Commission. The City selects the investment strategy and the pool is managed by the PARS Board. The fair value of the City's investments in the pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by PARS for the entire PARS portfolio.

Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets in active markets; Level 3 inputs are significant unobservable inputs.

Investment Type	Total	Quoted Process in Active Markets for Identical Assets (Level 1)	Ratings as of Year End	
			Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury	\$ 49,260,621	\$ 49,260,621	\$ -	\$ -
Commercial Paper	11,953,941	-	11,953,941	-
Corporate Bonds	15,876,921	-	15,876,921	-
Municipal Bonds	18,046,180	-	18,046,180	-
Supranationals	12,435,549	-	12,435,549	-
U.S. Agency Securities				
FHLB	56,612,012	-	56,612,012	-
FFCB	51,926,808	-	51,926,808	-
FNMA	13,014,587	-	13,014,587	-
FHLMC	3,343,403	-	3,343,403	-
FMCC	3,547,038	-	3,547,038	-
Total	<u>\$ 236,017,060</u>	<u>\$ 49,260,621</u>	<u>\$ 186,756,439</u>	<u>\$ -</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

2. Intercity Loans Receivable/Payable at June 30, 2021 consisted of the following:

a. Loan from General fund to the Water Utility fund:

On July 1, 1998, the City established an intercity loan between the General Fund and Water Utility Fund in the amount of \$14,145,092 for the repayment from the Water Utility Fund to the General Fund for street damage repairs throughout the City that have been a benefit to the Water Utility. The loan accrues interest at 4.1% per annum. Beginning July 1, 2018 monthly payments are \$100,208 which includes principal and interest to be paid thru June 2033.

\$ 11,382,206

b. Loan from General Fund to the former redevelopment

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

2,539,989

c. Loan from General Fund to the former redevelopment

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

3,048,030

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

2. Intercity Loans Receivable/Payable at June 30, 2021 (continued)

<p>d. Loan from the General Fund to the former redevelopment On February 26, 2002 the City Council approved an agreement between the City and the Agency for Community Development Community Project capital projects fund wherein the City has agreed to advance funds to the Agency for the acquisition and development of certain property within the project areas. The advance is subject to repayment on demand and bears interest at a rate of 6.5%. The Agency is responsible for making payments on the City's \$22,735,000 Certificates of Participation Series A of 2002, (the Certificates), the proceeds of which were used to fund the advances from the City to the Agency. The Agency also reimbursed the City for the \$683,739 of issuance costs related to the Certificates of Participation. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.</p>	<p>\$ 18,970,000</p>
<p>e. Loan from Water Utility Fund to the former redevelopment agency: The former redevelopment agency has a loan from the Water Utility Fund in the amount of \$750,000. Interest is paid monthly at an annual rate of 10% and has no fixed amortization date. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.</p>	<p>750,000</p>
<p>f. Loan from Vehicle Replacement Fund to the Communications Replacement Fund: On January 26, 2016 the City Council approved an agreement between the Vehicle Replacement Fund to the Communications Replacement Fund for the upgrade and purchase of communications equipment for the operation of the 800 MHZ public safety communications system. Current schedule reflects the FY15-16 debt service portfolio rate of 1.26% which will be applied to the FY16-17 debt service. The estimated average portfolio rate will be updated annually once the prior year average portfolio rate is available. The principal will be paid annually in the amount of \$400,506 plus interest. The principal may be prepaid without penalty at any time.</p>	<p>2,002,530</p>
<p>g. Loan from Risk Management Fund to the General Fund: In July 2018, the City Council approved the General Fund to borrow \$2,850,550 from the Risk Management Fund to pay for the energy efficiency project. The amount borrowed will cover the cost of the heating, ventilation, and air conditioning systems and lighting retrofit equipment and installation. The General Fund will repay the loan over 19 years at the simple interest rate of 3.6%.</p>	<p><u>2,509,289</u></p>
<p>Total Intercity Loans Receivable</p>	<p>41,202,044</p>
<p>Less Allowance</p>	<p><u>(25,308,019)</u></p>
<p>Total Intercity Loans Receivable, net</p>	<p><u><u>\$ 15,894,025</u></u></p>

**CITY OF GARDEN GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

3. Due From Successor Agency

The former Redevelopment Agency has five loans from the Low Income Housing Assets Capital Project Fund, that were used to make the fiscal year 2005-06 (\$621,376) mandated Educational Revenue Augmentation Fund (ERAF) payments and "Supplemental" Educational Revenue Augmentation (SERAF) payments for the fiscal year 2009-10 (\$7,906,610) and 2010-11 (\$1,626,274). These loans were due 10 years from when the loans were originally established except for 2009-10 and 2010-11 loans which are due on May 10, 2015 and June 30, 2016, respectively. These loans which were previously invalidated, have been approved as an allowable Recognized Obligation payment by the State of California Department of Finance (DOF).

On June 12, 2018, the DOF approved the repayment of the original principal balance of \$13,254,260 based on review of the April 27, 2018 Oversight Board (OB) Resolution No. 58-18. All accrued interest was therefore denied, OB Resolution No. 58-18 establishes and approves the repayment schedule of the funds borrowed from the Low and Moderate Income Housing Fund (LMIHF) to make the ERAF and SERAF payment totaling \$3,721,376 and \$9,532,884 respectively.

At June 30, 2021 the Successor Agency repaid \$6,200,000 of the loan balance. The amount due from the Successor Agency at June 30, 2021 is \$7,054,260, which represents \$7,054,260 of SERAF.

\$ 7,054,260

4. Interfund Receivables, Payables, and Transfers

a. The composition of interfund receivable/payable balances as of June 30, 2021 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 2,115,021
Housing Successor Agency	-	1,013
Nonmajor Governmental Funds	-	375,685
Internal Service Funds	2,992,088	137,576
Water Utility	-	206,403
Sewage Collection	-	82,958
Housing Authority	-	51,682
Nonmajor Enterprise Funds	-	21,750
Total	<u>\$ 2,992,088</u>	<u>\$ 2,992,088</u>

The interfund payable balances represent routine and temporary cash flow assistance from the Workers' Compensation internal service fund until the amounts receivable are collected to reimburse eligible expenditures. They also include fringe collected from other funds that are due to the Employee Benefit and Workers' Compensation internal service funds.

**CITY OF GARDEN GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

4. Interfund Receivables, Payables, and Transfers (continued)

b. The composition of interfund transfer balances for the year ended June 30, 2021 is as

Transfers out:	Transfers in:			Total
	General Fund	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 397,369	\$ -	\$ 397,369
Nonmajor Governmental Funds	231,386	-	-	231,386
Internal Service Funds	717,610	-	-	717,610
Water Utility Fund	-	-	47,132	47,132
Total	<u>\$ 948,996</u>	<u>\$ 397,369</u>	<u>\$ 47,132</u>	<u>\$ 1,393,497</u>

Transfers from the Employee Benefit Internal Service Fund were made in the amount of \$717,610 to the General Fund to fund future City Pension obligation.

Transfers to the General Fund generated by the Garden Grove Tourism Improvement District Special Revenue Fund in the amount of \$231,386 were made to fund future City projects.

Transfers from the General Fund were made to subsidize the Garden Grove Cable Fund in the amount of \$209,715 and to subsidize the Park Maintenance Assessment District in the amount of \$13,064. In addition, the General Fund made a transfer to the Street Lighting District in the amount of \$174,590 to subsidize the operation costs.

The Water Fund transferred \$47,132 to the Fleet Management Internal Service Fund to partially pay for a new vehicle maintained by the Fleet Fund. The rest of the vehicle cost is paid for by the Fleet Management Internal Service Fund.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

5. Notes receivable at June 30, 2021, consisted of the following:

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

At June 30, 2021, thirteen NSP Agreements remain, which are reflected in the nonmajor governmental funds. These loans provide up to \$40,000 in down payment assistance in the form of a silent loan that requires no payment for 30 years. The loans carry 0% interest charges.

\$ 433,028

b. Mortgage Assistance Program (MAP) Loan – Housing Successor Agency Major Capital Project Fund:

At June 30, 2021, nine MAP agreements are reflected in the Housing Successor Agency fund. These loans provide up to \$40,000 in down payment assistance in the form of a silent loan that requires no payment for 5 up to 30 years. The loans carry interest between 0 to 3% annually.

153,916

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

At June 30, 2021, twenty-eight CalHome Agreements are reflected in the nonmajor governmental funds. These loans provide up to \$60,000 in down payment assistance in the form of a silent loan that requires no payment for 30 years. The loans carry 3% interest charges.

1,329,514

d. Rental rehabilitation – HOME Grant Revenue fund - Other nonmajor governmental fund:

The City has entered into a Housing Rehabilitation Agreement utilizing HOME funds for the purpose of assisting developers in the acquisition, substantial rehabilitation and continued operation of an existing 78-unit multifamily affordable housing project called Sycamore Court. Due to the multiple project funding sources, when completed the project will be subject to new income restrictions, occupancy and other affordable housing covenants. Disbursement of loan proceeds of \$1,200,000 were made in five installment payments commencing on June 2017. The Note bears simple interest at the rate of 3% per annum from the date of initial disbursement. Interest payments of \$36,000 are due on an annual basis and no principal payments are required on the loan maturity date of September 30, 2033.

1,328,557

e. Single Family Rehab (Deferred Loan) - Housing Successor

At June 30, 2021 eight Deferred Loan Agreements remain, which are reflected in the Housing Successor Agency fund. These loans provide up to \$20,000 in down payment assistance in the form of a silent loan that requires no payment for 15 or 30 years. The loans carry 3% or 5% interest charges. There are five Homebuyer Assistance Loans that were issues for \$50,000 each. These loans have a term of 45 years and bear a simple interest of 3%. At each anniversary, 1/45th of the principal and interest are forgiven.

\$ 362,644

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

5. Notes receivable at June 30, 2021, consisted of the following: (continued)

f. ADDI Down Payment Rehab (ADDI) Loan – Other nonmajor governmental funds:

At June 30, 2021, fourteen ADDI Agreements utilizing the American Dream Down payment Initiative funds are reflected in nonmajor governmental funds. These loans provide up to \$30,000 in down payment assistance in the form of a silent loan that requires no payment for 15 years. The loans carry 0% interest charges. These loans are forgivable if the recipient complies with all conditions.

\$ 181,620

g. Rental rehabilitation - Housing Successor Agency Major Capital Project Fund:

The Low and Moderate Income Housing Asset capital projects fund holds six notes related to property rehabilitation loans, which have been used to assist developers in the rehabilitation of multifamily residential buildings located within the City for the purpose of providing adequate low income housing opportunities for City residents.

3,161,091

h. Rental rehabilitation – Housing Successor Agency Major Capital Project Fund and Other nonmajor governmental funds:

The City has entered into thirteen Housing Rehabilitation Agreements utilizing CDBG funds, which are reflected in the Housing Successor Agency fund and other nonmajor governmental funds. These loans were for the purpose of assisting developers in the rehabilitation and operation of multifamily apartment buildings for the purpose of providing adequate low-income housing to City residents. Many of these buildings had suffered from serious structural deterioration, overcrowding and high crime.

14,329,696

i. Affordable housing agreement – General Fund:

The City has entered into three Affordable Housing Agreements with developers wherein the developers have agreed to comply to certain affordability covenants including the reimbursement to the City of forgone property taxes which would have been payable for the property, increasing at the rate of approximately 2% annually.

2,353,227

j. Rental construction – Housing Successor Agency Major Capital

The City has entered into a rental construction loan agreement utilizing HOME and Housing Successor Agency funds. The note was for the purpose of assisting the developer with the construction of new low-income housing for City residents. The note bears a simple annual interest rate of 3%. Loan repayment is based on residual receipts and is contingent upon the release of construction covenants for the project. The note commenced upon the initial disbursement of funds HOME in June 2015. An additional \$1.6 million was disbursed in June 2017 and is payable to the Housing Successor Agency Fund. Its maturity will be the fifty-fifth anniversary of the date of the Release of Construction Covenants.

4,259,566

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

5. Notes receivable at June 30, 2021, consisted of the following: (continued)

k. Conveyance of Property Loan Agreement – Housing Successor Agency Major Capital Project Fund and other non-major Capital Project Fund:

The City has entered into a financed sale agreement for the sale of twelve single-family residential parcels on March 12, 2016. The initial loan amount is \$2,709,030. The note bears a simple annual interest rate of 4% in 60 equal monthly interest-only payments in the amount of \$9,030 with a balloon payment on the 60th month.

On December 10, 2019 the City Council approved an amendment to defer interest payments for a period of 30 months. The new interest payment of \$9,476 will begin on July, 2020. Principal and interest payment of \$19,476 will begin on July 1, 2025. A balloon payment in the amount of \$2,453,304.58 will be due at the end of the loan term or the maturity date of December 1, 2029.

2,879,595

l. Small Business Assistance Program – General fund and Other nonmajor governmental funds:

The City has entered into loan agreements through the Small Business Assistance Program utilizing CDBG funds as well as General Fund monies for a total loan amount of \$450,000. The notes bear an interest rate equal to 0% or the highest rate permitted by applicable law compounded annually.

443,334

m. Private Sewer Lateral Loan Agreement – Sewer Fund:

The Garden Grove Sanitary District has entered into a Private Sewer Lateral Loan Agreement with The Helen Brooks Montgomery Revocable Trust on October 1, 2012, for an original amount of \$10,000. The loan is due and payable at the simple annual interest rate of 2.24%. Monthly payments in the amount of \$65.47 are required. Loan principal is amortized over the 15-year life and the principal portion of monthly payment reduces the loan payable.

4,041

n. Stipulation for Summary Judgement:

The City has entered into an agreement with a low income housing provider to pay damages due to breach of contract pursuant to a summary judgement. The agreement stipulates that the housing provider will pay a total sum of \$271,697 over 5 years with an annual interest rate of 2%.

212,086

Total Notes Receivable

31,431,915

Less Allowance

(1,243,515)

Total Notes Receivable, net

\$ 30,188,400

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

6. Land Held for Resale

The City and the Successor Agency land held for resale is an inventory of land intended to be sold to developers. The land is carried at the lower of cost or estimated net realizable value, as determined upon execution of a disposition and development agreement.

City land held for resale is comprised of inventory held by the General Fund and the Housing Successor Agency capital projects fund. City and Successor Agency land held for resale balances at June 30, 2021 are \$2,819,063 and \$25,249,639, respectively.

7. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 412,953,682	\$ -	\$ -	\$ 412,953,682
Construction in progress	5,424,001	11,604,648	(13,900,795)	3,127,854
Total capital assets, not being depreciated	<u>418,377,683</u>	<u>11,604,648</u>	<u>(13,900,795)</u>	<u>416,081,536</u>
Capital assets, being depreciated:				
Infrastructure				
Street system	408,557,395	12,033,892	(3,818,984)	416,772,303
Storm drain assets	75,851,672	-	-	75,851,672
Buildings and park assets	55,870,158	495,268	(227,695)	56,137,731
Furniture and equipment	30,829,979	3,902,424	(950,097)	33,782,306
Total capital assets, being depreciated	<u>571,109,204</u>	<u>16,431,584</u>	<u>(4,996,776)</u>	<u>582,544,012</u>
Less accumulated depreciated for:				
Infrastructure				
Street system	(253,590,844)	(10,954,827)	3,719,563	(260,826,108)
Storm drain assets	(49,241,338)	(1,517,033)	-	(50,758,371)
Buildings and park assets	(29,618,389)	(1,582,708)	209,755	(30,991,342)
Furniture and equipment	(15,857,222)	(2,159,122)	888,701	(17,127,643)
Total accumulated depreciation	<u>(348,307,793)</u>	<u>(16,213,690)</u>	<u>4,818,019</u>	<u>(359,703,464)</u>
Total capital assets, being depreciated, net	<u>222,801,411</u>	<u>217,894</u>	<u>(178,757)</u>	<u>222,840,548</u>
Governmental activities capital assets, net	<u>\$ 641,179,094</u>	<u>\$ 11,822,542</u>	<u>\$ (14,079,552)</u>	<u>\$ 638,922,084</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 5,142,500	\$ -	\$ -	\$ 5,142,500
Construction in progress	479,980	7,565,314	(6,383,172)	1,662,122
Total capital assets, not being depreciated	<u>5,622,480</u>	<u>7,565,314</u>	<u>(6,383,172)</u>	<u>6,804,622</u>
Capital assets, being depreciated:				
Building and structures	570,726	8,184	-	578,910
Water system	150,587,172	3,074,494	(913,669)	152,747,997
Sewer system	120,444,077	3,155,024	(900,124)	122,698,977
Machinery and equipment	569,792	151,270	-	721,062
Total capital assets, being depreciated	<u>272,171,767</u>	<u>6,388,972</u>	<u>(1,813,793)</u>	<u>276,746,946</u>
Less accumulated depreciated for:				
Building and structures	(299,234)	(10,715)	-	(309,949)
Water system	(60,359,105)	(3,743,708)	888,507	(63,214,306)
Sewer system	(54,398,770)	(1,826,101)	687,159	(55,537,712)
Machinery and equipment	(370,139)	(41,159)	-	(411,298)
Total accumulated depreciation	<u>(115,427,248)</u>	<u>(5,621,683)</u>	<u>1,575,666</u>	<u>(119,473,265)</u>
Total capital assets, being depreciated, net	<u>156,744,519</u>	<u>767,289</u>	<u>(238,127)</u>	<u>157,273,681</u>
Business-type activities capital assets, net	<u>\$ 162,366,999</u>	<u>\$ 8,332,603</u>	<u>\$ (6,621,299)</u>	<u>\$ 164,078,303</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

7. Capital Assets (continued)

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

	Governmental Activities	Business-type Activities
Police Protection	\$ 286,574	\$ -
Traffic safety	895,791	-
Right of way	10,112,236	-
Drainage	1,517,033	-
Community buildings	1,582,708	-
Municipal support	35,566	-
Water	-	3,769,423
Sewage collection	-	1,838,358
Golf course	-	10,212
Housing Authority	-	3,690
Internal service fund	1,783,782	-
Total	<u>\$ 16,213,690</u>	<u>\$ 5,621,683</u>

8. Long-term Debt

a. Following is a summary of long-term debt transactions for the City for the year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Lease Revenue Bonds, Series 2015A	\$ 22,260,000	\$ -	\$ (490,000)	\$ 21,770,000	\$ 515,000
Add: Premium	1,341,028	-	(54,365)	1,286,663	54,367
Capital leases payable	229,928	-	(115,966)	113,962	113,962
Governmental activities long-term debt	23,830,956	-	(660,331)	23,170,625	683,329
Other non-current liabilities:					
Claims payable	41,532,158	7,264,239	(6,239,143)	42,557,254	7,517,241
Compensated absences	7,209,465	7,422,986	(6,518,404)	8,114,047	7,870,625
Governmental activities long-term liabilities	<u>\$ 72,572,579</u>	<u>\$ 14,687,225</u>	<u>\$ (13,417,878)</u>	<u>\$ 73,841,926</u>	<u>\$ 16,071,195</u>
Business-type activities					
Water Revenue COP 2015	\$ 3,805,000	\$ -	\$ (935,000)	\$ 2,870,000	\$ 955,000
Water Revenue Bond 2010	10,630,000	-	(10,630,000)	-	-
Add: Premium/(Discount)	232,922	-	(232,922)	-	-
Water Revenue Bond 2020	-	23,220,000	-	23,220,000	-
Add: Premium/(Discount)	-	3,395,757	(75,461)	3,320,296	113,192
Sewer Revenue Refunding Bond 2017	13,755,000	-	(590,000)	13,165,000	615,000
Add: Premium/(Discount)	1,153,260	-	(72,457)	1,080,803	72,456
Willowick Golf Course Equipment Lease	-	127,729	(19,115)	108,614	25,498
Other non-current liabilities:					
Compensated absences	607,269	675,495	(536,752)	746,012	723,630
Business-type activities long-term liabilities	<u>\$ 30,183,451</u>	<u>\$ 27,418,981</u>	<u>\$ (13,091,707)</u>	<u>\$ 44,510,725</u>	<u>\$ 2,504,776</u>
Private-purpose trust fund					
2016 Tax Allocation Bond	\$ 36,540,000	\$ -	\$ (1,900,000)	\$ 34,640,000	\$ 1,975,000
Add: Premium/(Discount)	4,780,802	-	(360,815)	4,419,987	360,815
2014 Tax Allocation Bond	23,945,000	-	(2,795,000)	21,150,000	2,905,000
Add: Premium/(Discount)	2,920,618	-	(315,742)	2,604,876	315,742
2008 Subordinate note	1,125,000	-	(115,000)	1,010,000	120,000
Loan Payable to City	10,154,260	-	(3,100,000)	7,054,260	-
Private-purpose trust fund long-term liabilities	<u>\$ 79,465,680</u>	<u>\$ -</u>	<u>\$ (8,586,557)</u>	<u>\$ 70,879,123</u>	<u>\$ 5,676,557</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt

b. Governmental Long-term Debt at June 30, 2021 consisted of the Following:

Lease Revenue Bonds, Series 2015 A

On November 10, 2015, the Garden Grove Public Financing Authority issued \$24,790,000 of Lease Revenue Bonds, Series 2015A. The Bonds were issued for the current refunding of \$17,100,000 of outstanding Certificates of Participation Series A (2002 Financing Project) and to finance the acquisition/construction of a fire station, police building renovations and other public capital improvements. Principal payments on the Bonds are due annually on March 1 each year, ranging from \$515,000 to \$1,435,000, and continuing until March 1, 2045. Interest is payable semiannually, beginning on March 1, 2016, with an interest rate ranging from 2.00% to 5.00% over the life of the Bonds. Such bonds are subject to Federal arbitrage regulations, however, no arbitrage liability is reported at June 30, 2021.

	\$ 21,770,000
Unamortized bond premium	1,286,663
	\$ 23,056,663
<i>Total lease revenue bonds</i>	\$ 23,056,663

Capital Leases Payable

In August 2016, the City renewed the capital lease arrangement in the amount of \$18,487 for mail machines. The monthly payment for the first twelve months will be \$506 and \$713 thereafter.

\$ 924

In June 2017, the City entered into a capital lease arrangement in the amount of \$309,466 for copiers. The interest rate is 0.10% with a monthly payment of \$5,320 through June 2022.

63,416

In December 2017, the City entered into a capital lease arrangement in the amount of \$248,114 for a new telephone system. Annual payment of \$49,623 is due through February 2022.

49,622

Total capital leases payable **113,962**

Total Governmental Long Term Debt **\$ 23,170,625**

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

c. Proprietary long-term debt at June 30, 2021 consisted of the following items:

2015 Revenue Certificates of Participation - Water Utility Enterprise Fund

\$8,150,000 Refunding Revenue Bonds, Series 2015 were issued on October 1, 2015, for the current refunding of the remaining outstanding balance of the previously issued \$16,845,000 of the Refunding Certificate of Participation Series 2004. The refunding was undertaken to achieve debt service savings. Principal payments for 2015 Revenue certificates range from \$930,000 to \$985,000 and are due annually each December 15 through 2023. Interest is payable semi-annually on June 15 and December 15, at rates ranging from 1.0% to 5.0% over the life of the certificate. Such certificates are subject to Federal arbitrage regulations; however, no arbitrage liability is reported at June 30, 2021.

\$ 2,870,000

Total 2015 refunding revenue bonds

\$ 2,870,000

2015 Revenue Certificates of Participation - Water Utility Enterprise Fund - Debt Service Coverage

The Refunding Revenue Certificates of Participation were issued on October 1, 2015 for the current refunding of the 2004 Water Revenue Bond Refunding. The prior Refunding Revenue Certificates of Participation were issued on April 20, 2004 for prior refunding of the Water Revenue Bonds, Series 1993. These certificates of participation are to be secured and to be serviced from revenues derived by the ownership and operations of the water system including all connection charges and fees collected by the City through the fiscal year 2023. At June 30, 2021 total interest and principal remaining on the certificates is \$2,955,600. The Utility covenants that rates and charges for the water service will be sufficient to yield net revenues equal to 125% of the debt service coming due and payable during the next succeeding bond year. Revenue recognized during the year was \$42.386 million against debt service payments of \$1,002,850. The following analysis shows the test result for compliance with this covenant:

Operating Revenue	\$ 42,245,543
Non-operating revenues	<u>140,134</u>
Gross revenue	42,385,677
Less: Expenses (excluding depreciation amortization, interest and fiscal charges)	<u>(35,305,471)</u>
Net revenues	<u><u>\$ 7,080,206</u></u>
Debt service requirement for next year: \$1,002,850 x 125%	<u><u>\$ 1,253,563</u></u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

**c. Proprietary long-term debt at June 30, 2021 consisted of the following items:
(continued)**

2020 Revenue Bonds - Water Utility Enterprise Fund

\$23,220,000 Refunding Revenue Bonds, Series 2020 were issued on November 3, 2020, for the advance refunding of the remaining outstanding balance of the previously issued \$16,625,000 Water Revenue Bonds, Series 2010. The refunding was undertaken to reduce the City's total debt service payments over the next 10 years by \$2.7million. The net proceeds of \$15.6 million will be used to finance the acquisition, expansion, construction, and improvement of certain additional water facilities of the water system of the City. Principal payments for 2020 Revenue Bonds range from \$420,000 to \$1,160,000 and are due annually each December 15 through fiscal year 2051. Interest is payable semi-annually on June 15 and December 15, at rates ranging from 3.0% to 4.0% over the life of the bonds. The refunding resulted in a net present value saving of \$1.63 million, or 15.3% of the refunded bonds. Such certificates are subject to Federal arbitrage regulations; however, no arbitrage liability is reported at June 30, 2021.

	\$ 23,220,000
Unamortized bond premium	<u>3,320,296</u>
Total 2020 revenue bonds	<u>\$ 26,540,296</u>

2020 Revenue Bonds - Water Utility Enterprise Fund - Debt Service Coverage

The Refunding Revenue Bonds were issued on October 22, 2020 for the current refunding of the 2010 Water Revenue Bond Refunding. The prior Refunding Revenue Certificates of Participation were issued on April 20, 2004 for prior refunding of the Water Revenue Bonds, Series 1993. These bonds are to be secured and to be serviced from revenues derived by the ownership and operations of the water system including all connection charges and fees collected by the City through the fiscal year 2051. At June 30, 2021 total interest and principal remaining on the bonds is \$35,582,138. The Utility covenants that rates and charges for the water service will be sufficient to yield net revenues equal to 125% of the debt service coming due and payable during the next succeeding bond year. Revenue recognized during the year was \$42.386 million against debt service payments of \$846,975. The following analysis shows the test result for compliance with this covenant:

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

**c. Proprietary long-term debt at June 30, 2021 consisted of the following items:
(continued)**

**2020 Revenue Bonds - Water Utility Enterprise Fund - Debt
Service Coverage (continued)**

Operating Revenue	\$ 42,245,543
Non-operating revenues	<u>140,134</u>
Gross revenue	42,385,677
Less: Expenses (excluding depreciation amortization, interest and fiscal charges)	<u>(31,439,166)</u>
Net revenues	<u><u>\$ 10,946,511</u></u>
Debt service requirement for next year: \$846,975 x 125%	<u><u>\$ 1,058,719</u></u>

2017 Refunding Sewer Revenue Bond – Sewage Collection

On March 1, 2017, the Garden Grove Sanitary District issued \$15,970,000 in bonds to provide funds to refinance the District's obligations to the 2006 Sewer Revenue Certificate of Participation. The Certificates were issued to finance the rehabilitation, replacement and improvement of the wastewater collection system of the Garden Grove Sanitation District. The 2017 Bonds are due in annual principal installments of \$615,000 to \$1,160,000 beginning June 15, 2017 through 2036. Interest rates range from 2.0% to 5.0% and is payable semiannually on June 15 and December 15.

The net proceeds of the bond issue were used to provide for the prepayment of the 2006 Certificates. The reacquisition price was less than the net carrying amount of the old debt by \$206,922. This amount is being reflected as a deferred inflow of resources and amortized over the life of the refunding debt.

The certificates are secured and to be serviced from the total revenues for the fiscal year excluding any proceeds of taxes or assessments restricted by law and less the operations and maintenance costs excluding depreciation through the fiscal year 2036.

	\$ 13,165,000
Unamortized bond premium	<u>1,080,803</u>
Total 2017 revenue refunding bond	<u><u>\$ 14,245,803</u></u>

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

c. Proprietary long-term debt at June 30, 2021 consisted of the following items:
(continued)

**2017 Refunding Sewer Revenue Bond – Sewage Collection
Enterprise fund - Debt Service Coverage**

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

Operating Revenue	\$	10,842,741
Non-operating revenues		<u>25,324</u>
Gross revenue		10,868,065
Less: Expenses (excluding depreciation amortization, interest and fiscal charges)		<u>(4,113,918)</u>
Net revenues	\$	<u>6,754,147</u>
Debt service requirement for next year: \$1,197,125 x 115%	\$	<u>1,376,694</u>

Capital Leases Payable

In October 2020, Willowick Golf Management, LLC, through authorization from the City, entered into a capital lease arrangement in the amount of \$127,729 for golf maintenance equipment. The monthly payment will be \$2,136 for 60 months.

108,614

Total Proprietary Long Term Debt

\$ 43,764,713

**CITY OF GARDEN GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

d. Private-purpose trust activity long-term debt at June 30, 2021 consisted of the following items:

Tax Allocation Bonds Issue of 2016

\$42,000,000 Tax allocation bonds were issued on March 17, 2016. The SRDA issued the "2016 Bonds" in the aggregate principal amount necessary to provide net proceeds of \$42,000,000 to fund the Water Park Hotel pursuant to the first amended and restated disposition and development agreement dated April 13, 2010. The bonds are due in annual principal installments of \$1,975,000 to \$3,450,000. Interest on the bonds will be payable semiannually each April 1 and October 1, commencing October 1, 2016. The rates ranging from 1.0% to 5.0%. The "2016 Bonds" will be payable on a parity with the debt service on the 2014 Bonds to the extent set forth in the 2016 Bond Indenture. Such certificates are subject to federal arbitrage regulations. No arbitrage liability is reported at June 30, 2021.

	\$ 34,640,000
Unamortized bond premium	4,419,987
Total Tax Allocation Bond Issue of 2016	\$ 39,059,987

**CITY OF GARDEN GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

d. Private-purpose trust activity long-term debt at June 30, 2021 consisted of the following items: (continued)

Tax Allocation Refunding Bonds Issue of 2014

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

Principal payments ranging from \$1,580,000 to \$3,330,000 are due annually through the year 2029. Interest is due semi-annually on October 1 and April 1, at rates ranging from 1.0% to 5.0%. Such bonds are subject to Federal arbitrage regulations; however, no liability is reported at June 30, 2021.

\$ 21,150,000

Unamortized bond premium

2,604,876

Total Tax Allocation Bond Issue of 2014

\$ 23,754,876

Subordinate Note

On June 1, 2008, the former redevelopment agency for Community Development entered into a note purchase agreement in the amount of \$2,015,000, to refund a note issued to Katella Cottages LLC under a Disposition and Development Agreement dated May 11, 2004. The Note has an annual interest rate of 6% with principal payments due annually on October 1 through October 1, 2027. Principal payments range from \$120,000 to \$170,000. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the bonds was transferred to the Successor Agency.

1,010,000

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

- d. Private-purpose trust activity long-term debt at June 30, 2021 consisted of the following items: (continued)**

Loan Payable to City

The former redevelopment agency has five loans from the Low Income Housing Assets capital project fund, that were used to make the fiscal year 2005-06 (\$621,376) mandated Educational Revenue Augmentation Fund payments and "Supplemental" Education Revenue Augmentation Fund payments for the fiscal year 2009-10 (\$7,906,610) and 2010-11 (\$1,626,274). In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have previously been invalidated. In fiscal year 2017-18, the California Department of Finance changed its previous determination and has now approved the repayment of the ERAF and SERAF loans (\$13,254,260) as an enforceable obligation. At June 30, 2021 the Successor Agency has repaid \$6,200,000 of the loan balance. The amount due to the City at June 30, 2021 is \$7,054,260, which represents \$7,054,260 of SERAF.

7,054,260

Total Private Purpose Trust Funds Long Term Debt

\$ 70,879,123

- e. The scheduled annual requirements to amortize all governmental long-term debt outstanding as of June 30, 2021 including interest payments are as follows:**

Year Ending	Lease Revenue Bonds 2015A		
	Principal	Interest	Total
2022	\$ 515,000	\$ 992,700	\$ 1,507,700
2023	540,000	966,950	1,506,950
2024	565,000	939,950	1,504,950
2025	595,000	911,700	1,506,700
2026	625,000	881,950	1,506,950
2027-2031	3,630,000	3,908,500	7,538,500
2032-2036	4,495,000	3,040,400	7,535,400
2037-2041	5,465,000	2,066,800	7,531,800
2042-2045	5,340,000	683,750	6,023,750
Total	<u>\$ 21,770,000</u>	<u>\$ 14,392,700</u>	<u>\$ 36,162,700</u>

Year Ending	Capital Leases Payable		
	Principal	Interest	Total
2022	\$ 113,962	\$ 672	\$ 114,634

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

- f. The scheduled annual requirements to amortize all proprietary long-term debt outstanding as of June 30, 2021 including interest payments are as follows:

Year Ending June 30	2015 Refunding Water Revenue Bonds		
	Principal	Interest	Total
2022	\$ 955,000	\$ 47,850	\$ 1,002,850
2023	985,000	28,450	1,013,450
2024	930,000	9,300	939,300
Total	\$ 2,870,000	\$ 85,600	\$ 2,955,600

Year Ending June 30	2020 Water Revenue Bonds		
	Principal	Interest	Total
2022	\$ -	\$ 846,975	\$ 846,975
2023	420,000	838,575	1,258,575
2024	890,000	812,375	1,702,375
2025	920,000	776,175	1,696,175
2026	960,000	738,575	1,698,575
2027-2031	5,390,000	3,073,875	8,463,875
2032-2036	2,725,000	2,266,450	4,991,450
2037-2041	3,260,000	1,715,625	4,975,625
2042-2046	3,970,000	994,825	4,964,825
2047-2051	4,685,000	298,688	4,983,688
Total	\$ 23,220,000	\$ 12,362,138	\$ 35,582,138

Year Ending June 30	2017 Sewer Refunding Revenue Bonds		
	Principal	Interest	Total
2022	\$ 615,000	\$ 582,125	\$ 1,197,125
2023	645,000	551,375	1,196,375
2024	680,000	519,125	1,199,125
2025	715,000	485,125	1,200,125
2026	750,000	449,375	1,199,375
2027-2031	4,350,000	1,646,125	5,996,125
2032-2036	5,410,000	586,550	5,996,550
Total	\$ 13,165,000	\$ 4,819,800	\$ 17,984,800

Year Ending June 30	Willowick Golf Course Equipment Capital Lease		
	Principal	Interest	Total
2022	\$ 25,498	\$ 136	\$ 25,634
2023	25,534	100	25,634
2024	25,570	64	25,634
2025	25,605	29	25,634
2026	6,407	1	6,408
Total	\$ 108,614	\$ 330	\$ 108,944

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

- g. The scheduled annual requirements to amortize all the Successor Agency long-term debt outstanding as of June 30, 2021 including interest payments are as follows:

Year Ending June 30	Tax Allocation Refunding Bonds Issue of 2016		
	Principal	Interest	Total
2022	\$ 1,975,000	\$ 1,536,750	\$ 3,511,750
2023	2,055,000	1,445,875	3,500,875
2024	2,160,000	1,340,500	3,500,500
2025	2,265,000	1,229,875	3,494,875
2026	2,380,000	1,113,750	3,493,750
2027-2031	13,815,000	3,611,875	17,426,875
2032-2034	9,990,000	489,250	10,479,250
Total	\$ 34,640,000	\$ 10,767,875	\$ 45,407,875

Year Ending June 30	Tax Allocation Refunding Bonds Issue of 2014		
	Principal	Interest	Total
2022	\$ 2,905,000	\$ 970,350	\$ 3,875,350
2023	3,015,000	836,875	3,851,875
2024	3,170,000	682,250	3,852,250
2025	3,330,000	519,750	3,849,750
2026	1,955,000	387,625	2,342,625
2027-2030	6,775,000	652,375	7,427,375
Total	\$ 21,150,000	\$ 4,049,225	\$ 25,199,225

Year Ending June 30	Subordinate Note 2008		
	Principal	Interest	Total
2022	\$ 120,000	\$ 57,000	\$ 177,000
2023	130,000	49,500	179,500
2024	135,000	41,550	176,550
2025	145,000	33,150	178,150
2026	150,000	24,300	174,300
2027-2028	330,000	20,100	350,100
Total	\$ 1,010,000	\$ 225,600	\$ 1,235,600

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

9. Compensated Absences

The City accounts for compensated absences (unpaid vacation, annual leave, unused holiday, compensated time off, and sick leave) in the Employee Benefit internal service fund and the enterprise funds. The balance for accrued compensated absences at June 30, 2021 is \$8,860,059.

Vacation accrues for all employee groups at 10 hours per month after 1 year of service, 12 hours per month after 9 years, 14 hours per month after 14 years, 17.25 hours per month after 19 years, and 20.50 hours per month after 24 years. The maximum an employee may accumulate is an amount equivalent to two full calendar years of service. The maximum management may accumulate is an amount equivalent to two full calendar years of service plus 40 hours.

Sick leave is accumulated on the basis of eight hours for each month of service beginning from the date of hire for all employee groups other than police. Police employees accumulate on the basis of 10 hours for each month of service beginning from the date of hire. The City has adopted a policy for payment of unused sick leave benefits at time of retirement. Employees can be paid 50% for all unused hours up to 1,000, police employees 100% of up to 750 unused hours, and management employees 50% of all unused hours. Studies have indicated that only 14.96% of all accumulated sick leave is actually used by employees, therefore, the sick leave liability is estimated at 14.96% of the total accumulated benefit, or \$2,160,938 at June 30, 2021.

C. DETAILED NOTES ON ALL FUNDS (continued)

9. Compensated Absences (continued)

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

Governmental funds:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Vacation, Annual Leave, Benefits, and Comp Time	\$ 5,776,137	\$ 6,007,386	\$ (5,677,252)	\$ 6,106,271	\$ 5,923,081
Sick Leave	1,433,328	1,415,600	(841,152)	2,007,776	1,947,544
Total	<u>\$ 7,209,465</u>	<u>\$ 7,422,986</u>	<u>\$ (6,518,404)</u>	<u>\$ 8,114,047</u>	<u>\$ 7,870,625</u>

Enterprise funds:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Vacation, Annual Leave, Benefits, and Sick Leave	\$ 495,731	\$ 465,863	\$ (368,744)	\$ 592,850	\$ 575,063
	111,538	209,632	(168,008)	153,162	148,567
Total	<u>\$ 607,269</u>	<u>\$ 675,495</u>	<u>\$ (536,752)</u>	<u>\$ 746,012</u>	<u>\$ 723,630</u>
Totals	<u>\$ 7,816,734</u>	<u>\$ 8,098,481</u>	<u>\$ (7,055,156)</u>	<u>\$ 8,860,059</u>	<u>\$ 8,594,255</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

10. Risk Management

The City utilizes a program to self-insure for workers' compensation liability for the first \$1 million, per occurrence, for injury or occupational illness to city employees pursuant to Workers' Compensation Laws of the State of California. The City contracts with a third party who administers the program and acts as the representative of the City in claim hearings and litigation. Excess coverage is placed with a joint powers authority for losses from \$1 million up to the statutory limit per occurrence. This self-insurance program is accounted for in the Workers' Compensation internal service fund. There is an estimated liability of \$35,816,024 for workers' claims outstanding including claims incurred but not reported on June 30, 2021, which has been included as liabilities in the Workers' Compensation internal service fund.

The City also has a self-insured program for its tort and civil liabilities. The City is self-insured for the first \$2 million per occurrence. Excess liability insurance is carried thereafter to \$33 million per occurrence with commercial insurers. Claims administration and adjusting services are provided by contract with a third-party administrator specializing in public entity liability. Representation in matters of litigation is performed through the retaining of outside law firms and is supervised by the city attorney. This self-insurance program is accounted for in the Risk Management internal service fund.

The City estimates a general liability for claims outstanding, including claims incurred but not reported, on June 30, 2021, in the amount of \$6,741,230 which has been included as liabilities in the Risk Management internal service fund.

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

Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there were no reductions in the City's insurance coverage during the year ended June 30, 2021. Changes in the aggregate liability for claims for fiscal year ended June 30, 2021 and June 30, 2021 are as follows:

<u>Worker's Compensation</u>	<u>2021</u>	<u>2020</u>
Liability, July 1	\$ 34,780,527	\$ 35,928,000
Cost and claims incurred	5,652,543	2,558,562
Claim payments	<u>(4,617,046)</u>	<u>(3,706,035)</u>
Liability, June 30	<u>\$ 35,816,024</u>	<u>\$ 34,780,527</u>
Due within one year	\$ 4,992,810	\$ 4,830,588
Due in more than one year	<u>30,823,214</u>	<u>29,949,939</u>
	<u>\$ 35,816,024</u>	<u>\$ 34,780,527</u>
 <u>Risk Management</u>		
Liability, July 1	\$ 6,751,631	\$ 5,454,441
Cost and claims incurred	1,611,696	2,503,574
Claim payments	<u>(1,622,097)</u>	<u>(1,206,384)</u>
Liability, June 30	<u>\$ 6,741,230</u>	<u>\$ 6,751,631</u>
Due within one year	\$ 2,524,431	\$ 2,551,251
Due in more than one year	<u>4,216,799</u>	<u>4,200,380</u>
	<u>\$ 6,741,230</u>	<u>\$ 6,751,631</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System

a. General Information about the Pension Plans

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

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

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

Each employee contributes toward his or her retirement based upon the retirement formula. Under PEPRA, the mandated employee contribution rate is one half of the normal cost as determined annually by CalPERS for the City when the actuarial valuation of the plans are performed. Active PEPRA plan members in the Miscellaneous Plan of the City are required to contribute 6.75% of reportable earnings for a 2.0% at 62 retirement plan. Active PEPRA plan members in the Safety Plan of the City are required to contribute 12.75% of reportable earnings for a 2.7% at 57 retirement plan. Active "Classic" plan members in the Miscellaneous Plan of the City are required to contribute 8.00% of reportable earnings for a 2.5% at 55 retirement plan. Active "Classic" plan members in the Safety Plan of the City are required to contribute 9.00% of reportable earnings for a 3.0% at 50 retirement plan.

The required employer contribution rates for fiscal year ended June 30, 2021 under PEPRA are the same as the employer contribution rates for existing miscellaneous employees and public safety employees.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

a. General Information about the Pension Plans (continued)

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

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.00%
Required employer contribution rates	36.434%	36.434%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9.00%	11.00%
Required employer contribution rates	65.348%	65.348%

Employees covered - At June 30, 2019 (actuarial valuation date), the following employees were covered by the benefit terms for each Plan:

	Misc	Safety
Inactive employees or beneficiaries currently receiving benefits	668	487
Inactive employees entitled to but not yet receiving benefits	476	104
Active employees	382	239
Total	1,526	830

**CITY OF GARDEN GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

a. General Information about the Pension Plans (continued)

Contributions - Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

b. Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total

The June 30, 2019 valuation was rolled forward to determine the June 30, 2020 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance. Floor on Purchasing Power applies, 2.50% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

b. Net Pension Liability (continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class ¹	Current Target	Real Return Years 1 -10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	(0.92%)

¹ In the system's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.0% used for this period.

³ An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

b. Net Pension Liability (continued)

Subsequent Events

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

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

Net Difference between projected and actual earnings on investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lifetime (EARLS) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

c. Changes in Net Pension Liability

The following table shows the balances related to pension at June 30, 2021:

	Miscellaneous Plan	Safety Plan	Total
Net Pension Liability	\$ 102,646,028	\$ 206,737,133	\$ 309,383,161
Deferred Outflows	\$ 14,176,155	\$ 22,194,834	\$ 36,370,989
Deferred Inflows	\$ 1,043,834	\$ 1,029,520	\$ 2,073,354
Pension Expense	\$ 14,739,295	\$ 31,394,528	\$ 46,133,823

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

**11. Public Employees' Retirement System (continued)
c. Changes in Net Pension Liability (continued)**

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

Miscellaneous Plan:	Increase(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2019	\$ 332,499,967	\$ 234,830,478	\$ 97,669,489
Changes in the year:			
Service cost	5,053,242	-	5,053,242
Interest on the total pension liability	23,364,470	-	23,364,470
Changes of benefit terms	2,033,512	-	2,033,512
Difference between actual and expected experience	(1,623,742)	-	(1,623,742)
Contribution - employer	-	10,190,871	(10,190,871)
Contribution - employee	-	2,282,163	(2,282,163)
Net Investment income	-	11,708,962	(11,708,962)
Benefit payments, including refunds of employee contributions	(17,321,101)	(17,321,101)	-
Administrative expense	-	(331,053)	331,053
Net changes	<u>11,506,381</u>	<u>6,529,842</u>	<u>4,976,539</u>
Balance at June 30, 2020	<u>\$ 344,006,348</u>	<u>\$ 241,360,320</u>	<u>\$ 102,646,028</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

c. Changes in Net Pension Liability (continued)

Safety Plan:	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2019	\$ 554,021,854	\$ 359,792,765	\$ 194,229,089
Changes in the year:			
Service cost	8,470,387	-	8,470,387
Interest on the total pension liability	38,866,660	-	38,866,660
Changes of benefit terms	1,572,470	-	1,572,470
Difference between actual and expected experience	(691,163)	-	(691,163)
Contribution - employer	-	15,875,859	(15,875,859)
Contribution - employee	-	2,639,127	(2,639,127)
Net Investment income	-	17,702,544	(17,702,544)
Benefit payments, including refunds of employee contributions	(31,097,422)	(31,097,422)	-
Administrative Expense	-	(507,220)	507,220
Net changes	<u>17,120,932</u>	<u>4,612,888</u>	<u>12,508,044</u>
Balance at June 30, 2020	<u>\$ 571,142,786</u>	<u>\$ 364,405,653</u>	<u>\$ 206,737,133</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

**11. Public Employees' Retirement System (continued)
c. Changes in Net Pension Liability (continued)**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of each Plan, calculated using the discount rate for each Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Lower	6.15%	6.15%
Net Pension Liability	\$ 148,490,163	\$ 283,210,959
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 102,646,028	\$ 206,737,133
1% Higher	8.15%	8.15%
Net Pension Liability	\$ 64,851,004	\$ 143,994,464

The Net Pension Liabilities for the City's pension plans have been primarily liquidated by funding from the General, Water, Sewage Collection and Housing Authority funds based on their proportionate personnel costs of the year.

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

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

For the year ended June 30, 2021, the City recognized pension expenses of \$14,739,295 and \$31,394,528 for Miscellaneous Plan and Safety Plan, respectively. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 11,167,273	\$ -
Differences between expected and actual experiences	1,049,678	(1,043,834)
Net difference between projected and actual earnings on pension plan investments	1,959,204	-
Total	<u>\$ 14,176,155</u>	<u>\$ (1,043,834)</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

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

	Safety Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 17,489,949	\$ -
Changes in assumptions	-	(370,168)
Differences between expected and actual experiences	1,769,811	(659,352)
Net difference between projected and actual earnings on pension plan investments	<u>2,935,074</u>	<u>-</u>
Total	<u>\$ 22,194,834</u>	<u>\$ (1,029,520)</u>

The \$11,167,273 and \$17,489,949 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Periods Ended June 30</u>	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
	<u>Deferred Outflow/(Inflows) of Resources</u>	<u>Deferred Outflow/(Inflows) of Resources</u>
2021	\$ (426,527)	\$ (987,751)
2022	204,346	1,412,948
2023	1,211,593	1,746,582
2024	975,636	1,503,586

12. Other Postemployment Benefits

a. Plan Descriptions

The City administers other post-employment benefit (OPEB) plan which is subject to changes based on the discretion of the Council:

PEMHCA: The City provides an agent multiple-employer defined benefit healthcare plan to retirees through the California Public Employee Retirement System (CalPERS) under the California Public Employees Medical and Hospital Care Act (PEMHCA), commonly referred to as PERS Health.

**CITY OF GARDEN GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

b. Employees Covered

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible to begin drawing a PERS pension. The benefits are available only to employees who retire from the City.

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the City plan:

	Number of Participants
Inactive Employees Receiving Benefit Payments	298
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Participating Active Employees	<u>617</u>
Total Number of Participants	<u><u>915</u></u>

c. Contributions

The contributions for the City's other post-employment benefits are based on pay-as-you-go financing requirements.

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The City's contribution rates were \$143 and \$139 per month for each retiree for the calendar years ended 2021 and 2020, respectively.

For the fiscal year ended June 30, 2021, the City contributed \$490,636 to the plan.

d. Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The City's total OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74/75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on an employee by employee basis and then aggregated.

**CITY OF GARDEN GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

d. Actuarial Methods and Assumptions Used to Determine Total OPEB Liability (continued)

To the extent that different benefit formulas apply to different employees of the same class, the service cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees). This greatly simplifies administration and accounting; as well as resulting in the correct service cost for new hires.

SUBSTANTIVE PLAN: As required under GASB 74/75 the valuation is based on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by the City regarding practices with respect to employer and employee contribution and other relevant factors.

IMPLICIT RATE SUBSIDY: GASB 74/75 require use of claims costs or age-adjusted premiums approximating claims costs to determine the plan's liability. Adjusting premiums for age creates an Implicit Subsidy and is reflected as part of the plan's liability. In addition, the common approach amongst actuaries in California is to include an implicit subsidy as part of the liability and as such the City requested to have reflected age-adjusted premiums in the calculation of the actuarial values. Implicit Subsidy is considered a benefit and should be included in OPEB valuation and its recognition will increase OPEB liability.

ECONOMIC ASSUMPTIONS:

INFLATION: 2.75% per year. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN/DISCOUNT RATE: 2.2% per year net of expenses. This is based on the Bond Buyer 20 Bond Index. The interest assumption changed from 3.5% to 2.2%.

TREND: 4% per year. The long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: 2.75% per year.

MORTALITY

<i>Participant Type</i>	<i>Mortality Tables</i>
Police	2014 CalPERS Mortality for Active Safety Employees
Firefighters	2014 CalPERS Mortality for Active Safety Employees
Miscellaneous	2014 CalPERS Mortality for Active Miscellaneous Employees

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

d. Actuarial Methods and Assumptions Used to Determine Total OPEB Liability (continued)

RETIREMENT RATES

<u>Employee Type</u>	<u>Retirement Rate Tables</u>
Police Officers	2009 CalPERS 3%@50 Rates for Sworn Police Employees or PEPRA rates, as appropriate
Firefighters	2009 CalPERS 3%@50 Rates for Sworn Fire Employees or PEPRA rates, as appropriate
General Employees	2009 CalPERS 2.5%@55 Rates for Miscellaneous Employees or PERPRA rates, as appropriate

SERVICE REQUIREMENT

<u>Employee Type</u>	<u>Service Requirement Tables</u>
Police	100% at 5 Years of Service
Firefighters	100% at 5 Years of Service
General	100% at 5 Years of Service

COSTS FOR RETIREE COVERAGE

Retiree liabilities are based on actual retiree premium plus an implicit rate subsidy of 81.6% of non-Medicare medical premium. Liabilities for active participants are based on the first year costs shown below, which include the implicit rate subsidy. Subsequent years' costs are based on first year costs adjusted for trend and limited by any City contribution caps.

<u>Participant Type</u>	<u>Future Retirees Pre-65</u>	<u>Future Retirees Post -65</u>
Fire Fighters	PEMHCA Minimum: \$1,650 Implicit Subsidy: \$13,239	\$1,650
Police Officers	PEMHCA Minimum: \$1,650 Implicit Subsidy: \$12,708	\$1,650
Miscellaneous Employees	PEMHCA Minimum: \$1,650 Implicit Subsidy: \$10,040	\$1,650

The participation rates per the actuarial report for all employee types for the group that is less than age 65 (Non-Medicare) and for the group that is more than age 65 (Medicare) is 70 percent.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

e. Recognition of Deferred Outflows and Inflows of Resources

Changes in the Total OPEB Liability (TOL) arising from certain sources are recognized on a deferred basis. Under GASB 74 & 75 OPEB expense includes service cost, interest cost, change in total OPEB liability due to plan changes; all adjusted for deferred inflows and outflows.

The TOL can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and the actual plan experience.

Under GASB 74 and 75, a portion of actuarial gain and losses can be deferred as follows:

- Investment gains and losses can be deferred five years.
- Experience gains and losses can be deferred over the expected average remaining service lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have working lifetime of zero. This often make the EARSL, quite short.
- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working lifetime.
- Liability changes resulting from plan changes, for example, cannot be deferred.

OPEB Expense a Deferred Outflow/Inflow of Resources to OPEB

For the fiscal year ended June 30, 2021, the City recognized OPEB expenses of \$6,687,134. As of fiscal year ended June 30, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement	\$ 490,636	\$ -
Changes of assumptions	29,124,891	(653,699)
Difference between expected and actual experience	-	(241,890)
Total	<u>\$ 29,615,527</u>	<u>\$ (895,589)</u>

The \$490,636 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2022.

Measurement Periods Ended June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ 3,256,221
2022	3,256,221
2023	3,256,221
2024	3,256,221
2025	3,256,221
Thereafter	11,948,197

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

f. Total OPEB Liability

If actuarial assumptions are borne out by experience, the City will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability (TOL). The TOL is calculated as the APVPBP (Actuarial Present Value of Projected Benefit Payments) minus the present value of future service costs.

g. Changes in the OPEB Liability

The changes in the OPEB liability for the City are as follows:

Changes in Total OPEB Liability as of June 30, 2020	
	Increase (Decrease)
	Total OPEB Liability (TOL)
Balance at June 30, 2019	\$ 45,756,997
Changes recognized for the measurement period:	
Service Cost	1,831,165
Interest on TOL	1,596,249
Employer Contributions as Benefits	(2,036,122)
Experience (Gains)/Losses	(94,837)
Assumption Changes	8,191,623
Net Changes	9,488,078
Balance at June 30, 2020	\$ 55,245,075

h. Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability with a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
OPEB Liability	\$62,315,770	\$55,245,075	\$48,683,170

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

i. Sensitivity of OPEB Liability to Changes in the Trend Rate

The following presents the OPEB liability of the City if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	<u>Trend Rate 1%</u>	<u>Valuation Trend</u>	<u>Trend Rate 1%</u>
OPEB Liability	<u>\$49,401,307</u>	<u>\$55,245,075</u>	<u>\$62,336,555</u>

13. Non-committal debt

- a. Garden Grove Housing Authority Variable Rate Demand Multifamily Housing Revenue Bonds, Series A of 1990, for \$12,000,000 were issued as an obligation of the Housing Authority. These bonds are not reflected in the City's financial statements since the use and disposition of the bond proceeds are controlled by an outside trustee, rather than the City, and since neither the Housing Authority, nor the City, is, in any event, liable for the payment of the principal or interest on the bonds. The bonds were issued to provide funds for the cost of developing the Valley View Senior Village, a multifamily rental housing project in the City. These bonds were paid off on July 1, 2020.

14. Commitments and Contingencies

a. Grants

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

b. Construction Commitments

The City has active construction projects as of June 30, 2021. City project commitments includes street improvements, storm drain improvements, traffic improvements, and park improvements. Proprietary fund project commitments include water main improvements, water reservoir rehabilitation projects and sewer main improvements. At fiscal year-end, the City's construction project commitments with contractors are as follows:

	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Street Improvements	\$ 7,875,401	\$ 1,379,129
Storm Drain Improvements	222,607	36,984
Park Improvements	484,218	433,350
Water Improvements	3,875,496	369,143
Sewer Improvements	<u>3,559,050</u>	<u>4,055,464</u>
Total	<u>\$ 16,016,772</u>	<u>\$ 6,274,070</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

14. Commitments and Contingencies (continued)

c. Contract Commitments

The City entered into an agreement with the Orange County Fire Authority (OCFA) on April 9, 2019 for OCFA to provide fire and emergency medical services to the City starting on August 16, 2019. OCFA will lease specified apparatus at no cost and fire stations at \$1 per year per station. Annually, the City will pay its share of OCFA's vehicle replacement program. The City will also pay a monthly fee of \$1,931,500 for the fire and emergency medical services. The monthly amount is subject to change on an annual basis and is due at the beginning of each month.

15. Joint Venture

The City participates in the Anaheim-Garden Grove-Orange Fire Training Facility 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 is 22.0%. Because the City is not financially accountable, the training facility is not considered part of the City's reporting entity. Separate financial statements are not issued.

16. Tax Abatements

The City of Garden Grove enters into various tax abatement agreements for the purpose of attracting and retaining businesses within the City. The Garden Grove Agency for Community Development also entered into three such agreements specific to hotel developments that are now the enforceable obligations of the Successor Agency pursuant to the 2011 Redevelopment Agency Dissolution Act.

In 2016, the City approved an Amended and Restated Operating Covenant Agreement with California Fuels and Lubricants for business retention purposes pursuant to Senate Bill 562. The Amended Agreement effective July 1, 2016 provides for economic development assistance in form of varying revenue sharing ratios of the amount of sales tax revenue generated in excess of \$200,000 annually for a period of 20 years. For Fiscal Year 2020-21, California Fuels and Lubricants received assistance payments of \$652,231.

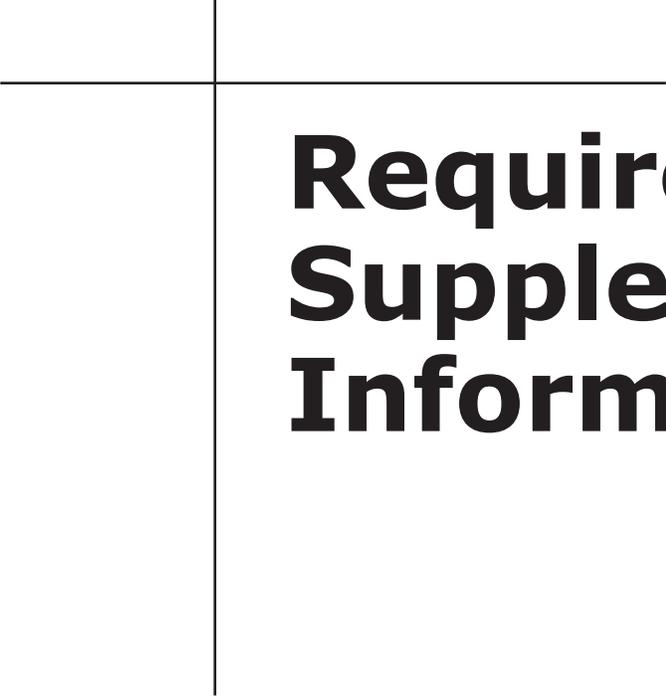
In 2010, the Successor Agency entered into an agreement with Garden Grove MXD, LLC for the construction of the Great Wolf Lodge. The performance based assistance began in 2015-16 and is based on the Transient Occupancy Tax rate. If the Transient Occupancy Tax rate charged by the City impacts an agreed upon Transient Occupancy Tax rate differential with a neighboring City, an amount will be rebated to the developer equal to the total room revenue multiplied by that Transient Occupancy Tax differential. The amount of Transient Occupancy Tax rebated to Garden Grove MXD, LLC for the Fiscal Year 2020-21 is \$66,072. This amount is an approved enforceable obligation of the Successor Agency, and will be paid via the State of California approved Recognized Obligation Payments Schedule.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2021**

C. DETAILED NOTES ON ALL FUNDS (continued)

16. Tax Abatements (continued)

In 2017, the City entered into an agreement with Garden Grove Automotive, Inc (GGA) to acquire the site and continue to sell Kia automobiles. Subject to the contingency that GGA fulfills the covenants of the agreement and generate enough sales tax revenue during the fiscal year, the City has agreed to pay an amount equal to 35% of the sales tax revenue in excess of \$150,000. The amount paid at June 30, 2021 was \$86,599.



Required Supplemental Information

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**CITY OF GARDEN GROVE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ 105,469,244	\$ 105,469,244	\$ 116,343,879	\$ 10,874,635
Licenses and permits	1,436,120	1,436,120	2,371,876	935,756
Fines, forfeits and penalties	1,873,606	1,873,606	2,120,682	247,076
Investment earnings	1,482,755	1,482,755	19,190	(1,463,565)
Charges for current services	7,115,527	7,115,527	7,938,035	822,508
From other agencies	78,305	78,305	27,210,933	27,132,628
Other revenues	2,007,896	2,007,896	2,427,898	420,002
Total revenues	<u>119,463,453</u>	<u>119,463,453</u>	<u>158,432,493</u>	<u>38,969,040</u>
EXPENDITURES:				
Current:				
Fire	28,544,601	28,544,601	28,470,151	74,450
Police	67,615,858	67,758,452	65,733,881	2,024,571
Traffic safety	2,355,838	2,355,838	2,702,044	(346,206)
Public right of way	5,897,254	5,897,254	4,741,813	1,155,441
Community buildings	3,635,676	3,635,676	3,163,726	471,950
Community services	4,493,146	4,493,146	3,867,459	625,687
Economic development	2,733,725	2,812,958	2,236,894	576,064
Parks and greenbelts	1,306,592	1,306,592	1,348,492	(41,900)
Community planning and development	7,353,887	7,353,887	6,440,473	913,414
Municipal support	7,831,118	7,878,118	8,572,019	(693,901)
Debt service:				
Principal retirement	493,697	493,697	493,697	-
Interest	1,111,907	1,111,907	1,111,907	-
Total expenditures	<u>133,373,299</u>	<u>133,642,126</u>	<u>128,882,556</u>	<u>4,759,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,909,846)</u>	<u>(14,178,673)</u>	<u>29,549,937</u>	<u>43,728,610</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	411,000	411,000	948,996	537,996
Transfers out	-	-	(397,369)	(397,369)
Total other financing sources (uses)	<u>411,000</u>	<u>411,000</u>	<u>551,627</u>	<u>140,627</u>
Net change in fund balance	(13,498,846)	(13,767,673)	30,101,564	43,869,237
Fund balance, beginning of year	<u>82,330,073</u>	<u>82,330,073</u>	<u>82,330,073</u>	<u>-</u>
Fund balance, end of year	<u>\$ 68,831,227</u>	<u>\$ 68,562,400</u>	<u>\$ 112,431,637</u>	<u>\$ 43,869,237</u>

See accompanying note to required supplementary information.

**CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
THE LAST TEN FISCAL YEARS ***

Measurement Period	Miscellaneous		
	2020	2019	2018
TOTAL PENSION LIABILITY			
Service cost	\$ 5,053,242	\$ 5,475,558	\$ 5,401,390
Interest on total pension liability	23,364,470	22,545,983	21,444,843
Changes of benefit terms	2,033,512	-	-
Changes of assumptions	-	-	(1,737,101)
Difference between expected and actual experience	(1,623,742)	3,673,870	(4,057,535)
Benefit payments, including refunds of employee contributions	(17,321,101)	(16,224,456)	(14,088,814)
Net change in total pension liability	11,506,381	15,470,955	6,962,783
Total pension liability - beginning	332,499,967	317,029,012	310,066,229
Total pension liability - ending (a)	\$ 344,006,348	\$ 332,499,967	\$ 317,029,012
PLAN FIDUCIARY NET POSITION			
Contribution - Employer	\$ 10,190,871	\$ 9,162,242	\$ 8,199,628
Contribution - Employee	2,282,163	2,158,717	2,429,785
Net investment income	11,708,962	14,721,760	17,695,861
Benefit payments, including refunds of employee contributions	(17,321,101)	(16,224,456)	(14,088,814)
Net Plan to Plan Resource Movement	-	(10,044)	36,458
Administrative Expense	(331,053)	(160,695)	(330,147)
Other Miscellaneous Income/(Expense) ¹	-	522	(626,954)
Net change in fiduciary net position	6,529,842	9,648,046	13,315,817
Plan fiduciary net position - beginning ²	234,830,478	225,182,432	211,866,615
Plan fiduciary net position - ending (b)	\$ 241,360,320	\$ 234,830,478	\$ 225,182,432
Plan net pension liability - ending (a) - (b)	\$ 102,646,028	\$ 97,669,489	\$ 91,846,580
Plan fiduciary net position as a percentage of the total pension liability	70.16%	70.63%	71.03%
Covered payroll ³	\$ 28,436,925	\$ 30,347,270	\$ 29,746,612
Plan net pension liability as a percentage of covered payroll	360.96%	321.84%	308.76%

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

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB68).

² Includes any beginning of year adjustment.

³ Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19, 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Miscellaneous			
2017	2016	2015	2014
\$ 5,295,064	\$ 4,717,431	\$ 4,505,053	\$ 4,722,338
20,965,466	20,513,676	19,499,703	18,697,528
-	-	-	-
17,855,824	-	(4,893,202)	-
(5,244,453)	1,501,168	(1,007,886)	-
(13,540,154)	(12,581,087)	(12,134,038)	(11,490,804)
25,331,747	14,151,188	5,969,630	11,929,062
284,734,482	270,583,294	264,613,664	252,684,602
\$ 310,066,229	\$ 284,734,482	\$ 270,583,294	\$ 264,613,664
\$ 7,579,342	\$ 6,646,792	\$ 5,948,472	\$ 5,101,581
2,308,262	2,242,990	2,281,790	2,070,127
21,554,042	1,004,774	4,419,750	29,571,239
(13,540,154)	(12,581,087)	(12,134,038)	(11,490,804)
(64,848)	(69,973)	-	-
(286,986)	(120,179)	(221,880)	-
-	-	-	-
17,549,658	(2,876,683)	294,094	25,252,143
194,316,867	197,193,550	196,899,456	171,647,313
\$ 211,866,525	\$ 194,316,867	\$ 197,193,550	\$ 196,899,456
\$ 98,199,704	\$ 90,417,615	\$ 73,389,744	\$ 67,714,208
68.33%	68.24%	72.88%	74.41%
\$ 29,037,915	\$ 28,573,176	\$ 27,094,801	\$ 27,060,561
338.18%	316.44%	270.86%	250.23%

**CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
THE LAST TEN FISCAL YEARS***

Measurement Period	Safety		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 8,470,387	\$ 9,117,082	\$ 8,706,648
Interest on total pension liability	38,866,660	37,632,892	36,094,312
Changes of benefit terms	1,572,470	-	-
Changes of assumptions	-	-	(2,221,006)
Difference between expected and actual experience	(691,163)	4,129,559	(961,074)
Benefit payments, including refunds of employee contributions	(31,097,422)	(29,007,470)	(26,226,816)
Net change in total pension liability	17,120,932	21,872,063	15,392,064
Total pension liability - beginning	554,021,854	532,149,791	516,757,727
Total pension liability - ending (a)	<u>\$ 571,142,786</u>	<u>\$ 554,021,854</u>	<u>\$ 532,149,791</u>
Contribution - Employer	\$ 15,875,859	\$ 15,698,349	\$ 14,147,727
Contribution - Employee	2,639,127	2,644,271	2,873,704
Net investment income	17,702,544	22,658,615	27,492,574
Benefit payments, including refunds of employee contributions	(31,097,422)	(29,007,470)	(26,226,816)
Net Plan to Plan Resource Movement	-	10,044	(37,788)
Administrative Expense	(507,220)	(248,366)	(516,231)
Other Miscellaneous Income/(Expense) ¹	-	808	(980,332)
Net change in fiduciary net position	4,612,888	11,756,251	16,752,838
Plan fiduciary net position - beginning ²	359,792,765	348,036,514	331,283,676
Plan fiduciary net position - ending (b)	<u>\$ 364,405,653</u>	<u>\$ 359,792,765</u>	<u>\$ 348,036,514</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 206,737,133</u>	<u>\$ 194,229,089</u>	<u>\$ 184,113,277</u>
Plan fiduciary net position as a percentage of the total pension liability	63.80%	64.94%	65.40%
Covered payroll ³	\$ 27,964,303	\$ 29,663,516	\$ 28,541,707
Plan net pension liability as a percentage of covered payroll	739.29%	654.77%	645.07%

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

- 1 During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.
Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).
- 2 Includes any beginning of year adjustment.
- 3 Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Safety			
<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 8,648,153	\$ 7,378,575	\$ 7,025,519	\$ 7,433,857
35,007,255	33,944,797	32,447,673	31,439,433
-	-	-	-
29,556,856	-	(4,660,010)	-
(2,081,126)	2,203,036	(8,032,852)	-
<u>(24,371,140)</u>	<u>(22,718,361)</u>	<u>(21,846,674)</u>	<u>(20,185,546)</u>
46,759,998	20,808,047	4,933,656	18,687,744
469,997,729	449,189,682	444,256,026	425,568,282
<u>\$ 516,757,727</u>	<u>\$ 469,997,729</u>	<u>\$ 449,189,682</u>	<u>\$ 444,256,026</u>
\$ 13,302,274	\$ 11,468,654	\$ 10,155,643	\$ 9,427,732
2,823,680	2,915,098	2,611,738	2,439,710
33,837,324	1,532,436	6,960,883	47,553,580
<u>(24,371,140)</u>	<u>(22,718,361)</u>	<u>(21,846,674)</u>	<u>(20,185,546)</u>
-	-	-	-
(452,000)	(190,840)	(352,473)	-
-	-	-	-
<u>25,140,138</u>	<u>(6,993,013)</u>	<u>(2,470,883)</u>	<u>39,235,476</u>
<u>306,143,539</u>	<u>313,136,552</u>	<u>315,607,435</u>	<u>276,371,959</u>
<u>\$ 331,283,677</u>	<u>\$ 306,143,539</u>	<u>\$ 313,136,552</u>	<u>\$ 315,607,435</u>
<u>\$ 185,474,050</u>	<u>\$ 163,854,190</u>	<u>\$ 136,053,130</u>	<u>\$ 128,648,591</u>
64.11%	65.14%	69.71%	71.04%
\$ 28,636,267	\$ 27,481,750	\$ 26,325,623	\$ 26,592,225
647.69%	596.23%	516.81%	483.78%

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

Schedule of Plan Contributions for the Fiscal Years Ended June 30

	Miscellaneous			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 11,167,273	\$ 10,190,871	\$ 9,153,245	\$ 8,199,628
Contributions in relation to the actuarially determined contributions	(11,167,273)	(10,190,871)	(9,153,245)	(8,199,628)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 29,122,884	\$ 28,436,925	\$ 30,347,270	\$ 29,746,612
Contributions as a percentage of covered payroll	38.35%	35.84%	30.16%	27.56%

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

Notes to Schedule of Plan Contributions:

Valuation date: 6/30/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method/period	For details, see June 30, 2018 Funding Valuation Report.
Asset valuation method	Fair value of assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7.00%, net of pension plan investment administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study which are incorporated in the current valuation.
Mortality	The probabilities of retirement are based on the 2017 CalPERS Experience Study which are incorporated in the current valuation. The pre-retirement mortality non-industrial death rates vary by age and gender. Industrial death rates vary by age. The non-industrial death rates are used for all plans. The industrial death rates are used for safety plans. Miscellaneous plans usually have industrial death rates set to zero unless the agency has specifically contracted for industrial death benefits. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.
Other information	For changes to previous year's information, refer to past GASB 68 reports.

Miscellaneous			
<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 7,579,342	\$ 6,646,792	\$ 5,948,472	\$ 5,101,581
<u>(7,579,342)</u>	<u>(6,646,792)</u>	<u>(5,948,472)</u>	<u>(5,101,581)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 29,037,915	\$ 28,573,176	\$ 27,094,801	\$ 27,060,561
26.10%	23.26%	21.95%	18.85%

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

Schedule of Plan Contributions for the Fiscal Years Ended June 30

	Safety			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 17,489,949	\$ 15,875,859	\$ 15,691,168	\$ 14,147,727
Contributions in relation to the actuarially determined contributions	(17,489,949)	(15,875,859)	(15,691,168)	(14,147,727)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 27,646,663	\$ 27,964,303	\$ 29,663,516	\$ 28,541,707
Contributions as a percentage of covered payroll	63.26%	56.77%	52.90%	49.57%

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

Notes to Schedule:

Valuation date: 6/30/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method/period	For details, see June 30, 2018 Funding Valuation Report.
Asset valuation method	Fair value of assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7.00%, net of pension plan investment administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study which are incorporated in the current valuation.
Mortality	The probabilities of retirement are based on the 2017 CalPERS Experience Study which are incorporated in the current valuation. The pre-retirement mortality non-industrial death rates vary by age and gender. Industrial death rates vary by age. The non-industrial death rates are used for all plans. The industrial death rates are used for safety plans. Miscellaneous plans usually have industrial death rates set to zero unless the agency has specifically contracted for industrial death benefits. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.
Other information	For changes to previous year's information, refer to past GASB 68 reports.

Safety			
2017	2016	2015	2014
\$ 13,302,273	\$ 11,468,654	\$ 10,155,643	\$ 9,427,732
(13,302,273)	(11,468,654)	(10,155,643)	(9,427,732)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 28,636,267	\$ 27,481,750	\$ 26,325,623	\$ 26,592,225
46.45%	41.73%	38.58%	35.45%

CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
for the Measurement Periods Ended June 30
THE LAST TEN FISCAL YEARS*

<i>Measurement Period</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL OPEB LIABILITY				
Service cost	\$ 1,831,165	\$ 627,266	\$ 669,889	\$ 651,960
Interest on Total OPEB Liability	1,596,249	695,181	695,599	610,096
Employer Contributions	-	(467,790)	(420,642)	-
Expected Minus Actual Benefit Payments	-	22,763	-	-
Experience (Gains)/Losses	(94,837)	(216,121)	-	-
Changes in Assumptions	8,191,623	26,892,575	(922,346)	-
Benefit payments	(2,036,122)	-	-	(391,489)
Net change in total OPEB liability	<u>9,488,078</u>	<u>27,553,874</u>	<u>22,500</u>	<u>870,567</u>
Total OPEB liability - beginning	<u>45,756,997</u>	<u>18,203,123</u>	<u>18,180,623</u>	<u>17,310,056</u>
Total OPEB liability - ending	<u>\$ 55,245,075</u>	<u>\$ 45,756,997</u>	<u>\$ 18,203,123</u>	<u>\$ 18,180,623</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	56,638,122	55,122,260	55,704,304	57,674,182
Net OPEB liability as a percentage of covered-employee payroll	97.54%	83.01%	32.68%	31.52%

Notes to Schedule:

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

** Liabilities reflect an implicit rate subsidy for Pre-Medicare retirees. GASB 74 and 75 require use of claims costs or age-adjusted premiums approximating claims costs to determine the plan's liability. Adjusting premiums for age creates Implicit Subsidy and is reflected as part of the plan's liability.

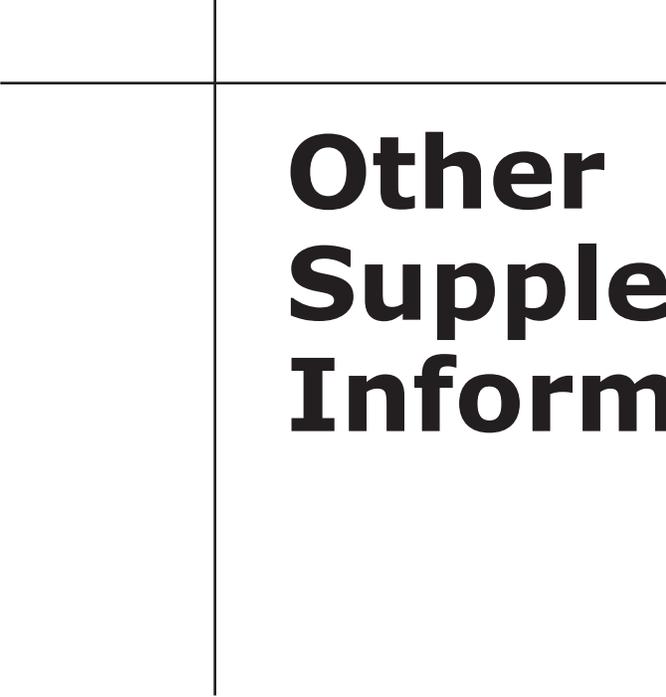
**CITY OF GARDEN GROVE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

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Other Supplemental Information

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CITY OF GARDEN GROVE SPECIAL REVENUE FUNDS

Public Safety Fund

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

State Gas Tax Fund

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

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 the fund.

Garden Grove Cable Fund

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

Street Lighting Fund

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

Park Maintenance

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

Main Street District Fund

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

Air Quality Improvement Fund

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

Other Grants and Contributions Fund

The City is the recipient of numerous other federal, state and county grants, plus contributions from other sources. These grants and contributions are accounted for in this fund.

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**CITY OF GARDEN GROVE
SPECIAL REVENUE FUNDS (CONTINUED)**

Garden Grove Tourism Improvement District

This fund is used to account for the tourism marketing efforts through the Anaheim/Orange County Visitors and Convention Bureau and other activities and improvements that promote tourism in the Garden Grove Tourism Improvement District area.

Street Rehabilitation Fund

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

HOME Grant Special Revenue Fund

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

CAPITAL PROJECTS FUNDS

Major Fund:

Housing Successor Agency Fund

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

Nonmajor Funds:

Housing Authority Assets Fund

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

Public Safety Fund

Capital projects with Public Safety are accounted for in this fund.

**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds			
	Public Safety	State Gas Tax	Developer Fees	Garden Grove Cable
ASSETS				
Cash and investments	\$ 2,103,490	\$ 5,871,479	\$ 10,691,848	\$ 14,932
Cash with fiscal agents	-	-	-	-
Taxes receivable	156,561	590,522	-	-
Accounts receivable	-	13,392	-	11,004
Interest receivable	9,070	24,722	46,099	-
Deposits and prepaid items	234,708	-	-	3,749
Intergovernmental receivable	162,734	-	-	-
Notes receivable, net	-	-	-	-
Total assets	<u>\$ 2,666,563</u>	<u>\$ 6,500,115</u>	<u>\$ 10,737,947</u>	<u>\$ 29,685</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 50,336	\$ 234,527	\$ 108,152	\$ 9,591
Accrued liabilities	-	201,450	31,071	4,707
Unearned revenue	-	-	-	-
Due to other funds	-	61,406	441	4,383
Total liabilities	<u>50,336</u>	<u>497,383</u>	<u>139,664</u>	<u>18,681</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	274,633	-	-
Total deferred inflows	<u>-</u>	<u>274,633</u>	<u>-</u>	<u>-</u>
Fund balances:				
Non-Spendable:				
Prepaid items	234,708	-	-	3,749
Restricted:				
Public safety	2,381,519	-	-	-
Public right of way	-	5,728,099	2,607,540	-
Drainage	-	-	128,954	-
Community planning and development	-	-	1,949,938	-
Community services	-	-	5,911,851	7,255
Unassigned	-	-	-	-
Total fund balances	<u>2,616,227</u>	<u>5,728,099</u>	<u>10,598,283</u>	<u>11,004</u>
Total liabilities and fund balances	<u>\$ 2,666,563</u>	<u>\$ 6,500,115</u>	<u>\$ 10,737,947</u>	<u>\$ 29,685</u>

Special Revenue Funds

Street Lighting	Park Maintenance	Main Street District	Air Quality Improvement
\$ 187,022	\$ 102,147	\$ 223,059	\$ 377,738
-	-	-	-
17,482	8,352	498	-
-	-	-	-
806	440	962	1,629
-	-	-	-
-	-	-	58,038
-	-	-	-
\$ 205,310	\$ 110,939	\$ 224,519	\$ 437,405

\$ 127,778	\$ 17,897	\$ 2,263	\$ 1,260
2,833	4,848	-	1,469
-	-	-	-
2,877	5,793	-	1,088
133,488	28,538	2,263	3,817

-	-	-	-
-	-	-	-

-	-	-	-
-	-	-	-
71,822	-	222,256	433,588
-	-	-	-
-	82,401	-	-
-	-	-	-
-	-	-	-
71,822	82,401	222,256	433,588

\$ 205,310	\$ 110,939	\$ 224,519	\$ 437,405
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**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021**

	Special Revenue Funds		
	Other Grants and Contributions	GG Tourism Improvement District	Street Rehabilitation
ASSETS			
Cash and investments	\$ 425,800	\$ 154,269	\$ 1,152,653
Cash with fiscal agents	-	-	-
Taxes receivable	-	160,074	-
Accounts receivable	55,710	1,352	-
Interest receivable	17,368	-	4,505
Deposits and prepaid items	-	-	-
Intergovernmental receivable	4,368,262	-	477,672
Notes receivable, net	3,086,804	-	-
Total assets	<u>\$ 7,953,944</u>	<u>\$ 315,695</u>	<u>\$ 1,634,830</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 753,594	\$ 182,755	\$ 344,886
Accrued liabilities	122,280	-	126,319
Unearned revenue	155,492	-	-
Due to other funds	35,930	-	5,539
Total liabilities	<u>1,067,296</u>	<u>182,755</u>	<u>476,744</u>
Deferred Inflows of Resources:			
Unavailable revenue	916,348	-	-
Total deferred inflows	<u>916,348</u>	<u>-</u>	<u>-</u>
Fund balances:			
Non-Spendable:			
Prepaid items	-	-	-
Restricted			
Public safety	48,896	-	-
Public right of way	1,973,528	-	1,158,086
Drainage	-	-	-
Community planning and development	3,466,316	132,940	-
Community services	481,560	-	-
Unassigned	-	-	-
Total fund balances	<u>5,970,300</u>	<u>132,940</u>	<u>1,158,086</u>
Total liabilities and fund balances	<u>\$ 7,953,944</u>	<u>\$ 315,695</u>	<u>\$ 1,634,830</u>

Special Revenue			
Fund	Capital Project Funds		Total
HOME Grant Special Revenue Fund	Housing Successor Agency	Public Safety	Nonmajor Governmental Funds
\$ -	\$ 698,636	\$ 69,962	\$ 22,073,035
-	-	1,564,209	1,564,209
-	-	-	933,489
-	1,714	-	83,172
-	3,012	-	108,613
-	-	-	238,457
652,168	-	-	5,718,874
17,170,677	1,849,235	-	22,106,716
<u>\$ 17,822,845</u>	<u>\$ 2,552,597</u>	<u>\$ 1,634,171</u>	<u>\$ 52,826,565</u>
\$ 61,265	\$ -	\$ -	\$ 1,894,304
2,214	-	-	497,191
-	-	-	155,492
258,228	-	-	375,685
<u>321,707</u>	<u>-</u>	<u>-</u>	<u>2,922,672</u>
-	-	-	1,190,981
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,190,981</u>
-	-	-	238,457
-	-	1,634,171	4,064,586
-	-	-	12,194,919
-	-	-	128,954
17,519,558	2,552,597	-	25,703,750
-	-	-	6,400,666
(18,420)	-	-	(18,420)
<u>17,501,138</u>	<u>2,552,597</u>	<u>1,634,171</u>	<u>48,712,912</u>
<u>\$ 17,822,845</u>	<u>\$ 2,552,597</u>	<u>\$ 1,634,171</u>	<u>\$ 52,826,565</u>

CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Special Revenue Funds			
	Public Safety	State Gas Tax	Developer Fees	Garden Grove Cable
REVENUES:				
Taxes	\$ 904,261	\$ -	\$ -	\$ -
Licenses and permits	-	-	47,538	-
Fines, forfeits and penalties	123,865	-	-	-
Investment earnings (loss)	26,373	(11,633)	27,302	-
Charges for current services	-	-	1,641,294	-
From other agencies	559,933	6,784,428	-	-
Other revenues	-	152,194	-	66,384
Total revenues	<u>1,614,432</u>	<u>6,924,989</u>	<u>1,716,134</u>	<u>66,384</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	1,228,502	-	-	-
Traffic safety	-	345,772	41,562	-
Public right of way	-	6,514,289	49,187	-
Community services	-	-	3,171	277,406
Economic development	-	-	-	-
Parks and greenbelts	-	-	545,411	-
Community planning and development	-	-	235,327	-
Municipal support	-	-	3,353	-
Total expenditures	<u>1,228,502</u>	<u>6,860,061</u>	<u>878,011</u>	<u>277,406</u>
Excess (deficiency) of revenues over (under) expenditures	<u>385,930</u>	<u>64,928</u>	<u>838,123</u>	<u>(211,022)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	209,715
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,715</u>
Net change in fund balances	385,930	64,928	838,123	(1,307)
Fund balance (deficit), beginning of year	<u>2,230,297</u>	<u>5,663,171</u>	<u>9,760,160</u>	<u>12,311</u>
Fund balance (deficit), end of year	<u>\$ 2,616,227</u>	<u>\$ 5,728,099</u>	<u>\$ 10,598,283</u>	<u>\$ 11,004</u>

Special Revenue Funds			
Street Lighting	Park Maintenance	Main Street District	Air Quality Improvement
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
(1,239)	1,455	270	653
1,356,413	707,117	26,667	-
-	-	-	228,252
1,512	-	-	-
<u>1,356,686</u>	<u>708,572</u>	<u>26,937</u>	<u>228,905</u>
-	-	-	-
-	-	-	-
1,492,942	-	-	-
-	-	26,655	-
-	-	-	-
-	-	-	-
-	713,065	-	-
-	-	-	4,782
19,114	-	-	88,985
<u>1,512,056</u>	<u>713,065</u>	<u>26,655</u>	<u>93,767</u>
<u>(155,370)</u>	<u>(4,493)</u>	<u>282</u>	<u>135,138</u>
174,590	13,064	-	-
-	-	-	-
<u>174,590</u>	<u>13,064</u>	<u>-</u>	<u>-</u>
19,220	8,571	282	135,138
52,602	73,830	221,974	298,450
<u>\$ 71,822</u>	<u>\$ 82,401</u>	<u>\$ 222,256</u>	<u>\$ 433,588</u>

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds		
	Other Grants and Contributions	GG Tourism Improvement District	Street Rehabilitation
REVENUES:			
Taxes	\$ -	\$ 795,638	\$ -
Licenses and permits	-	-	-
Fines, forfeits and penalties	614,273	-	-
Investment earnings (loss)	53,564	-	(7,441)
Charges for current services	-	-	-
From other agencies	9,051,424	-	2,863,835
Other revenues	20,600	-	62,827
Total revenues	<u>9,739,861</u>	<u>795,638</u>	<u>2,919,221</u>
EXPENDITURES:			
Current:			
Fire	-	-	-
Police	1,070,047	-	-
Traffic safety	411,558	-	2,901
Public right of way	3,396,388	-	2,815,133
Community services	680,816	-	10,303
Economic Development	-	372,015	-
Parks and greenbelts	-	-	-
Community planning and development	2,934,679	-	-
Municipal support	-	-	-
Total expenditures	<u>8,493,488</u>	<u>372,015</u>	<u>2,828,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,246,373</u>	<u>423,623</u>	<u>90,884</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	(231,386)	-
Total other financing sources (uses)	<u>-</u>	<u>(231,386)</u>	<u>-</u>
Net change in fund balances	1,246,373	192,237	90,884
Fund balance (deficit), beginning of year	<u>4,723,927</u>	<u>(59,297)</u>	<u>1,067,202</u>
Fund balance (deficit), end of year	<u>\$ 5,970,300</u>	<u>\$ 132,940</u>	<u>\$ 1,158,086</u>

Special Revenue			
Fund	Capital Project Funds		Total
	Housing Authority Assets	Public Safety	Nonmajor Governmental Funds
HOME Grant			
\$ -	\$ -	\$ -	\$ 1,699,899
-	-	-	47,538
-	-	-	738,138
384,352	74,026	84	547,766
-	-	-	3,731,491
1,030,519	-	-	20,518,391
-	-	-	303,517
<u>1,414,871</u>	<u>74,026</u>	<u>84</u>	<u>27,586,740</u>
-	-	-	-
-	-	-	2,298,549
-	-	-	2,294,735
-	-	-	12,801,652
-	-	-	971,696
-	346	-	372,361
-	-	-	1,258,476
745,983	-	-	3,920,771
-	-	-	111,452
<u>745,983</u>	<u>346</u>	<u>-</u>	<u>24,029,692</u>
<u>668,888</u>	<u>73,680</u>	<u>84</u>	<u>3,557,048</u>
-	-	-	397,369
-	-	-	(231,386)
<u>-</u>	<u>-</u>	<u>-</u>	<u>165,983</u>
668,888	73,680	84	3,723,031
<u>16,832,250</u>	<u>2,478,917</u>	<u>1,634,087</u>	<u>44,989,881</u>
<u>\$ 17,501,138</u>	<u>\$ 2,552,597</u>	<u>\$ 1,634,171</u>	<u>\$ 48,712,912</u>

CITY OF GARDEN GROVE
PUBLIC SAFETY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 675,000	\$ 675,000	\$ 904,261	\$ 229,261
Licenses and permits	55,000	55,000	-	(55,000)
Fines, forfeits and penalties	38,000	38,000	123,865	85,865
Investment earnings	2,000	2,000	26,373	24,373
Charges for current services	-	-	-	-
From other agencies	250,000	250,000	559,933	309,933
Other revenues	-	-	-	-
Total revenues	<u>1,020,000</u>	<u>1,020,000</u>	<u>1,614,432</u>	<u>594,432</u>
EXPENDITURES:				
Current:				
Police	<u>1,576,472</u>	<u>1,892,124</u>	<u>1,228,502</u>	<u>663,622</u>
Total expenditures	<u>1,576,472</u>	<u>1,892,124</u>	<u>1,228,502</u>	<u>663,622</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(556,472)</u>	<u>(872,124)</u>	<u>385,930</u>	<u>1,258,054</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(556,472)	(872,124)	385,930	1,258,054
Fund balance, beginning of year	<u>2,230,297</u>	<u>2,230,297</u>	<u>2,230,297</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,673,825</u>	<u>\$ 1,358,173</u>	<u>\$ 2,616,227</u>	<u>\$ 1,258,054</u>

CITY OF GARDEN GROVE
STATE GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings (loss)	72,000	72,000	(11,633)	(83,633)
Charges for current services	-	-	-	-
From other agencies	7,134,732	7,134,732	6,784,428	(350,304)
Other revenues	-	-	152,194	152,194
Total revenues	<u>7,206,732</u>	<u>7,206,732</u>	<u>6,924,989</u>	<u>(281,743)</u>
EXPENDITURES:				
Current:				
Traffic safety	503,035	243,229	345,772	(102,543)
Public right of way	10,747,261	11,007,067	6,514,289	4,492,778
Total expenditures	<u>11,250,296</u>	<u>11,250,296</u>	<u>6,860,061</u>	<u>4,390,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,043,564)</u>	<u>(4,043,564)</u>	<u>64,928</u>	<u>4,108,492</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(4,043,564)	(4,043,564)	64,928	4,108,492
Fund balance, beginning of year	5,663,171	5,663,171	5,663,171	-
Fund balance, end of year	<u>\$ 1,619,607</u>	<u>\$ 1,619,607</u>	<u>\$ 5,728,099</u>	<u>\$ 4,108,492</u>

**CITY OF GARDEN GROVE
DEVELOPER FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	29,000	29,000	47,538	18,538
Fines, forfeits and penalties	-	-	-	-
Investment earnings	42,000	42,000	27,302	(14,698)
Charges for current services	319,000	319,000	1,641,294	1,322,294
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>390,000</u>	<u>390,000</u>	<u>1,716,134</u>	<u>1,326,134</u>
EXPENDITURES:				
Current:				
Traffic safety	721,788	736,788	41,562	695,226
Public right of way	115,000	100,000	49,187	50,813
Community services	300,000	300,000	3,171	296,829
Parks and greenbelts	1,514,687	1,414,687	545,411	869,276
Community planning and development	731,119	831,119	235,327	595,792
Municipal support	3,528	3,528	3,353	175
Total expenditures	<u>3,386,122</u>	<u>3,386,122</u>	<u>878,011</u>	<u>2,508,111</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,996,122)</u>	<u>(2,996,122)</u>	<u>838,123</u>	<u>3,834,245</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(2,996,122)</u>	<u>(2,996,122)</u>	<u>838,123</u>	<u>3,834,245</u>
Fund balance, beginning of year	<u>9,760,160</u>	<u>9,760,160</u>	<u>9,760,160</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,764,038</u>	<u>\$ 6,764,038</u>	<u>\$ 10,598,283</u>	<u>\$ 3,834,245</u>

CITY OF GARDEN GROVE
GARDEN GROVE CABLE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Other revenues	\$ 90,000	\$ 90,000	\$ 66,384	\$ (23,616)
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>66,384</u>	<u>(23,616)</u>
EXPENDITURES:				
Current:				
Community services	487,565	487,565	277,406	210,159
Total expenditures	<u>487,565</u>	<u>487,565</u>	<u>277,406</u>	<u>210,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(397,565)</u>	<u>(397,565)</u>	<u>(211,022)</u>	<u>186,543</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	209,715	209,715	209,715	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>209,715</u>	<u>209,715</u>	<u>209,715</u>	<u>-</u>
Net change in fund balance	(187,850)	(187,850)	(1,307)	186,543
Fund balance, beginning of year	<u>12,311</u>	<u>12,311</u>	<u>12,311</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (175,539)</u>	<u>\$ (175,539)</u>	<u>\$ 11,004</u>	<u>\$ 186,543</u>

CITY OF GARDEN GROVE
STREET LIGHTING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ -	\$ -	\$ (1,239)	\$ (1,239)
Charges for current services	1,337,466	1,337,466	1,356,413	18,947
Other revenues	-	-	1,512	1,512
Total revenues	<u>1,337,466</u>	<u>1,337,466</u>	<u>1,356,686</u>	<u>19,220</u>
EXPENDITURES:				
Current:				
Traffic safety	1,313,965	1,313,965	1,492,942	(178,977)
Municipal support	23,501	23,501	19,114	4,387
Total expenditures	<u>1,337,466</u>	<u>1,337,466</u>	<u>1,512,056</u>	<u>(174,590)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(155,370)</u>	<u>(155,370)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	174,590	174,590
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>174,590</u>	<u>174,590</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>19,220</u>	<u>19,220</u>
Fund balance, beginning of year	52,602	52,602	52,602	-
Fund balance, end of year	<u>\$ 52,602</u>	<u>\$ 52,602</u>	<u>\$ 71,822</u>	<u>\$ 19,220</u>

CITY OF GARDEN GROVE
 PARK MAINTENANCE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 1,455	\$ 1,455
Charges for current services	706,740	706,740	707,117	377
Total revenues	<u>706,740</u>	<u>706,740</u>	<u>708,572</u>	<u>1,832</u>
EXPENDITURES:				
Current:				
Parks and greenbelts	700,000	700,000	713,065	(13,065)
Total expenditures	<u>700,000</u>	<u>700,000</u>	<u>713,065</u>	<u>(13,065)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,740</u>	<u>6,740</u>	<u>(4,493)</u>	<u>(11,233)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	13,064	13,064
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>13,064</u>	<u>13,064</u>
Net change in fund balance	6,740	6,740	8,571	1,831
Fund balance, beginning of year	<u>73,830</u>	<u>73,830</u>	<u>73,830</u>	<u>-</u>
Fund balance, end of year	<u>\$ 80,570</u>	<u>\$ 80,570</u>	<u>\$ 82,401</u>	<u>\$ 1,831</u>

CITY OF GARDEN GROVE
 MAIN STREET DISTRICT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 270	\$ 270
Charges for current services	26,700	26,700	26,667	(33)
Total revenues	<u>26,700</u>	<u>26,700</u>	<u>26,937</u>	<u>237</u>
EXPENDITURES:				
Current:				
Public right of way	143,140	143,140	26,655	116,485
Total expenditures	<u>143,140</u>	<u>143,140</u>	<u>26,655</u>	<u>116,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(116,440)</u>	<u>(116,440)</u>	<u>282</u>	<u>116,722</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(116,440)	(116,440)	282	116,722
Fund balance, beginning of year	<u>221,974</u>	<u>221,974</u>	<u>221,974</u>	<u>-</u>
Fund balance, end of year	<u>\$ 105,534</u>	<u>\$ 105,534</u>	<u>\$ 222,256</u>	<u>\$ 116,722</u>

CITY OF GARDEN GROVE
 AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 653	\$ 653
From other agencies	218,488	218,488	228,252	9,764
Total revenues	<u>218,488</u>	<u>218,488</u>	<u>228,905</u>	<u>10,417</u>
EXPENDITURES:				
Current:				
Community planning and development	163,870	163,870	4,782	159,088
Municipal support	258,437	258,437	88,985	169,452
Total expenditures	<u>422,307</u>	<u>422,307</u>	<u>93,767</u>	<u>328,540</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(203,819)</u>	<u>(203,819)</u>	<u>135,138</u>	<u>338,957</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(203,819)	(203,819)	135,138	338,957
Fund balance, beginning of year	<u>298,450</u>	<u>298,450</u>	<u>298,450</u>	<u>-</u>
Fund balance, end of year	<u>\$ 94,631</u>	<u>\$ 94,631</u>	<u>\$ 433,588</u>	<u>\$ 338,957</u>

CITY OF GARDEN GROVE
OTHER GRANTS AND CONTRIBUTIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fines, forfeits and penalties	\$ 700,000	\$ 700,000	\$ 614,273	\$ (85,727)
Investment earnings	-	-	53,564	53,564
From other agencies	5,216,428	5,216,428	9,051,424	3,834,996
Other revenues	-	-	20,600	20,600
Total revenues	<u>5,916,428</u>	<u>5,916,428</u>	<u>9,739,861</u>	<u>3,823,433</u>
EXPENDITURES:				
Current:				
Police	605,501	1,880,058	1,070,047	810,011
Traffic safety	573,330	573,330	411,558	161,772
Public right of way	5,544,524	5,994,524	3,396,388	2,598,136
Community services	515,547	540,547	680,816	(140,269)
Community planning and development	4,582,385	9,311,054	2,934,679	6,376,375
Total expenditures	<u>11,821,287</u>	<u>18,299,513</u>	<u>8,493,488</u>	<u>9,806,025</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,904,859)</u>	<u>(12,383,085)</u>	<u>1,246,373</u>	<u>13,629,458</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(5,904,859)	(12,383,085)	1,246,373	13,629,458
Fund balance, beginning of year	<u>4,723,927</u>	<u>4,723,927</u>	<u>4,723,927</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (1,180,932)</u>	<u>\$ (7,659,158)</u>	<u>\$ 5,970,300</u>	<u>\$ 13,629,458</u>

CITY OF GARDEN GROVE
GARDEN GROVE TOURISM IMPROVEMENT DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 1,500,000	\$ 1,500,000	\$ 795,638	\$ (704,362)
Total revenues	<u>1,500,000</u>	<u>1,500,000</u>	<u>795,638</u>	<u>(704,362)</u>
EXPENDITURES:				
Current:				
Economic development	1,089,000	1,089,000	372,015	716,985
Total expenditures	<u>1,089,000</u>	<u>1,089,000</u>	<u>372,015</u>	<u>716,985</u>
Excess (deficiency) of revenues over (under) expenditures	<u>411,000</u>	<u>411,000</u>	<u>423,623</u>	<u>12,623</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(231,386)	(231,386)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(231,386)</u>	<u>(231,386)</u>
Net change in fund balance	411,000	411,000	192,237	(218,763)
Fund balance (deficit), beginning of year	<u>(59,297)</u>	<u>(59,297)</u>	<u>(59,297)</u>	<u>-</u>
Fund balance, end of year	<u>\$ 351,703</u>	<u>\$ 351,703</u>	<u>\$ 132,940</u>	<u>\$ (218,763)</u>

CITY OF GARDEN GROVE
STREET REHABILITATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings (loss)	\$ -	\$ -	\$ (7,441)	\$ (7,441)
From other agencies	2,385,000	2,385,000	2,863,835	478,835
Other revenues	-	-	62,827	62,827
Total revenues	<u>2,385,000</u>	<u>2,385,000</u>	<u>2,919,221</u>	<u>534,221</u>
EXPENDITURES:				
Current:				
Traffic safety	100,000	2,900	2,901	(1)
Public right of way	2,238,668	2,733,768	2,815,133	(81,365)
Community services	185,000	185,000	10,303	174,697
Total expenditures	<u>2,523,668</u>	<u>2,921,668</u>	<u>2,828,337</u>	<u>93,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(138,668)</u>	<u>(536,668)</u>	<u>90,884</u>	<u>627,552</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(138,668)</u>	<u>(536,668)</u>	<u>90,884</u>	<u>627,552</u>
Fund balance, beginning of year	<u>1,067,202</u>	<u>1,067,202</u>	<u>1,067,202</u>	<u>-</u>
Fund balance, end of year	<u>\$ 928,534</u>	<u>\$ 530,534</u>	<u>\$ 1,158,086</u>	<u>\$ 627,552</u>

CITY OF GARDEN GROVE
HOME GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 384,352	\$ 384,352
From other agencies	917,094	917,094	1,030,519	113,425
Total revenues	<u>917,094</u>	<u>917,094</u>	<u>1,414,871</u>	<u>497,777</u>
EXPENDITURES:				
Current:				
Community planning and development	3,755,028	3,755,028	745,983	3,009,045
Total expenditures	<u>3,755,028</u>	<u>3,755,028</u>	<u>745,983</u>	<u>3,009,045</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,837,934)</u>	<u>(2,837,934)</u>	<u>668,888</u>	<u>3,506,822</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(2,837,934)	(2,837,934)	668,888	3,506,822
Fund balance, beginning of year	<u>16,832,250</u>	<u>16,832,250</u>	<u>16,832,250</u>	<u>-</u>
Fund balance, end of year	<u>\$ 13,994,316</u>	<u>\$ 13,994,316</u>	<u>\$ 17,501,138</u>	<u>\$ 3,506,822</u>

**CITY OF GARDEN GROVE
HOUSING SUCCESSOR AGENCY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Investment earnings	\$ 110,120	\$ 110,120	\$ 225,656	\$ 115,536
Other revenues	-	-	271,697	271,697
Total revenues	<u>110,120</u>	<u>110,120</u>	<u>497,353</u>	<u>387,233</u>
EXPENDITURES:				
Current:				
Community planning and development	361,652	361,652	226,393	135,259
Total expenditures	<u>361,652</u>	<u>361,652</u>	<u>226,393</u>	<u>135,259</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(251,532)</u>	<u>(251,532)</u>	<u>270,960</u>	<u>522,492</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(251,532)	(251,532)	270,960	522,492
Fund balance, beginning of year	<u>20,491,921</u>	<u>20,491,921</u>	<u>20,491,921</u>	<u>-</u>
Fund balance, end of year	<u>\$ 20,240,389</u>	<u>\$ 20,240,389</u>	<u>\$ 20,762,881</u>	<u>\$ 522,492</u>

CITY OF GARDEN GROVE
HOUSING AUTHORITY ASSETS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 74,026	\$ 74,026
Other revenues	37,000	37,000	-	(37,000)
Total revenues	<u>37,000</u>	<u>37,000</u>	<u>74,026</u>	<u>37,026</u>
EXPENDITURES:				
Current:				
Economic development	144,430	144,430	346	144,084
Total expenditures	<u>144,430</u>	<u>144,430</u>	<u>346</u>	<u>144,084</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(107,430)</u>	<u>(107,430)</u>	<u>73,680</u>	<u>181,110</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(107,430)	(107,430)	73,680	181,110
Fund balance, beginning of year	<u>2,478,917</u>	<u>2,478,917</u>	<u>2,478,917</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,371,487</u>	<u>\$ 2,371,487</u>	<u>\$ 2,552,597</u>	<u>\$ 181,110</u>

CITY OF GARDEN GROVE
PUBLIC SAFETY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 84	\$ 84
Total revenues	<u>-</u>	<u>-</u>	<u>84</u>	<u>84</u>
EXPENDITURES:				
Current:				
Community buildings	1,550,000	1,550,000	-	1,550,000
Total expenditures	<u>1,550,000</u>	<u>1,550,000</u>	<u>-</u>	<u>1,550,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,550,000)</u>	<u>(1,550,000)</u>	<u>84</u>	<u>1,550,084</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,550,000)	(1,550,000)	84	1,550,084
Fund balance, beginning of year	<u>1,634,087</u>	<u>1,634,087</u>	<u>1,634,087</u>	<u>-</u>
Fund balance, end of year	<u>\$ 84,087</u>	<u>\$ 84,087</u>	<u>\$ 1,634,171</u>	<u>\$ 1,550,084</u>

**CITY OF GARDEN GROVE
NONMAJOR ENTERPRISE FUNDS**

Solid Waste Disposal Fund

The Solid Waste Disposal fund accounts for the operation of trash and solid waste collections and disposal services.

Golf Course Fund

The fund was established to account for operations of the Willowick Golf Course.

CITY OF GARDEN GROVE
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2021

	<u>Solid Waste Disposal</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
Current Assets:			
Cash and cash investments	\$ 11,583,245	\$ 546,407	\$ 12,129,652
Taxes receivable	195,875	-	195,875
Accounts receivable	176,826	12,340	189,166
Interest receivable	49,942	899	50,841
Inventory	-	7,671	7,671
Prepaid Items	-	97,245	97,245
Total current assets	<u>12,005,888</u>	<u>664,562</u>	<u>12,670,450</u>
Noncurrent Assets:			
Capital assets			
Land	-	3,132,711	3,132,711
Depreciable capital assets, net	-	149,242	149,242
Total noncurrent assets	<u>-</u>	<u>3,281,953</u>	<u>3,281,953</u>
Total assets	<u>12,005,888</u>	<u>3,946,515</u>	<u>15,952,403</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	226,648	-	226,648
Pension related	282,106	-	282,106
Total Deferred Outflows	<u>508,754</u>	<u>-</u>	<u>508,754</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	72,301	169,818	242,119
Accrued liabilities	23,609	-	23,609
Refundable deposits	554,530	-	554,530
Due to other funds	21,750	-	21,750
Current portion of long term liabilities			
Capital leases	-	25,498	25,498
Total current liabilities	<u>672,190</u>	<u>195,316</u>	<u>867,506</u>
Noncurrent liabilities:			
Capital leases	-	83,116	83,116
Net pension liability	2,042,656	-	2,042,656
OPEB liability	422,796	-	422,796
Total noncurrent liabilities	<u>2,465,452</u>	<u>83,116</u>	<u>2,548,568</u>
Total liabilities	<u>3,137,642</u>	<u>278,432</u>	<u>3,416,074</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB related	6,854	-	6,854
Pension related	20,772	-	20,772
Total Deferred Inflows	<u>27,626</u>	<u>-</u>	<u>27,626</u>
NET POSITION			
Net investment in capital assets	-	3,173,339	3,322,581
Unrestricted	<u>9,349,374</u>	<u>494,744</u>	<u>9,694,876</u>
Total net position	<u>\$ 9,349,374</u>	<u>\$ 3,668,083</u>	<u>\$ 13,017,457</u>

CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Solid Waste Disposal</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:			
Charges for services	\$ -	\$ 1,836,535	\$ 1,836,535
Solid waste disposal fees	2,620,353	-	2,620,353
Property assessments	495,569	-	495,569
Other	666,870	-	666,870
Total operating revenues	<u>3,782,792</u>	<u>1,836,535</u>	<u>5,619,327</u>
Operating expenses:			
Salaries and benefits	1,267,800	-	1,267,800
Contractual services	1,132,600	-	1,132,600
Materials and supplies	7,081	-	7,081
Golf course operations	-	1,578,407	1,578,407
Depreciation	-	10,212	10,212
Total operating expenses	<u>2,407,481</u>	<u>1,588,619</u>	<u>3,996,100</u>
Operating income (loss)	<u>1,375,311</u>	<u>247,916</u>	<u>1,623,227</u>
Nonoperating revenues:			
Investment income	<u>55,757</u>	<u>5,475</u>	<u>61,232</u>
Total nonoperating revenue	<u>55,757</u>	<u>5,475</u>	<u>61,232</u>
Change in net position	1,431,068	253,391	1,684,459
Total net position, beginning of year	<u>7,918,306</u>	<u>3,414,692</u>	<u>11,332,998</u>
Total net position, end of year	<u>\$ 9,349,374</u>	<u>\$ 3,668,083</u>	<u>\$ 13,017,457</u>

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Solid Waste Disposal</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 4,021,508	\$ 1,836,535	\$ 5,858,043
Payments to suppliers	(1,092,488)	(1,518,445)	(2,610,933)
Payments to employees	(880,255)	-	(880,255)
Net cash provided (used) by operating activities	<u>2,048,765</u>	<u>318,090</u>	<u>2,366,855</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Cash received from other funds	<u>3,324</u>	<u>-</u>	<u>3,324</u>
Net cash provided (used) by non capital financing activities	<u>3,324</u>	<u>-</u>	<u>3,324</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(31,725)	(31,725)
Payments on lease purchase agreement	-	(19,115)	(19,115)
Interest paid	-	(139)	(139)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(50,979)</u>	<u>(50,979)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	153,285	3,200	156,485
Increase (decrease) in fair value of investments	<u>(109,652)</u>	<u>1,376</u>	<u>(108,276)</u>
Net cash provided by investing activities	<u>43,633</u>	<u>4,576</u>	<u>48,209</u>
Net increase (decrease) in cash and cash equivalents	2,095,722	271,687	2,367,409
Cash and cash equivalents, beginning of year	<u>9,487,523</u>	<u>274,720</u>	<u>9,762,243</u>
Cash and cash equivalents, end of year	<u>\$ 11,583,245</u>	<u>\$ 546,407</u>	<u>\$ 12,129,652</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ 1,375,311</u>	<u>\$ 247,916</u>	<u>\$ 1,623,227</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	10,212	10,212
Interest on capital debt	-	139	139
Changes in assets and liabilities:			
(Increase) decrease in taxes receivable	(155,895)	-	(155,895)
(Increase) decrease in accounts receivable	5,581	-	5,581
(Increase) decrease in inventory	-	1,063	1,063
(Increase) decrease in prepaid expense	-	(45,832)	(45,832)
Increase (decrease) in accounts payable	47,193	136,615	183,808
Increase (decrease) in accrued liabilities	(30,828)	(32,023)	(62,851)
Increase (decrease) in refundable deposits	389,030	-	389,030
Increase (decrease) in OPEB liability and related changes in deferred outflows and inflows of resources	35,450	-	35,450
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	382,923	-	382,923
Total adjustments	<u>673,454</u>	<u>70,174</u>	<u>743,628</u>
Net cash provided (used) by operating activities	<u>\$ 2,048,765</u>	<u>\$ 318,090</u>	<u>\$ 2,366,855</u>
Non-cash capital and related financing activities			
Issuance of capital lease		<u>\$ 127,729</u>	

**CITY OF GARDEN GROVE
INTERNAL SERVICE FUNDS**

Workers' Compensation Fund

The City's self-funded workers' compensation program, which is accounted for in this fund, is financed by charges to all City departments based on number and classification of employees. Expenses include operating costs and all payments relating to injured employees.

Fleet Management Fund

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

Employee Benefits Fund

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

Information Systems Fund

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

Warehouse Operations Fund

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

Telephone System Fund

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

Risk Management Fund

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

Communication Replacement Fund

This fund is used to account for both the operating and capital costs of the City's communication system in relation to the county-wide 800MHZ backbone project. Funds are used to pay for the City's backbone costs and the capital costs incurred to upgrade its communications equipment to integrate with the county-wide communications system. The financing comes from charges to the various City departments based on an allocation of actual costs. Actual costs include depreciation and maintenance.

CITY OF GARDEN GROVE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

	Workers' Compensation	Fleet Management	Employee Benefits	Information Systems
ASSETS				
Current Assets:				
Cash and cash investments	\$ 39,830,008	\$ 39,898,284	\$ 16,672,978	\$ 6,406,626
Accounts receivable, net	-	7,468	44,118	-
Interest receivable	171,508	172,026	72,879	27,623
Due from other funds	250,287	-	2,741,801	-
Inventory	-	54,731	-	-
Prepaid Items	140	138	-	88,432
Total current assets	<u>40,251,943</u>	<u>40,132,647</u>	<u>19,531,776</u>	<u>6,522,681</u>
Noncurrent Assets:				
Intercity loans receivable	-	2,002,530	-	-
Capital assets				
Construction in progress	-	561,575	-	16,401
Depreciable capital assets, net	-	10,747,487	-	114,473
Total noncurrent assets	<u>-</u>	<u>13,311,592</u>	<u>-</u>	<u>130,874</u>
Total assets	<u>40,251,943</u>	<u>53,444,239</u>	<u>19,531,776</u>	<u>6,653,555</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related	-	344,991	-	744,712
Pension related	-	378,503	-	680,455
Total Deferred Outflows	<u>-</u>	<u>723,494</u>	<u>-</u>	<u>1,425,167</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	-	59,750	1,202,223	50,974
Accrued liabilities	97,999	34,250	233,422	61,385
Interest payable	-	-	-	19
Due to other funds	9,461	35,693	9,082	55,438
Current portion of long term liabilities				
Capital leases	-	-	-	63,416
Accrued compensated absences	-	-	7,870,625	-
Claims payable	4,992,810	-	-	-
Total current liabilities	<u>5,100,270</u>	<u>129,693</u>	<u>9,315,352</u>	<u>231,232</u>
Noncurrent liabilities:				
Accrued compensated absences	-	-	243,422	-
Claims payable	30,823,214	-	-	-
Intercity loans payable	-	-	-	-
Net pension liability	-	2,740,649	-	4,927,009
OPEB liability	-	643,531	-	1,389,184
Total noncurrent liabilities	<u>30,823,214</u>	<u>3,384,180</u>	<u>243,422</u>	<u>6,316,193</u>
Total liabilities	<u>35,923,484</u>	<u>3,513,873</u>	<u>9,558,774</u>	<u>6,547,425</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB related	-	10,433	-	22,520
Pension related	-	27,870	-	50,104
Total Deferred Inflows	<u>-</u>	<u>38,303</u>	<u>-</u>	<u>72,624</u>
NET POSITION				
Net investment in capital assets	-	11,309,062	-	67,458
Unrestricted	<u>4,328,459</u>	<u>39,306,495</u>	<u>9,973,002</u>	<u>1,391,215</u>
Total net position	<u>\$ 4,328,459</u>	<u>\$ 50,615,557</u>	<u>\$ 9,973,002</u>	<u>\$ 1,458,673</u>

Warehouse Operations	Telephone System	Risk Management	Communication Replacement	Total
\$ 581,770	\$ 1,830,787	\$ 11,694,463	\$ 1,173,245	118,088,161
-	-	-	-	51,586
2,508	7,894	50,099	5,059	509,596
-	-	-	-	2,992,088
375,104	-	-	-	429,835
30	7,528	4,794	-	101,062
<u>959,412</u>	<u>1,846,209</u>	<u>11,749,356</u>	<u>1,178,304</u>	<u>122,172,328</u>
-	-	2,509,289	-	4,511,819
-	-	-	-	577,976
-	62,028	-	1,904,573	12,828,561
-	<u>62,028</u>	<u>2,509,289</u>	<u>1,904,573</u>	<u>17,918,356</u>
<u>959,412</u>	<u>1,908,237</u>	<u>14,258,645</u>	<u>3,082,877</u>	<u>140,090,684</u>
-	-	-	-	1,089,703
-	-	-	-	1,058,958
-	-	-	-	2,148,661
6,342	15,736	7,913	-	1,342,938
9,493	4,237	14,911	-	455,697
-	-	-	-	19
9,895	3,998	14,009	-	137,576
-	49,623	-	-	113,039
-	-	-	-	7,870,625
-	-	2,524,431	-	7,517,241
<u>25,730</u>	<u>73,594</u>	<u>2,561,264</u>	<u>-</u>	<u>17,437,135</u>
-	-	-	-	243,422
-	-	4,216,799	-	35,040,013
-	-	-	2,002,530	2,002,530
-	-	-	-	7,667,658
-	-	-	-	2,032,715
-	-	4,216,799	2,002,530	46,986,338
<u>25,730</u>	<u>73,594</u>	<u>6,778,063</u>	<u>2,002,530</u>	<u>64,423,473</u>
-	-	-	-	32,953
-	-	-	-	77,974
-	-	-	-	110,927
-	12,405	-	1,904,573	13,293,498
<u>933,682</u>	<u>1,822,238</u>	<u>7,480,582</u>	<u>(824,226)</u>	<u>64,411,447</u>
<u>\$ 933,682</u>	<u>\$ 1,834,643</u>	<u>\$ 7,480,582</u>	<u>\$ 1,080,347</u>	<u>\$ 77,704,945</u>

CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Workers' Compensation	Fleet Management	Employee Benefits	Information Systems
Operating revenues:				
Charges for services	\$ 5,057,432	\$ 6,044,236	\$ 52,840,370	\$ 2,815,428
Other	772	-	-	-
Total operating revenues	<u>5,058,204</u>	<u>6,044,236</u>	<u>52,840,370</u>	<u>2,815,428</u>
Operating expenses:				
Salaries and benefits	1,510,604	1,196,806	47,123,541	1,944,395
Contractual services	35,081	679,610	68,910	221,660
Liability claims	6,284,832	-	163,541	-
Materials and supplies	-	1,165,630	153,522	192,715
Depreciation	-	1,320,443	-	99,813
Total operating expenses	<u>7,830,517</u>	<u>4,362,489</u>	<u>47,509,514</u>	<u>2,458,583</u>
Operating income (loss)	<u>(2,772,313)</u>	<u>1,681,747</u>	<u>5,330,856</u>	<u>356,845</u>
Nonoperating revenues (expenses):				
Investment income	(703,234)	1,126,317	268,588	13,385
Gain (loss) on disposal of assets	-	99,168	-	(650,411)
Interest expense	-	-	-	(1,173)
Total nonoperating revenue (expenses)	<u>(703,234)</u>	<u>1,225,485</u>	<u>268,588</u>	<u>(638,199)</u>
Income (loss) before transfers and capital contributions	<u>(3,475,547)</u>	<u>2,907,232</u>	<u>5,599,444</u>	<u>(281,354)</u>
Capital contributions	-	295,364	-	-
Transfers in	-	47,132	-	-
Transfers out	-	-	(717,610)	-
Change in net position	<u>(3,475,547)</u>	<u>3,249,728</u>	<u>4,881,834</u>	<u>(281,354)</u>
Total net position, beginning of year	<u>7,804,006</u>	<u>47,365,829</u>	<u>5,091,168</u>	<u>1,740,027</u>
Total net position, end of year	<u>\$ 4,328,459</u>	<u>\$ 50,615,557</u>	<u>\$ 9,973,002</u>	<u>\$ 1,458,673</u>

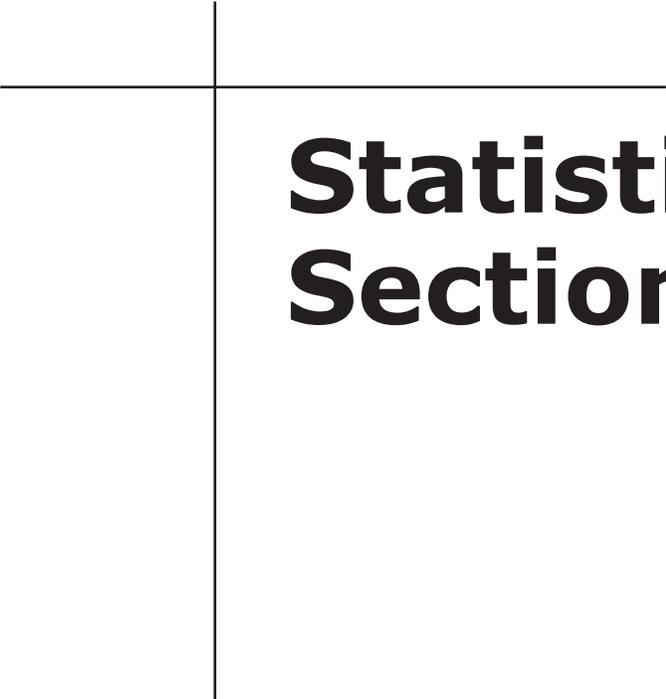
Warehouse Operations	Telephone System	Risk Management	Communication Replacement	Total
\$ 339,635	\$ 343,709	\$ 1,555,680	\$ 600,000	\$ 69,596,490
-	-	-	-	772
<u>339,635</u>	<u>343,709</u>	<u>1,555,680</u>	<u>600,000</u>	<u>69,597,262</u>
323,306	154,562	566,603	-	52,819,817
32,553	196,610	451,261	352	1,686,037
-	-	2,780,443	-	9,228,816
30,201	-	463	-	1,542,531
-	62,029	-	301,497	1,783,782
<u>386,060</u>	<u>413,201</u>	<u>3,798,770</u>	<u>301,849</u>	<u>67,060,983</u>
<u>(46,425)</u>	<u>(69,492)</u>	<u>(2,243,090)</u>	<u>298,151</u>	<u>2,536,279</u>
13,798	46,071	126,660	28,026	919,611
-	-	-	-	(551,243)
-	-	-	(27,965)	(29,138)
<u>13,798</u>	<u>46,071</u>	<u>126,660</u>	<u>61</u>	<u>339,230</u>
(32,627)	(23,421)	(2,116,430)	298,212	2,875,509
-	-	-	-	295,364
-	-	-	-	47,132
-	-	-	-	(717,610)
<u>(32,627)</u>	<u>(23,421)</u>	<u>(2,116,430)</u>	<u>298,212</u>	<u>2,500,395</u>
<u>966,309</u>	<u>1,858,064</u>	<u>9,597,012</u>	<u>782,135</u>	<u>75,204,550</u>
<u>\$ 933,682</u>	<u>\$ 1,834,643</u>	<u>\$ 7,480,582</u>	<u>\$ 1,080,347</u>	<u>\$ 77,704,945</u>

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Workers' Compensation	Fleet Management	Employee Benefits	Information Systems
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from user departments	\$ 5,058,204	\$ 6,091,528	\$ 52,844,284	\$ 2,815,428
Payments to suppliers	(5,228,716)	(2,056,860)	-	(476,850)
Payments to employees	(1,510,604)	(1,263,121)	(8,354,086)	(2,139,831)
Payments for employee benefits	-	-	(39,088,335)	-
Net cash (used) provided by operating activities	<u>(1,681,116)</u>	<u>2,771,547</u>	<u>5,401,863</u>	<u>198,747</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES				
Cash received from other funds	2,481,370	405,700	-	10,049
Cash paid to other funds	-	-	(443,590)	-
Net cash (used) provided by non capital financing activities	<u>2,481,370</u>	<u>405,700</u>	<u>(443,590)</u>	<u>10,049</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	(1,526,937)	-	(676,208)
Proceeds from sale of capital assets	-	160,564	-	-
Payments on lease purchase agreement	-	-	-	(62,645)
Interest paid	-	-	-	(1,193)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(1,366,373)</u>	<u>-</u>	<u>(740,046)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earnings	572,149	576,116	84,156	93,467
Increase (decrease) in fair value of investments	(1,309,102)	378,175	111,553	(93,811)
Net cash provided by investing activities	<u>(736,953)</u>	<u>954,291</u>	<u>195,709</u>	<u>(344)</u>
Net increase (decrease) in cash and cash equivalents	63,301	2,765,165	5,153,982	(531,594)
Cash and cash equivalents, beginning of year	39,766,707	37,133,119	11,518,996	6,938,220
Cash and cash equivalents, end of year	<u>\$ 39,830,008</u>	<u>\$ 39,898,284</u>	<u>\$ 16,672,978</u>	<u>\$ 6,406,626</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	<u>\$ (2,772,313)</u>	<u>\$ 1,681,747</u>	<u>\$ 5,330,856</u>	<u>\$ 356,845</u>
Adjustments to reconcile operating income (income) to net cash (used) provided by operating activities:				
Depreciation expense	-	1,320,443	-	99,813
Other nonoperating revenues (expenses)	-	47,132	(717,610)	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	47,292	3,914	-
(Increase) decrease in inventory	-	(15,799)	-	-
(Increase) decrease in prepaid expense	(140)	82,516	-	12,991
(Increase) decrease in deposits	-	-	-	1,720
Increase (decrease) in accounts payable	(450)	(328,671)	523,984	(87,155)
Increase (decrease) in compensated absences	-	-	297,315	-
Increase (decrease) in accrued liabilities	56,290	3,202	(36,596)	9,969
Increase (decrease) in claims payable	1,035,497	-	-	-
Increase (decrease) in OPEB liability and related changes in deferred outflows and inflows of resources	-	103,002	-	116,464
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	-	(169,317)	-	(311,900)
Total adjustments	<u>1,091,197</u>	<u>1,089,800</u>	<u>71,007</u>	<u>(158,098)</u>
Net cash (used) provided by operating activities	<u>\$ (1,681,116)</u>	<u>\$ 2,771,547</u>	<u>\$ 5,401,863</u>	<u>\$ 198,747</u>

Warehouse Operations	Telephone System	Risk Management	Communication Replacement	Total
\$ 339,635	\$ 343,709	\$ 1,555,680	\$ 600,000	\$ 69,648,468
(14,160)	(189,497)	(3,239,115)	(352)	(11,205,550)
(323,306)	(154,562)	(566,603)	-	(14,312,113)
-	-	-	-	(39,088,335)
2,169	(350)	(2,250,038)	599,648	5,042,470
1,374	502	46,038	-	2,945,033
-	-	-	(400,506)	(844,096)
1,374	502	46,038	(400,506)	2,100,937
-	-	-	-	(2,203,145)
-	-	-	-	160,564
-	(49,623)	-	-	(112,268)
-	-	-	(27,965)	(29,158)
-	(49,623)	-	(27,965)	(2,184,007)
7,451	26,095	257,917	15,224	1,632,575
3,839	12,082	(135,440)	7,743	(1,024,961)
11,290	38,177	122,477	22,967	607,614
14,833	(11,294)	(2,081,523)	194,144	5,567,014
566,937	1,842,081	13,775,986	979,101	112,521,147
\$ 581,770	\$ 1,830,787	\$ 11,694,463	\$ 1,173,245	\$ 118,088,161
\$ (46,425)	\$ (69,492)	\$ (2,243,090)	\$ 298,151	\$ 2,536,279
-	62,029	-	301,497	1,783,782
-	-	-	-	(670,478)
-	-	-	-	51,206
41,907	-	-	-	26,108
(30)	1,255	13,613	-	110,205
-	-	-	-	1,720
6,065	5,650	(11,267)	-	108,156
-	-	-	-	297,315
652	208	1,107	-	34,832
-	-	(10,401)	-	1,025,096
-	-	-	-	219,466
-	-	-	-	(481,217)
48,594	69,142	(6,948)	301,497	2,506,191
\$ 2,169	\$ (350)	\$ (2,250,038)	\$ 599,648	\$ 5,042,470

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Statistical Section

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Statistical Section

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographics and Economic Information

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

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

Operating Information

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

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

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

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

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

The City implemented GASB 65 in FY 2013; as a result, effective FY 2013, the names of Schedule I and Schedule II are changed to "Net Position by Component" and "Changes in Net Position", respectively.

The City implemented GASB 68 in FY 2015; the government-wide schedules include information beginning in that year.

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

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities:				
Net investment in capital assets	\$ 643,306	\$ 643,095	\$ 644,220	\$ 642,786
Restricted	29,975	22,114	22,150	17,848
Unrestricted	119,190	123,504	117,646	(83,857)
Total governmental activities net position	<u>\$ 792,471</u>	<u>\$ 788,713</u>	<u>\$ 784,016</u>	<u>\$ 576,777</u>
Business-type activities:				
Net investment in capital assets	\$ 89,607	\$ 97,657	\$ 107,299	\$ 111,947
Restricted	-	-	-	-
Unrestricted	36,861	39,457	44,291	29,703
Total business-type activities net position	<u>\$ 126,468</u>	<u>\$ 137,114</u>	<u>\$ 151,590</u>	<u>\$ 141,650</u>
Primary government:				
Net investment in capital assets	\$ 732,913	\$ 740,752	\$ 751,519	\$ 754,733
Restricted	29,975	22,114	22,150	17,848
Unrestricted	156,051	162,961	161,937	(54,154)
Total primary government net position	<u>\$ 918,939</u>	<u>\$ 925,827</u>	<u>\$ 935,606</u>	<u>\$ 718,427</u>

The City of Garden Grove implemented GASB 63 and GASB 65 for the fiscal year ended June 30, 2013, and GASB 68 for the fiscal year ended June 30, 2015.

Source: Finance Department, City of Garden Grove

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 641,661	\$ 631,964	\$ 622,932	\$ 621,163	\$ 619,138	\$ 617,316
21,967	24,613	65,456	69,820	72,470	75,669
<u>(88,223)</u>	<u>(86,633)</u>	<u>(111,538)</u>	<u>(104,976)</u>	<u>(108,833)</u>	<u>(94,620)</u>
<u>\$ 575,405</u>	<u>\$ 569,944</u>	<u>\$ 576,850</u>	<u>\$ 586,007</u>	<u>\$ 582,775</u>	<u>\$ 598,365</u>
\$ 117,488	\$ 118,371	\$ 119,954	\$ 125,805	\$ 132,671	\$ 120,399
-	-	-	-	-	-
<u>26,011</u>	<u>28,288</u>	<u>29,677</u>	<u>32,485</u>	<u>37,725</u>	<u>63,654</u>
<u>\$ 143,499</u>	<u>\$ 146,659</u>	<u>\$ 149,631</u>	<u>\$ 158,290</u>	<u>\$ 170,396</u>	<u>\$ 184,053</u>
\$ 759,149	\$ 750,335	\$ 742,886	\$ 746,968	\$ 751,809	\$ 737,715
21,967	24,613	65,456	69,820	72,470	75,669
<u>(62,212)</u>	<u>(58,345)</u>	<u>(81,861)</u>	<u>(72,491)</u>	<u>(71,108)</u>	<u>(30,966)</u>
<u>\$ 718,904</u>	<u>\$ 716,603</u>	<u>\$ 726,481</u>	<u>\$ 744,297</u>	<u>\$ 753,171</u>	<u>\$ 782,418</u>

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

	Fiscal Year			
	2012	2013	2014	2015
Expenses:				
Governmental activities:				
Fire	\$ 19,497	\$ 20,273	\$ 20,876	\$ 21,939
Police	44,751	45,467	49,289	50,837
Traffic safety	3,197	3,097	3,872	3,517
Public right of way	14,768	16,541	14,051	16,903
Drainage	1,417	1,426	1,284	1,445
Community buildings	4,961	4,596	4,504	4,973
Community services	4,430	4,452	4,679	4,797
Economic Development	-	-	-	1,944
Parks and greenbelts	1,785	1,838	1,973	2,146
Community planning and development	10,945	7,938	8,491	7,837
Municipal support	6,443	6,344	7,112	7,609
Interest on long-term debt	3,783	1,815	1,305	862
Total governmental activities expenses	<u>115,977</u>	<u>113,787</u>	<u>117,436</u>	<u>124,809</u>
Business-type activities:				
Water	24,213	26,419	26,761	30,003
Sanitary District	7,672	8,641	7,092	8,128
Mobile home parks/RV park	565	-	-	-
Housing authority	30,894	31,586	30,489	30,707
Golf course	-	-	-	-
Total business-type activities expenses	<u>63,344</u>	<u>66,646</u>	<u>64,342</u>	<u>68,838</u>
Total primary government expenses	<u>179,321</u>	<u>180,433</u>	<u>181,778</u>	<u>193,647</u>
Program revenues:				
Governmental activities:				
Charges for services:				
Fire	1,051	1,106	1,422	1,011
Police	3,321	3,486	3,169	3,019
Traffic safety	1,343	1,349	1,349	1,351
Public right of way	137	249	358	272
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	856	851	859	986
Economic development	-	-	-	-
Parks and greenbelts	1,346	1,319	1,282	1,264
Community planning and development	1,303	1,491	2,128	1,839
Municipal support	2,540	2,553	2,693	2,656
Operating grants and contributions	19,574	10,012	13,277	13,295
Capital grants and contributions	4,847	5,789	5,435	6,032
Total governmental activities program revenues	<u>36,318</u>	<u>28,205</u>	<u>31,972</u>	<u>31,725</u>
Business-type activities:				
Charges for services:				
Water	34,318	33,738	35,186	33,145
Sanitary District	12,294	13,204	12,051	12,095
Mobile home parks	1	-	-	-
Golf course	-	-	-	-
Operating grants and contributions	30,662	30,582	30,656	30,726
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>77,275</u>	<u>77,524</u>	<u>77,893</u>	<u>75,966</u>
Total primary government program revenues	<u>113,593</u>	<u>105,729</u>	<u>109,865</u>	<u>107,691</u>
Net revenues (expenses):				
Governmental activities	(79,659)	(85,582)	(85,464)	(93,084)
Business-type activities	13,931	10,878	13,551	7,128
Total net revenues (expenses)	<u>\$ (65,728)</u>	<u>\$ (74,704)</u>	<u>\$ (71,913)</u>	<u>\$ (85,956)</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 20,700	\$ 23,934	\$ 27,428	\$ 27,053	\$ 32,910	\$ 29,810
47,309	53,783	64,245	62,965	76,176	78,689
3,001	4,425	5,088	5,214	5,734	5,947
16,917	18,456	18,952	19,108	17,499	18,389
1,453	1,438	1,561	1,464	1,396	1,547
4,691	4,998	5,096	4,552	4,802	4,958
4,606	5,184	5,677	5,684	6,268	5,250
2,333	4,271	3,099	3,235	2,950	2,595
1,957	1,861	5,628	2,367	2,190	2,161
5,633	6,989	9,590	8,235	9,352	10,521
6,151	8,434	8,721	10,812	9,914	9,360
1,962	1,212	1,133	1,049	1,112	1,083
<u>116,713</u>	<u>134,985</u>	<u>156,218</u>	<u>151,738</u>	<u>170,303</u>	<u>170,310</u>
26,982	31,109	35,410	34,062	37,937	36,220
8,095	8,709	9,671	9,554	9,509	8,984
-	-	-	-	-	-
36,947	30,390	33,130	34,218	37,038	39,631
				1,479	1,589
<u>72,024</u>	<u>70,208</u>	<u>78,211</u>	<u>77,834</u>	<u>85,963</u>	<u>86,424</u>
<u>188,737</u>	<u>205,193</u>	<u>234,429</u>	<u>229,572</u>	<u>256,266</u>	<u>256,734</u>
1,683	1,347	1,830	1,329	698	596
2,717	3,150	3,599	3,293	3,470	3,058
1,347	1,356	1,355	1,350	1,352	1,356
391	394	406	450	362	272
-	-	-	-	-	-
-	401	-	510	508	230
768	1,015	1,145	1,446	761	682
-	108	-	-	-	-
1,226	1,265	834	678	776	754
2,320	2,031	3,605	4,360	3,275	4,252
3,109	3,555	3,730	3,646	3,256	3,456
15,819	14,868	14,771	21,660	22,125	49,746
3,569	497	2,329	3,739	3,036	1,906
<u>32,949</u>	<u>29,987</u>	<u>33,604</u>	<u>42,461</u>	<u>39,619</u>	<u>66,308</u>
29,158	32,130	35,595	36,966	38,575	42,246
12,339	12,939	12,837	14,002	14,413	13,959
-	-	-	-	-	-
-	-	-	-	1,243	1,837
31,730	31,379	31,461	34,417	37,376	41,155
-	-	-	-	-	-
<u>73,227</u>	<u>76,448</u>	<u>79,893</u>	<u>85,385</u>	<u>91,607</u>	<u>99,197</u>
<u>106,176</u>	<u>106,435</u>	<u>113,497</u>	<u>127,846</u>	<u>131,226</u>	<u>165,505</u>
(83,764)	(104,998)	(122,614)	(109,277)	(130,684)	(104,002)
1,203	6,240	1,682	7,551	5,644	12,773
<u>\$ (82,561)</u>	<u>\$ (98,758)</u>	<u>\$ (120,932)</u>	<u>\$ (101,726)</u>	<u>\$ (125,040)</u>	<u>\$ (91,229)</u>

(Continued)

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

	Fiscal Year			
	2012	2013	2014	2015
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Sales taxes	\$ 18,461	\$ 19,805	\$ 20,285	\$ 19,251
Property taxes	43,920	35,145	35,286	36,972
Transient occupancy taxes	12,320	14,448	16,443	17,217
Other taxes	7,297	7,316	7,438	7,761
Motor vehicle taxes, levied for general purposes	87	90	75	72
Investment income	760	1,757	1,945	2,005
Other general revenues	651	1,210	297	534
Gain/(Loss) on sale of capital assets	(18,941) ¹	-	(1,002) ⁵	3
Transfers	20,373 ³	-	-	(7)
Capital Contribution	-	2,309 ⁴	-	-
Special Item	-	-	-	-
Total governmental activities	<u>84,928</u>	<u>82,080</u>	<u>80,767</u>	<u>83,808</u>
Business-type activities:				
Investment income	334	437	715	523
Gain/(Loss) on sale of capital assets	-	-	41	169
Other general revenues	95	-	169	29
Discontinued operations	(2,918) ²	-	-	-
Transfers	(20,373) ³	-	-	7
Total business-type activities	<u>(22,862)</u>	<u>437</u>	<u>925</u>	<u>728</u>
Total primary government	<u>62,066</u>	<u>82,517</u>	<u>81,692</u>	<u>84,536</u>
Changes in net position				
Governmental activities	5,269	(3,502)	(4,697)	(9,276)
Business-type activities	(8,931)	11,315	14,476	7,856
Total primary government	<u>\$ (3,662)</u>	<u>\$ 7,813</u>	<u>\$ 9,779</u>	<u>\$ (1,420)</u>

Source: Finance Department, City of Garden Grove

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

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

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

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

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

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

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 22,052	\$ 21,793	\$ 20,737	\$ 24,612	\$ 43,122	\$ 49,305
40,574	42,113	47,033	49,356	50,765	55,004
20,897	25,121	25,983	26,285	18,277	7,136
8,214	8,314	8,660	8,350	8,010	5,866
71	79	93	85	139	128
3,344	1,337	1,870	7,666	9,067	1,739
7,270	488	622	766	1,672	233
2,774	-	-	-	-	-
-	292	581	1,000	50	178
-	-	-	-	-	-
-	-	30,058	-	-	-
<u>105,196</u>	<u>99,537</u>	<u>135,637</u>	<u>118,120</u>	<u>131,102</u>	<u>119,589</u>
428	142	410	1,917	2,658	253
59	-	-	-	-	-
159	182	208	191	204	810
-	-	-	-	-	-
-	(292)	(581)	(1,000)	(50)	(178)
<u>646</u>	<u>32</u>	<u>37</u>	<u>1,108</u>	<u>2,812</u>	<u>885</u>
<u>105,842</u>	<u>99,569</u>	<u>135,674</u>	<u>119,228</u>	<u>133,914</u>	<u>120,474</u>
21,432	(5,461)	13,023	8,843	418	15,589
<u>1,849</u>	<u>6,272</u>	<u>1,719</u>	<u>8,659</u>	<u>8,456</u>	<u>13,657</u>
<u>\$ 23,281</u>	<u>\$ 811</u>	<u>14,742</u>	<u>17,502</u>	<u>\$ 8,874</u>	<u>\$ 29,246</u>

SCHEDULE III
CITY OF GARDEN GROVE
BALANCE OF GOVERNMENTAL FUNDS
THE LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year			
	2012	2013	2014	2015
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Non-Spendable:				
Agency reimbursement agreement	-	-	-	-
COP reimbursement agreement	-	-	-	-
Intercity loan	13,375	13,375	13,375	13,375
Land held for resale	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Restricted:				
Public safety	-	-	-	-
Public right of way	-	-	-	-
Community services	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Pension Trust	-	-	-	-
Committed:				
Post-Employment Benefits	-	-	-	-
Community planning and development	-	-	-	-
Stability reserve	-	-	-	-
Assigned:				
Post-Employment Benefits	1,000	1,000	1,000	1,000
Garden Grove tourism improvement	53	139	231	231
Property tax lawsuit	500	500	500	500
Building improvements	1,300	1,300	1,300	1,300
General Plan	113	132	223	273
Paramedic Tax	-	-	-	-
Other purposes	-	-	-	-
Unreserved	-	-	-	-
Unassigned	18,444	16,016	16,217	16,330
Total general fund	<u>\$ 34,785</u>	<u>\$ 32,462</u>	<u>\$ 32,846</u>	<u>\$ 33,009</u>
All other governmental funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Non-Spendable:				
Intercity loan	-	-	-	-
Land held for resale	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Restricted:				
Fire	-	-	-	-
Police	2,680	2,793	2,814	1,754
Public right of way	11,783	8,433	3,665	5,358
Drainage	354	453	569	647
Community services	207	650	-	180
Community planning and development	12,185	12,200	12,695	10,385
Municipal support	229	242	304	-
Committed:				
Community planning and development	-	-	-	-
Assigned:				
Post-Employment Benefits	-	-	-	-
Property tax lawsuit	-	-	-	-
Building improvements	-	-	-	-
Other purposes	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Unassigned	(3,055)	(67)	(551)	(755)
Total all other governmental funds	<u>\$ 24,383</u>	<u>\$ 24,704</u>	<u>\$ 19,496</u>	<u>\$ 17,569</u>

Source: Finance Department, City of Garden Grove

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

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
13,375	13,414	13,456	12,793	12,102	8,873
-	-	-	-	2,300	2,300
13	10	17	21	40	90
-	-	-	-	-	-
-	103	84	90	90	90
-	-	-	-	-	-
-	161	166	177	177	177
-	7	2,764	3,469	4,039	4,039
-	15	35	57	57	48
-	-	-	-	662	1,635
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	22,500	22,500
1,000	1,000	1,000	1,000	1,000	1,000
314	404	-	-	-	-
500	500	500	500	500	-
1,300	1,300	1,300	1,300	1,300	1,300
239	325	301	262	357	428
-	-	617	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
18,331	22,629	29,428	47,448	37,206	69,951
<u>\$ 35,072</u>	<u>\$ 39,868</u>	<u>\$ 49,668</u>	<u>\$ 67,117</u>	<u>\$ 82,330</u>	<u>\$ 112,431</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	519
-	-	-	-	195	238
-	-	-	-	-	-
-	-	-	-	-	-
9,260	9,521	5,336	3,210	4,103	4,064
7,639	8,434	9,021	11,502	10,355	12,195
754	529	412	273	76	129
196	945	2,370	4,505	5,841	6,401
16,712	18,080	48,376	48,098	44,971	45,947
755	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(4)	466	-	(40)	(59)	(18)
<u>\$ 35,312</u>	<u>\$ 37,975</u>	<u>\$ 65,515</u>	<u>\$ 67,548</u>	<u>\$ 65,482</u>	<u>\$ 69,475</u>

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

	Fiscal Year		
	2012	2013	2014
Revenues:			
Taxes	\$ 82,531	\$ 77,231	\$ 80,010
Licenses and permits	946	1,128	1,405
Fines, forfeitures and penalties	2,673	2,960	2,755
Investment earnings	1,560	1,800	1,780
Charges for current services	10,401	10,084	10,267
From other agencies	15,617	13,324	12,857
Other revenues	1,612	3,332	1,991
Total revenues	<u>115,340</u>	<u>109,859</u>	<u>111,065</u>
Expenditures			
Current:			
Fire	19,996	20,447	20,143
Police	45,558	45,478	47,027
Traffic safety	2,894	2,595	3,105
Public right of way	5,880	5,730	5,662
Drainage	-	-	-
Community buildings	3,519	3,082	3,086
Community services	4,449	4,453	4,562
Economic development	-	-	-
Parks and greenbelts	1,883	1,927	2,019
Community planning and development	10,871	7,761	8,156
Municipal support	8,805	6,797	7,215
Capital outlay	15,569	10,366	14,956
Debt service:			
Principal retirement	4,434	1,939	2,036
Interest	3,226	1,383	1,280
Total expenditures	<u>127,084</u>	<u>111,958</u>	<u>119,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,744)</u>	<u>(2,099)</u>	<u>(8,182)</u>
Other financing sources (uses):			
Transfers in	78,846	1,239	3,232
Transfers out	(57,373)	(1,139)	(1,181)
Issuance of debt	-	-	-
Proceeds of debt	1,856	-	-
Gain/(Loss) on sale of capital assets	-	-	1,307
Contribution to Housing Authority	-	-	-
Extraordinary Gain/(Loss)	(98,139)	-	-
Payment to bond escrow agent	-	-	-
Total other financing sources (uses)	<u>(74,810)</u>	<u>100</u>	<u>3,358</u>
Special Item			
Net change in fund balances	<u>\$ (86,554)</u>	<u>\$ (1,999)</u>	<u>\$ (4,824)</u>
Debt service as a percentage of noncapital expenditures	6.9%	3.3%	3.2%

Source: Finance Department, City of Garden Grove

							Fiscal Year						
2015		2016		2017		2018		2019		2020		2021	
\$	81,823	\$	92,268	\$	98,042	\$	103,090	\$	114,078	\$	119,853	\$	118,044
	1,139		1,554		1,687		2,005		2,645		2,647		2,419
	2,629		2,222		2,622		3,134		2,850		3,157		2,859
	1,546		1,285		1,275		1,846		4,344		6,402		793
	9,528		9,943		10,041		11,945		15,122		11,180		11,670
	15,945		15,991		11,640		12,047		13,599		17,884		47,729
	2,079		11,071		3,847		4,193		3,940		4,386		3,003
	<u>114,689</u>		<u>134,334</u>		<u>129,154</u>		<u>138,260</u>		<u>156,578</u>		<u>165,509</u>		<u>186,517</u>
	21,672		23,195		23,707		25,067		24,483		27,975		28,470
	49,389		51,942		53,168		56,128		56,282		64,770		68,032
	3,102		2,959		4,215		3,925		4,282		4,471		4,997
	6,886		7,515		7,257		7,197		7,107		7,155		17,543
	-		-		-		66		-		-		-
	3,408		3,317		3,185		3,421		3,007		2,781		3,164
	4,793		5,470		4,852		4,687		4,855		5,333		4,839
	1,944		2,333		2,757		3,099		3,212		2,950		2,609
	2,247		2,217		1,939		2,325		2,300		2,057		2,607
	7,359		7,229		6,497		7,982		7,124		8,130		10,588
	7,600		8,012		7,903		7,626		9,353		8,467		8,684
	9,032		7,371		6,754		10,938		13,635		14,021		-
	1,937		2,097		3,342		573		580		495		494
	1,199		939		1,184		1,087		1,064		1,137		1,112
	<u>120,568</u>		<u>124,596</u>		<u>126,760</u>		<u>134,121</u>		<u>137,284</u>		<u>149,742</u>		<u>153,139</u>
	(5,879)		9,738		2,394		4,139		19,294		15,767		33,378
	7,761		11,783		1,396		2,826		1,403		4,380		1,346
	(3,558)		(11,683)		(1,296)		(1,253)		(1,303)		(7,357)		(629)
	-		25,962		-		-		-		-		-
	22		1,735		4,965		-		-		874		-
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		(17,462)		-		-		-		-		-
	<u>4,225</u>		<u>10,335</u>		<u>5,065</u>		<u>1,573</u>		<u>100</u>		<u>(2,103)</u>		<u>717</u>
							<u>30,029</u>						<u>-</u>
\$	<u>(1,654)</u>	\$	<u>20,073</u>	\$	<u>7,459</u>	\$	<u>35,741</u>	\$	<u>19,394</u>	\$	<u>13,664</u>	\$	<u>34,095</u>
	2.8%		2.6%		3.8%		1.3%		1.3%		1.2%		1.0%

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

Fiscal Year	Sales Tax	Property Tax	Franchise Tax	Business Operation Tax	Transient Occupancy Tax	Motor Vehicle Tax	Total
2012	18,461,031	19,519,146	2,540,297	4,756,384	12,319,744	86,882	57,683,484
2013	19,804,727	35,145,142	2,506,722	4,809,344	14,447,817	90,025	76,803,777
2014	20,285,111	35,286,424	2,483,878	4,953,958	16,442,817	74,506	79,526,694
2015	19,251,431	36,972,309	2,532,706	5,228,239	17,216,510	71,970	81,273,165
2016	22,051,778	40,574,176	2,577,292	5,636,389	20,897,283	70,518	91,807,436
2017	21,792,872	42,113,373	2,532,462	5,781,098	25,121,419	79,429	97,420,653
2018	20,736,558	47,032,917	2,408,395	6,251,994	25,982,696	92,789	102,505,349
2019	29,371,450	49,355,823	2,404,867	5,945,451	26,285,461	84,911	113,447,963
2020	43,122,113	50,764,849	2,414,897	5,595,421	18,277,467	138,627	120,313,374
2021	49,305,114	55,004,385	2,331,476	3,534,201	7,136,525	128,205	117,439,906

Source: Finance Department, City of Garden Grove

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

Fiscal Year Ended June 30	City		Taxable Assessed Value	Successor Agency		Taxable Assessed Value ¹	Total Direct Tax Rate
	Secured	Unsecured		Secured ¹	Unsecured ¹		
2012	9,492,746	303,025	9,795,771	2,689,600	299,937	2,989,537	1.064%
2013	9,580,743	303,685	9,884,428	2,720,784	271,370	2,992,154	1.074%
2014	9,933,103	308,944	10,242,047	2,785,756	295,259	3,081,015	1.140%
2015	10,538,784	356,435	10,895,219	2,897,658	328,394	3,226,052	1.145%
2016	10,568,876	234,280	10,803,156	3,070,910	317,449	3,388,359	1.151%
2017	12,226,724	364,776	12,591,500	3,579,711	363,489	3,943,200	1.150%
2018	12,873,943	335,785	13,209,728	3,797,471	366,576	4,164,047	1.189%
2019	12,373,687	263,636	12,637,323	3,801,697	361,772	4,163,469	1.183%
2020	13,000,870	232,485	13,233,355	3,913,862	391,616	4,305,478	1.184%
2021	14,167,631	252,597	14,420,228	4,270,427	468,777	4,739,204	1.185%

NOTE:

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

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

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

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

Fiscal Year	Basic Levy	City Paramedic	Metropolitan Water District	Orange County	Sanitation and Water	School Services	Other	Total
2012	1.0000	0.06000	0.00370	-	-	-	-	1.06370
2013	1.0000	0.07000	0.00350	-	-	-	-	1.07350
2014	1.0000	0.07000	0.00350	-	-	0.06602	-	1.13952
2015	1.0000	0.07000	0.00350	-	-	0.07163	-	1.14513
2016	1.0000	0.07000	0.00350	-	-	0.07748	-	1.15098
2017	1.0000	0.07000	0.00350	-	-	0.07603	-	1.14953
2018	1.0000	0.08000	0.00350	-	-	0.10599	-	1.18949
2019	1.0000	0.08000	0.00350	-	-	0.09900	-	1.18250
2020	1.0000	0.08000	0.00350	-	-	0.10022	-	1.18372
2021	1.0000	0.08000	0.00350	-	-	0.10137	-	1.18487

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

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

Source: Orange County Tax Rates Book

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

Taxpayer	2021		2011	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
GWGG LLC	\$ 256,394,726	1.33%		
Investel Harbor Resorts LLC	142,058,665	0.74%		
Landmark Hotel LLC	121,631,974	0.63%		
Rexford Industrial Realty LP	77,236,603	0.40%		
House Foods Holding USA INC	69,150,035	0.36%		
SPS Technologies LLC	58,046,162	0.30%		
New Age Brookhurst LLC	55,689,178	0.29%		
Park Grove Fee Owner LLC	53,832,817	0.28%		
Khanna Enterprises Limited	53,244,513	0.28%		
Chatham Rigg LLC	51,168,493	0.27%		
American Lodging			54,800,000	0.43%
Landmark Marriott Suites			96,860,894	0.76%
KPA Rigg			52,394,920	0.41%
Newage Garden Grove			41,442,933	0.27%
Car Noa GGT			35,146,857	0.32%
Ohi Resort Hotels			40,259,564	0.31%
Walton CWCA Garden Grove			53,972,579	0.42%
Swedlow Inc.			25,091,618	0.20%
MPT of Garden Grove Hospital			24,940,743	0.19%
CRP-2 Monarch			24,421,981	0.19%
	<u>\$ 938,453,166</u>	<u>4.88%</u>	<u>\$ 449,332,089</u>	<u>3.50%</u>

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

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

Fiscal Year	City Tax Rate (Per \$100)	Total Tax Levied	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2012	0.0030	17,792,829	16,539,285	93.0	277,560	16,816,846	94.5	333,343	1.9%
2013	0.0030	19,080,983	18,555,697	97.2	339,959	18,895,656	99.0	264,446	1.4%
2014	0.0030	20,112,895	19,256,287	95.7	281,184	19,537,471	97.1	231,857	1.2%
2015	0.0025	21,411,687	20,704,013	96.7	237,945	20,941,958	97.8	230,751	1.1%
2016	0.0025	22,611,366	21,721,987	96.1	213,997	21,935,984	97.0	517,198	2.3%
2017	0.0025	23,155,878	22,914,391	99.0	206,984	23,121,375	99.9	326,133	1.4%
2018	0.0025	26,376,092	25,752,153	97.6	174,164	25,926,316	98.3	134,739	0.5%
2019	0.0025	26,866,637	26,606,288	99.0	202,200	26,808,488	99.8	176,785	0.7%
2020	0.0025	28,019,537	27,164,413	96.9	567,147	27,731,560	99.0	248,420	0.9%
2021	0.0025	30,281,268	26,169,198	86.4	3,616,591	29,785,789	98.4	197,557	0.7%

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

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

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

Fiscal Year Ended June 30	Governmental Activities						Total Governmental Activities
	Certificates of Participation 2002 ¹	Lease Revenue Bonds ²	RDA 2008 Bonds ³	Tax Allocation Bonds ⁴	Loans ^{5 6}	Capital Leases ⁷	
2012	18,970,000	-	-	-	7,380,266	2,134,919	28,485,185
2013	18,410,000	-	-	-	6,345,613	1,371,910	26,127,523
2014	17,830,000	-	-	-	5,276,879	817,516	23,924,395
2015	17,210,000	-	-	-	4,128,913	812,176	22,151,089
2016	-	25,568,492	-	-	2,895,399	546,422	29,010,313
2017	-	25,104,126	-	-	69,826	622,676	25,796,628
2018	-	24,624,760	-	-	23,732	589,293	25,237,785
2019	-	24,120,394	-	-	-	373,317	24,493,711
2020	-	23,601,028	-	-	-	229,928	23,830,956
2021	-	23,056,662	-	-	-	113,963	23,170,625

^{1 2} The City refunded the 2002 COP in 2015 with the 2015A Lease Revenue Bonds and upsized with additional issuance of approximately \$8,500,000.

³ The former Redevelopment Agency entered into a subordinate note purchase agreement in the amount of \$2,015,000 in June 2008 to refund a note issued to Katella Cottages. After dissolution, this liability is the responsibility of the State of California. Since dissolution in February 2012, the RDA 2008 Bonds (above) no longer report the Katella Cottages Loan.

⁴ The City refunded the \$52,325,000 tax allocation bonds in 2003.

⁵ The former Redevelopment Agency borrowed \$32,000,000 from Union Bank in 2008. After dissolution this liability is the responsibility of the State of California. Since dissolution in February 2012, Loans (above) no longer report the Union Bank loan.

⁶ The Housing Authority refunded the \$9,010,000 HUD Section 108 loan, of which \$7,660,000 borrowed from HUD in 2008 was paid off in fiscal year 2015-2016.

⁷ The City entered into various capital leases for energy retrofitting, mail machines, copiers, and telephones.

⁸ The City issued \$16,625,000 Water Revenue Bond in 2010.

⁹ The City issued \$21,845,000 Sewer COP in 2006; and refunded the 2006 Sewer COPs in 2017.

¹⁰ 1993 COP was issued to finance acquisition of real property by the Garden Grove Housing Authority.

¹¹ These ratios are calculated using personal income and population for the prior calendar year.

Source: Finance Department, City of Garden Grove

Business-type Activities			Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹¹	Debt Per Capita ¹¹
Water Revenue Bonds ⁸	Sewer Revenue COP ⁹	Certificates of Participation ¹⁰				
27,390,000	20,470,000	-	47,860,000	76,345,185	0.17%	442
26,826,738	20,298,745	-	47,125,483	73,253,006	0.16%	423
25,382,945	19,769,567	-	45,152,512	69,076,907	0.15%	397
23,884,150	19,220,388	-	43,104,538	65,255,627	0.13%	373
20,775,000	18,365,000	-	39,140,000	68,150,313	0.14%	384
19,571,107	16,740,627	-	36,311,734	62,108,362	0.12%	352
18,039,382	16,148,171	-	34,187,553	59,425,338	0.11%	336
16,381,152	15,535,716	-	31,916,868	56,410,579	0.10%	322
14,667,922	14,908,260	-	29,576,182	53,407,138	0.09%	306
29,697,566	14,406,843	-	44,104,409	67,275,034	0.11%	390

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Total	Percent of Assessed Value ¹	Per Capita
	Certificates of Participation	Lease Revenue Bonds	Tax Allocation Bonds			
2012	18,970	-	-	18,970	0.15%	110
2013	18,410	-	-	18,410	0.14%	106
2014	17,830	-	-	17,830	0.13%	102
2015	17,210	-	-	17,210	0.12%	98
2016	-	25,568	-	25,568	0.18%	144
2017	-	25,104	-	25,104	0.15%	142
2018	-	24,625	-	24,625	0.14%	139
2019	-	24,120	-	24,120	0.14%	138
2020	-	23,601	-	23,601	0.13%	135
2021	-	23,057	-	23,057	0.12%	134

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

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

Source: Finance Department, City of Garden Grove

**SCHEDULE XII
CITY OF GARDEN GROVE
DIRECT AND OVERLAPPING BONDS AND DEBT
JUNE 30, 2021**

CITY OF GARDEN GROVE

2020-21 Assessed Valuation: \$ 18,531,828,327

	Total Debt 6/30/2021	% Applicable (1)	City's Share of Debt 6/30/21
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	26,830,000	0.567	152,126
Coast Community College District	886,289,825	6.241	55,313,348
North Orange County Joint Community College District	245,604,001	2.270	5,575,211
Rancho Santiago Community College District	215,876,119	6.459	13,943,439
Rancho Santiago Community College District School Facilities Improvement District	159,970,000	11.091	17,742,273
Garden Grove Unified School District	463,236,550	58.149	269,367,421
Orange Unified School District	177,865,000	1.197	2,129,044
Anaheim Union High School District	266,058,955	0.076	202,205
Huntington Beach Union High School District	174,584,998	1.295	2,260,876
Anaheim School District	265,326,416	0.094	249,407
Magnolia School District	20,183,305	0.220	44,403
Westminster School District	112,382,723	7.388	8,302,836
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			375,282,589
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Orange County General Fund Obligations	381,885,000	2.827	10,795,889
Orange County Pension Obligation Bonds	485,318,204	2.827	13,719,946
Orange County Board of Education General Fund Obligations	12,310,000	2.827	348,004
North Orange Regional Occupation Program Certificates of Participator	8,590,000	0.027	2,319
Coast Community College District General Fund Obligations	2,240,000	6.241	139,798
Coast Community College District Pension Obligation Bonds	2,280,000	6.241	142,295
Orange Unified School District Certificates of Participator	63,055,000	1.197	754,768
Orange Unified School District Benefit Obligations	21,191,594	1.197	253,663
Anaheim Union High School District Certificates of Participator	31,605,000	0.076	24,020
Huntington Beach Union High School District Certificates of Participator	61,411,090	1.295	795,274
Magnolia School District General Fund Obligations	13,490,397	0.220	29,679
Westminster School District Certificates of Participation	31,175,000	7.388	2,303,209
City of Garden Grove General Fund Obligations	21,770,000	100.000	21,770,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			51,078,864
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):	59,350,000	2.172 - 100.000	56,855,386
TOTAL DIRECT DEBT			21,770,000
TOTAL OVERLAPPING DEBT			461,446,839
COMBINED TOTAL DEBT			483,216,839 (2)

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

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

Ratios to 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt		2.03%	
Total Direct Debt	21,770,000		0.12%
Combined Total Debt		2.61%	
Ratios to Redevelopment Successor Agencies Incremental Valuation	4,169,628,220		
Total Overlapping Tax Increment Debt		1.36%	

AB:(\$500)

Source: California Municipal Statistics, Inc. / MuniServices, LLC

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

	Fiscal Year			
	2012	2013 ¹	2014 ¹	2015
Assessed valuation	\$ 9,795,771	\$ 9,884,428	\$ 10,242,047	\$ 10,895,219
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	2,448,943	2,471,107	2,560,512	2,723,805
Debt limit percentage	15%	15%	15%	15%
Debt limit	367,341	370,666	384,077	408,571
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 367,341</u>	<u>\$ 370,666</u>	<u>\$ 384,077</u>	<u>\$ 408,571</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

¹ The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

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

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 10,803,156	\$ 12,591,500	\$ 13,209,728	\$ 12,637,323	\$ 13,233,355	\$ 14,420,228	
25%	25%	25%	25%	25%	25%	
2,700,789	3,147,875	3,302,432	3,159,331	3,308,339	3,605,057	
15%	15%	15%	15%	15%	15%	
405,118	472,181	495,365	473,900	496,251	540,759	
-	-	-	-	-	-	
<u>\$ 405,118</u>	<u>\$ 472,181</u>	<u>\$ 495,365</u>	<u>\$ 473,900</u>	<u>\$ 496,251</u>	<u>\$ 540,759</u>	
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

Fiscal Year	Gross Revenue	Expenses ¹	Water Revenue Bonds				
			Resources Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2012	34,492,870	21,413,634	13,079,236	1,280,000	1,383,464	2,663,464	4.91
2013	33,933,081	22,848,625	11,084,456	1,320,000	1,340,727	2,660,727	4.17
2014	35,721,417	22,876,255	12,845,162	1,375,000	1,286,725	2,661,725	4.83
2015	33,573,575	25,146,241	8,427,334	1,430,000	1,225,677	2,655,677	3.17
2016	29,519,804	25,781,906	3,737,898	1,490,000	1,165,202	2,655,202	1.41
2017	32,345,481	26,404,580	5,940,901	1,515,000	861,491	2,376,491	2.50
2018	35,946,867	30,301,866	5,645,001	1,570,000	817,465	2,387,465	2.36
2019	37,832,009	28,891,265	8,940,744	1,600,000	775,290	2,375,290	3.76
2020	39,490,046	31,574,927	7,915,119	1,655,000	724,740	2,379,740	3.33
2021	40,621,520	31,439,166	9,182,354	1,705,000	899,621	2,604,621	3.53

Source: Finance Department, City of Garden Grove

¹ Total operating expense less depreciation and amortization.

² The City entered into a sewer revenue bond agreement on April 1, 2006; the first year's interest was prorated from bond commencement. The debt amortization started in FY09-10 with an annual principal repayment on June 15. In FY 16/17 the City refunded 2006 Sewer COP with the issuance of the Garden Grove Sanitary District, Revenue Refunding bonds, Series 2017.

Sewer Revenue Bond							
Fiscal Year	Gross Revenue	Expenses	Resources Available for Debt Service	Debt Service Requirement			Coverage
				Principal ²	Interest ²	Total	
2012	9,293,119	3,555,210	5,737,909	475,000	987,341	1,462,341	3.92
2013	10,302,890	3,645,873	6,657,017	495,000	968,341	1,463,341	4.55
2014	10,361,393	3,264,411	7,096,982	515,000	948,541	1,463,541	4.85
2015	10,242,532	3,814,961	6,427,571	535,000	927,941	1,462,941	4.39
2016	10,521,214	3,880,996	6,640,218	560,000	906,541	1,466,541	4.53
2017	10,356,150	4,424,966	5,931,184	580,000	884,141	1,464,141	4.05
2018	10,641,504	5,009,287	5,632,217	520,000	676,575	1,196,575	4.71
2019	11,951,932	5,152,423	6,799,509	540,000	660,975	1,200,975	5.66
2020	12,673,629	4,993,491	7,680,138	555,000	639,375	1,194,375	6.43
2021	10,868,065	4,113,918	6,754,147	590,000	611,625	1,201,625	5.62

(Continued)

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

Fiscal Year	2014 Tax Allocation Refunding Bonds Debt Service Requirement				
	Tax Increment ¹	Principal	Interest	Total	Coverage
2012	7,198,257	1,945,000	2,402,238	4,347,238	1.66
2013	20,003,696	2,020,000	2,320,413	4,340,413	4.61
2014	20,205,156	2,105,000	2,232,756	4,337,756	4.66
2015	20,526,084	2,195,000	2,130,406	4,325,406	4.75
2016	15,837,862	2,360,000	1,526,300	3,886,300	4.08
2017	18,484,197	2,430,000	1,454,450	3,884,450	4.76
2018	17,693,119	2,505,000	1,380,425	3,885,425	4.55
2019	17,445,206	2,380,000	1,295,250	3,675,250	4.75
2020	18,868,786	2,685,000	1,193,950	3,878,950	4.86
2021	11,170,386	2,795,000	1,084,350	3,879,350	2.88

Source: Finance Department, City of Garden Grove

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

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

Fiscal Year	2016 Tax Allocation Bonds Debt Service Requirement				Coverage
	Tax Increment ¹	Principal	Interest	Total	
2011				-	
2012				-	
2013				-	
2014				-	
2015				-	
2016				-	
2017	18,484,197		1,716,504	1,716,504	10.77
2018	17,693,119		1,652,250	1,652,250	10.71
2019	17,445,206		1,652,250	1,652,250	10.56
2020	18,868,786		1,652,250	1,652,250	11.42
2021	11,170,386	1,900,000	1,614,250	3,514,250	3.18

Source: Finance Department, City of Garden Grove

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

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

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2012	172,648	4,371,270	25,581	9.6%
2013	173,075	4,696,862	27,205	7.8%
2014	173,953	4,747,258	27,429	6.5%
2015	174,774	4,924,023	28,307	4.2%
2016	177,303	4,999,605	28,606	4.4%
2017	176,277	5,087,579	28,694	4.8%
2018	176,896	5,243,712	29,747	3.4%
2019	175,155	5,490,131	31,344	3.3%
2020	174,801	5,763,401	32,971	14.9%
2021	172,476	5,972,287	34,627	7.7%

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

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

Employer	2021		2011	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Great Wolf Lodge Southern California	700	0.82%		
Air Industries Company	625	0.73%	465	0.63%
Garden Grove Hospital Medical Center	516	0.60%		
Hyatt Regency Orange County	424	0.50%	350	0.47%
GKN Aerospace Transparency Systems Inc	409	0.48%	331	0.44%
Safran Cabin Inc	350	0.41%		
Costco #126	323	0.38%		
Full Clip	310	0.36%		
Walmart #4171	272	0.32%		
Lutheran Social Services of Southern CA	250	0.29%		
Saint Gobain Performance Plastics			363	0.49%
Prime Healthcare Services			516	0.69%
Driessen Aircraft Interior Systems			370	0.50%
Office Max Inc.			360	0.48%
Crystal Cathedral			290	0.39%
C&D Zodiac			286	0.38%
NBTY Acquisition, LLC			298	0.40%

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

Source: Business Tax Division, City of Garden Grove

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

Department	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City Manager	9	9	9	9	10	29	29	30	35	33
Community Development	65	58	58	58	53	37	37	35	37	37
Community Services	159	156	157	151	147	146	153	157	116	106
Economic Development	13	-	-	-	-	-	-	-	-	-
Finance	37	39	40	40	41	38	38	37	36	33
Fire	110	107	109	111	111	106	106	103	- *	-
Information Technology	20	20	19	19	19	20	20	20	20	18
Personnel	10	9	9	9	10	11	11	12	12	11
Police	302	275	268	273	272	289	293	263	282	281
Public Works	<u>199</u>	<u>194</u>	<u>195</u>	<u>194</u>	<u>196</u>	<u>198</u>	<u>198</u>	<u>186</u>	<u>184</u>	<u>176</u>
Total	<u>924</u>	<u>867</u>	<u>864</u>	<u>864</u>	<u>859</u>	<u>874</u>	<u>885</u>	<u>843</u>	<u>722</u>	<u>695</u>
Full time employees	676	621	623	633	632	640	641	642	560	538
Part time employees	248	246	241	231	227	234	244	201	162	157

Source: Budget Division, City of Garden Grove

* On August 16, 2019 Garden Grove Fire Department transitioned to the Orange County Fire Authority (OCFA).

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Arrests Report	6,651	6,774	6,423	6,478	5,468	6,358	7,476	6,112	5,436	4,439
Traffic citations issued	11,393	13,815	10,903	9,604	9,890	9,114	11,114	8,598	7,403	3,921
Fire:										
Number of emergency calls	25,586	26,739	26,785	26,785	14,627	15,134	15,297	15,142	13,092 *	13,557
Public Right-of-Way:										
Parking citations issued	24,590	24,571	25,919	28,017	25,500	27,127	33,797	34,508	28,430	45,931
Permits issued	314	406	501	605	546	482	566	563	560	700
Community Services:										
Number of recreation classes	1,540	1,987	2,016	2,416	1,918	1,947	1,701	2,057	1,932	977
Housing vouchers	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337
Community Planning and Development										
Building permits issued	2,036	2,427	2,808	2,041	2,259	2,233	3,066	3,986	3,954	4,723
Water:										
Number of accounts	33,751	34,206	33,807	33,834	33,870	33,892	33,893	33,911	34,054	34,150
Average daily consumption (thousands of gallons)	21,480	21,324	22,024	20,391	17,563	17,946	20,249	18,298	18,038	18,669
Solid Waste Disposal:										
Number of accounts	33,424	33,886	34,136	33,658	33,968	33,966	33,786	33,700	33,542	33,213
Drainage:										
Channels cleaned (miles)	5	5	5	5	5	5	5	5	5	5
Municipal Support:										
Passports issued ¹	624	673	507	247	N/A	N/A	N/A	N/A	N/A	N/A
Source: City of Garden Grove										

¹ Passport services discontinued as of July 1, 2015.

* On August 16, 2019 Garden Grove Fire Department transitioned to the Orange County Fire Authority (OCFA).

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	7	7	7	7	7	7	7	7	7 *	7 *
Public Right-of-Way:										
Streets (miles)	305	305	305	305	305	305	305	305	305	305
Community Services:										
Parks	16	16	16	16	19	19	20	19	19	19
Park acreage	142	142	142	142	137	137	140	124	124	124
Community centers	2	2	2	2	2	2	2	9	9	9
Water:										
Water mains (miles)	433	433	433	433	433	433	433	433	433	433
Number of connections	33,751	34,206	34,257	34,294	34,313	34,336	34,347	34,380	34,459	34,447
Sewage Collection:										
Sanitary sewers (miles)	320	320	320	320	320	320	320	320	320	320
Drainage:										
Storm drains (miles)	35	35	35	35	35	35	35	35	35	35

Source: City of Garden Grove

* On August 16, 2019 Garden Grove Fire Department transitioned to the Orange County Fire Authority (OCFA). However, the City retains the ownership of the Fire stations and OCFA leases for \$1 per year for each facility.